

**INFORMAL RELATIONSHIPS
IN THE COMPANY INTERNATIONALIZATION PROCESS -
CONCEPT AND EMPIRICAL EVIDENCE**

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ABSTRACT

The relationships developed by a company with various types of entities are an inseparable element of their market activity. This issue is even more important in the context of the internationalization process, which typically involves multi-partner sourcing and cooperation. An interesting field of knowledge, which has not been thoroughly studied yet, is the informal side of relationships. As a rule, they are more difficult to identify and evaluate than informal bonds.

The aim of this paper, therefore, is to assess the role of informal relationships in the company's internationalization process. In order to accomplish this task, it was necessary to determine the nature of informality of the concept of relationship and interpret its meaning. Moreover, it required adoption into the field of international expansion. The paper confronts empirical data with conclusions drawn by reviewing the subject literature.

The theoretical added value of the paper is a description of the character of informal relationships in the company's internationalization process, supported by empirical evidence. The practical added value of the paper is to make managers aware of the potential found in developing informal relationships in the process of foreign expansion.

Key words: informal relationships, internationalization, openness, trust, empirical evidence

INTRODUCTION

Accepting the perspective of a network approach to the internationalization process, which has been adapted by the IMP Group, implies building business relationships with other entities. They can provide access to scarce resources or those that the company lacks. In this way, relations play a significant role in creating a firm's competitive advantage and market success [Hausman 2001; Gadde, Snehota 2000, Fonfara 2009]. In order to achieve favorable market results, the company has to follow two rules. The first one - to build relationships with different types of entities - ensures a stable and organic development. The other relies on building strong and close relationships. There are a number of reasons for such actions, for example acquiring information from partners on how to satisfy market needs, gain access to new market segments, launch new products or services, or develop a technology. In this context, it should be noted that the strength of relationships depends not only on written contracts and codified algorithms but, to some extent, also on informal relationships developed by entities.

Informal relationships are an inherent part of business relationships. They complement and supplement formal relationships. In business practice, informal and formal relationships are not mutually exclusive. Because of their contractual character, formal relationships are relatively easy to study. It should be noted, however, that empirical investigation of informal relationships (especially in the internationalization process) encounters some obstacles and barriers. A reason for such a situation is the perception of respondents who see informal relationships as either an unprofessional or even an unethical way of conducting business. This makes acquisition of reliable data and a proper interpretation of the concept of informal relationships difficult and challenging.

Taking into consideration a significant research gap concerning informal relationships in the internationalization process, it is necessary to investigate this phenomenon in detail. In order to do so, the authors of the paper have undertaken a multi-stage research project. Its first stage was a qualitative study. Case studies involving ten companies based in Poland were carried out in December 2014 and January 2015. The studies were based on a series of interviews conducted with managers, presidents and chief executive officers of the above-mentioned companies. A standardized interview questionnaire was used for this purpose. The main criteria for selecting the companies were their involvement in the internationalization process. They represented different industries and different sizes.

There were two main outcomes of the qualitative stage of research on informal relationships. The first one was the general conclusion that informal relationships have a significant impact on a company's activity in the internationalization process and on its effectiveness. The other one was an identification of two facilitators of informal relationships, namely openness and trust. According to respondents, these two characteristics of relationships are, as a rule, linked with the informal side of relationships and thus facilitate informal relationship development.

Taking into consideration the results of the qualitative study, the present authors proceeded to its second, quantitative, stage. Research results of the quantitative stage of the study are presented in this paper. The aim of this stage was to examine the role of informal relationships in the internationalization process for a company's competitive advantage. In order to overcome respondents' reluctance to share information about informal relationships, it has been assumed (based on the above-mentioned qualitative study) that the scope of utilization of informal relationships in the internationalization process and their influence on a company's competitive advantage is determined by openness to cooperation and trust in relationships with other entities (see Figure 1).

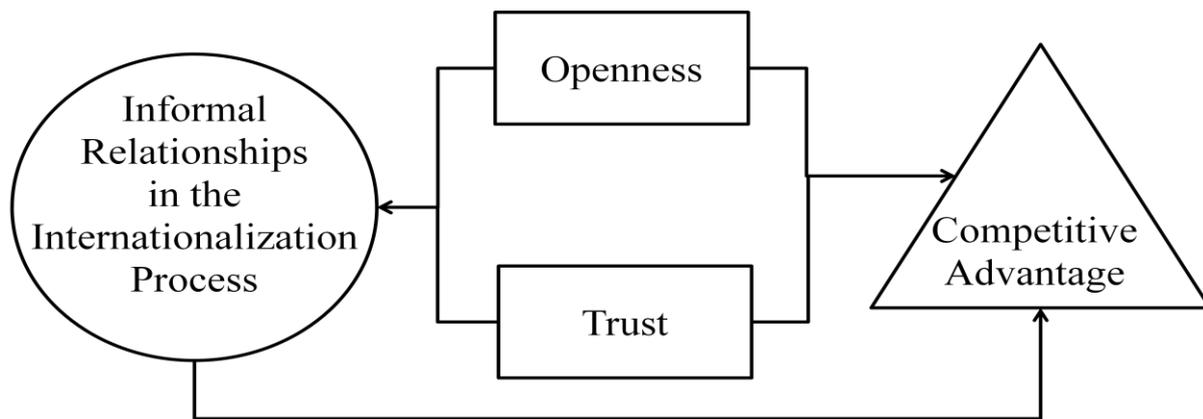


Figure 1. Conceptual framework

Source: [authors' own study]

LITERATURE REVIEW

The formal side of a relationship is relatively well characterized in the subject literature. This is caused by the tangible nature of written contracts. However, in order to identify all possible aspects of relationships, it is also necessary to investigate their informal side [Håkansson, Johanson, 1988, p. 369]. It is often underlined that the relatively low level of business relationship formalization is a result of uncertainty which follows formal (contractual) links between different entities in B2B relationships. A reason for this is the fact that, in business practice, the execution of contracts encounters many obstacles which are difficult to predict. Barriers could be so serious that taking an attempt to codify them is either too costly or simply impossible. In order to ensure the proper level of security for carrying out obligations, it is necessary to create confidence among partners. Informal relationships could be helpful in this matter.

In most cases, informal relationships concern personal contact between representatives of different entities in the B2B market [Halinen, Salmi 2001]. Moreover, according to M. Murphy [2013], interpersonal relationships are an essential element in business-to-business relationships. The character of personal contact relies on the nature of business links, especially the strength of mutual dependency and the level of engagement in cooperation. For example, they play a significant role in the case of a strategic business network which includes different business entities linked in order to cooperate for common goals [Jarillo 1988, pp. 31-41]. In the process of fulfilling each other's expectations and needs, entities have to build informal relationships. Informal relationships are also of particular importance in the case of long-term cooperation, when a significant part of the conditions of the formal (contractual) relationship is fixed in an informal way [Fonfara 2014, p. 45].

In the literature, the term *informal relationships* is often used interchangeably with informal contacts. But they always relate to personal ties and explain the nature of relationships from the perspective of formal links [Möller, Wilson 1995, pp. 235-239]. In this context, it is emphasized that the informal relationships tend to have a personal and close character, which distinguishes them from a formal relationship. Informal relationships are inherently more spontaneous, while in the context of formal relationships the role of various actors is accurately determined in a formalized way.

Significant differences in the character of formal and informal relationships are exemplified by several aspects. Formal contacts can be characterized by a low level of trust, an initiation made by senior management, a contractual point of view, and ease of identifying specific entities. On the other hand, informal contacts are built on trust, initiated by low and middle management, and characterized by a relationship point of view and difficulty

identifying partnering entities [Ratajczak-Mrozek, Małys, 2011, p. 6]. There are also two forms of communication, formal and informal, which differ from each other in several ways. The advantage of formal communication is providing tools that make company employees' choices easier. As the number of possible choices is reduced during the communication process, people do not need to take all of them into consideration. However, this also implies following formal procedures. On the other hand, there is an informal way which, according to some authors [Crampton et al. 1998], is more reliable [Uzzi, 1997, p. 35] and flexible, providing expected results [Sunnafrank 1986]. It is also worth noticing that detailed information acquired thanks to personal relationships can also help to take the right decision [Van Alstyne, Bulkley, 2004, p. 152].

An inseparable aspect of informal relationships is social capital. This may be understood as links built by people who shape their joint activities. It can be developed either within the company [McDonald, Milne 1997; Leana, Van Buren 1999; Burt 2000; Florin, Lubatkin, Schulze 2003] or between different entities [Kelley, Davis 1994; Lee, Sandler, Shani, 1997; Hunt 2000]. Some authors [Griffith, Harvey 2004; Deszczyński 2014, pp. 49-50] are of the opinion that social capital can help company to perform better in the market. According to the literature, some research [Easton, Araujo 1994; Turnbull, 1979] has been conducted on the role of interpersonal relationships and social networks built between two parties to a transaction. Social (informal) networks are often referred to when taking into consideration the field of science such as knowledge management [Granovetter, 1985; Davenport, De Long, Beers, 1998; Borgatti, Cross, 2003]. Informal networks usually describe relationships and links which exist within business entities such as companies. In this particular case, they would describe contacts developed by different employees. However, informal networks could also be related to relationships between independent external companies, because in the subject literature they are characterized as social and personal links between people [Awazu, 2004, p. 62].

The role of informal relationships developed between companies has been highlighted in the subject literature for many years [Håkansson, Snehota 1995, p. 8]. Literature referring to the role of informal relationships can be divided into three fields: influence on sales performance [Ahearne, Gruen, Jarvis 1999; Walter 1999], creation of innovations [Walter 1999] and customer satisfaction and commitment [Halinen 1997]. Personal contacts influence company activity in many different ways. According to C. Gordon and S. Cheah [2014, p. 90], reasons for getting involved in relationships with other people include the benefits that can be obtained. P.W. Turnbull [1979] identifies six possible roles that informal relationships could play. The majority of them refer to reaching a specific goal, for example providing information, working out deals and preventing problematic situations. The others serve personal goals, namely social role and building-up self-esteem.

According to J. Mohr and J.R. Nevin [1990], there is an interdependence of informal contacts and the atmosphere of cooperation - the greater their strength, the greater the mutual satisfaction from a relationship. An important effect of developing personal relationships is the way in which conflicts are dealt. Thanks to trust, which is one of the essential elements of informal contacts, it is much easier to find a compromise [Van Alstyne, Bulkley 2004, p. 152].

An interesting aspect is assessing the role of informal contacts at different stages of a business relationship [Halinen, Salmi 2001]. In order to do so, one can use the concept of relational capital, which has been introduced by L.H. Haber [2014, pp. 142-143]. It distinguishes five stages in the process of building relational capital. The first stage refers to initial contact. A motivation for an initiation is a need to possess something. That is why a transactional exchange is taking place. The second stage is related to the exchange of information. However, this is done because of a requirement, not willingness, to do so. The

next stage is becoming more personal because people start to share their emotions. These are not just mere conversations, but dialogues conducted in order to better understand each other. At the fourth stage, there is space for common objectives. Moreover, whenever a conflict occurs, both sides try to reach a compromise. The last and highest stage possible to reach according to the concept of building relational capital refers to loyalty and trust. The relationship has been developed into deep empathy, where partners express true thoughts, ideas and concerns. It is therefore indicated that, in the course of cooperation between partners, at least some of a formal relationship can turn into friendship and close personal relationships. In this context, an important idea has been pointed out by P.S. Ring and A.H. Van de Ven [1994]. According to them, the character of personal relationships is changing with the flow of time. At the beginning, a relationship is more formal because of the necessity to play an organizational role. But the more relationships last, the more formalization tends to be replaced with a personal role.

In the subject literature there are just a few references of informal relationships to the internationalization process. For example, the intensity of informal relationships at different stages of a relationship may vary in different cultures. In the case of Chinese and Russian business contacts, for instance, to do business personal relationships need to be built first [Björkman, Kock 1995; Salmi, Bäckman 1999]. Informal relationships may have different meanings in different cultures, but their occurrence is a common phenomenon observed in most business cultures [Håkansson, Snehota 1995, p. 8].

According to B. Axelsson and H. Agndal [2000], personal contacts can initiate and motivate international expansion. While the process of internationalization relies strongly on seeking new market opportunities, informal contacts can help to identify them. They also provide easier (less formalized) access to resources in the possession of another entity. This enables a company to perform actions in foreign markets in an efficient and fast manner. That means that informal relationships help not only to find business opportunities in the internationalization process but also to exploit them. These facts point to the importance of informal links.

To develop effective relationships in the internationalization process, a company should be open to cooperation [Fonfara, Ratajczak-Mrozek, Dymitrowski, 2013]. This openness, on the one hand, is necessary to build contacts between different entities. On the other hand, according to respondents in the above-mentioned qualitative studies carried out by the authors, an openness to cooperation (and openness within a relationship with different actors: buyers, suppliers, etc.) is perceived as one of key facilitators (determinants) of informal bonds. It creates a "friendly climate" for informal-relationship development.

In business practice this can mean three things. They have been identified by taking into consideration the assumptions of an ARA model [Håkansson, Johanson 1992], which distinguishes actors, resources and actions. An actor is a firm possessing limited resources. Therefore, it needs to take action in order to obtain them from others. This statement leads to the identification of three spheres of openness.

The first one translates into a firm's readiness to undertake joint actions with another entity. It can be a buyer, supplier or even an entity existing within a organization's internal network (such as a parent company or a subsidiary, etc.). This aspect comes down to the phases of contact initiation. If a company is close to cooperation, it would not like to participate in joint activities or could even reject such a proposal. This would also mean presenting a market behavior when a firm tries to act independently.

The second sphere refers to the scope of possible cooperation. Open companies are ready to cooperate to a much greater extent than close companies are. This aspect refers to the broad range of activities performed by companies in the market. Openness describes the readiness to allocate own resources to joint activities undertaken with a cooperating entity. It

is exemplified by a situation where a company is not doing everything on its own, but instead agrees to rely to some extent on external partners. For example, a result of opening to cooperation could be innovations created in a partnership, which may contribute to the company's success [Dymitrowski 2012a, 2012b, 2014].

The third sphere is related to different types of entities the company cooperates with. The higher the number of different types, the more open the firm is. Companies often concentrate only on cooperation with buyers and suppliers. However, the ability to identify other types of important entities (for example, influential organizations or competitors) may play a significant role in creating the company's competitive advantage.

Taking these facts into consideration, a typology of company behaviour in the internationalization process offered by K. Fonfara [2008] comes in handy. It identifies two types of companies open to cooperation (A and B). A Type A firm can be characterized by openness to cooperation, following a formalized path of international expansion and displaying an active approach towards creation of a network of relationships. Type B is also a company open to cooperation but, unlike Type A, it has a spontaneous internationalization process and presents a passive approach towards creation of a network of relationships.

Steffel and Ellis [2009, p. 10] believe that, in the case of a communication system, openness and versatility are essential to building trust between different entities. And trust happens to be the second (apart from openness) determinant of informal relationships. This is because respondents in the qualitative stage of the study carried out by the present authors perceived it as a key facilitator of informal relationships in the internationalization process.

The nature of relationships is based on mutual trust and commitment [Morgan, Hunt, 1994]. In social psychology, trust implies allowing one to take a potentially vulnerable position relative to one's partner, based on some knowledge or assumptions that inspire trust in his good intentions [Blomqvist 1997]. In terms of business behaviour, trust is generally defined as the perception of the probability that the partner will behave in an expected way [Welter, Smalbone 2006]. More sophisticated definitions of trust concentrate on its different aspects, i.e. antecedents of trust, features or outcomes of collaboration within trusted relationships [Nielsen 2004, p. 243]. However, cataloguing the characteristics of trust alone is not of much help in creating trusted relationships. A better perspective seems to be offered by a typology of trust advancements, which depicts the process of trust development in its incremental nature. In subject literature, the authors emphasizing this point of view generally distinguish the following levels of trust [Sako 1992, pp. 37-39; Nielsen 2004, pp. 224-225; Ibrahim, Ribbers 2009, pp. 240-244]:

- contractual (institutional, system) trust,
- cognitive (competence) trust,
- affect-based (goodwill) trust.

Contractual trust refers to a general legal, political, organizational, social and cultural embeddedness of a potential or existing business partner, i.e. it can be the degree of confidence that written or oral agreements will be adhered to. This type of trust is partly derivative of the assessment of standards in a given target market, and in the initial phase of internationalization it can serve as a substitute for other types of trust which benefit more from partner specific knowledge.

Cognitive trust is built upon the perceived potential and/or abilities, expertise and financial standing of a given company. An important factor in its assessment is predictability based on past performance (both technical and managerial) and overall behaviour. The proportions of benefits and their consumption should stay in relation to partners' contribution and degree of dependence as well as the sense of fairness [Urbańczyk 2012]. Therefore, it is advisable for cooperating partners to maintain relatively strong positions [Czakoń 2011] in order to sustain their relationships in the phase of benefits appropriation [Czakoń 2009].

Hence the best long-term effect of a jointly developed technology or organizational overlap will occur if the technical and organizational competence/potential of both parties is similar in scale and scope before cooperation starts [Moverly, Oxley, Silverman, 1998, p. 510].

At the initial stage of a relationship in the absence of mutual past experiences, a corporate reputation can serve as proxy for trust [Bennett, Gabriel 2001, p. 426]. In addition, personal trust begins to play its role as people representing both partners get acquainted and assess their trustworthiness. This can also be aggregated to a cognitive corporate trust level [Nielsen 2004, p. 241], although in this specific transfer process a more rational and balanced assessment should be expected. Nonetheless, the role of trust as a business facilitator is centred on substituting incomplete knowledge resources and thereby transaction cost reduction, because under perfect information, there would only be a rational calculation [Blomqvist 1997].

Affect-based trust is the most abstract form of trust, referring to a non-calculative reliance on partners' goodwill. In fact, this construct is nearest to the literal sense of the word "trust", because although it refers to past experiences, it emerges as a belief in moral integrity and is reinforced by social interaction and emotional bonds between individuals. It is also the most informal type of relationship assessment, which may eventually lead to overconfidence, lock-ins and overreliance [Welter, Smallbone 2006, p. 471]. As its development is usually highly time-consuming [Bachman 2001], one can argue that it only emerges once a relationship between partners is healthy for more rational reasons. On the other hand, the factor of trustworthiness, already mentioned with reference to cognitive trust, can be partly linked with emotions, as its assessment depends on such factors as: predictability, consistency, authenticity, accessibility, responsiveness and shared moral values [Mathers 2009, p. 35]. In addition, under some circumstances, such deep personal trust precedes a formal, competence-based assessment of the partner, and therefore it has to emerge before institutional business relationships are established [Halinen, Salmi 2001]. Moreover, other types of relationships, such as horizontal relationships (between competitors), may be built mainly on information and social exchanges [Bengtsson, Kock 1999].

Taking into account the results of the qualitative stage of the study and the subject literature review, two determinants of informal relationships in the internationalization process have been identified. These are openness to cooperation and trust. Because of the previously mentioned obstacles concerning the perception of informal relationships by representatives of business practice, there was a need to perform an indirect quantitative study. This is why the role of informal relationships in the internationalization process had to be examined from the perspective of its two determinants: openness to cooperation and trust.

METHODOLOGY

In order to achieve the aim of the paper, an empirical investigation was carried out. It included conducting quantitative studies. The quantitative studies were based on a questionnaire survey. Ten thousand companies based in Poland and involved in international business were identified. The sample was selected at random. The questionnaires were sent to 1,900 companies by post and to 8,100 companies by email. Owing to logistics problems (unknown addresses, liquidated companies), the questionnaire reached 1,748 companies. By the cut-off date of September 2015, 179 responses had been received, giving a response rate of 10.2%. Furthermore, a simultaneous online survey was conducted, providing an additional 99 responses. A comparative analysis of the answers received by post and email did not show major differences. Altogether, a total of 278 usable responses were received, providing a sufficient basis for testing. Research-sample characteristics are presented in Tables 1-3.

Industry	Number of companies	%
Agriculture	3	1.33%
Mining and Quarrying	2	0.89%
Construction	14	6.22%
Manufacturing	126	56.00%
Transportation	11	4.89%
Transportation services	0	0.00%
Wholesale trade	20	8.89%
Retail trade	1	0.44%
Financial services	2	0.89%
Services	23	10.22%
Other	23	10.22%
Total	225	100.00%

Table 1. Research sample characteristic by industry

Source: [authors' own study]

Form of ownership	Number of companies	%
Private company – owned by foreign entities	52	20.80%
Private company – owned by domestic and foreign entities	33	13.20%
Private company – owned by domestic entities	148	59.20%
State-owned company	17	6.80%
Total	250	100.00%

Table 2. Research sample characteristic by type of ownership

Source: [authors' own study]

Company size (number of employees)	Number of companies	%
fewer than 10	36	14.52%
10-49	65	26.21%
50-249	92	37.10%
250-999	36	14.52%
1,000-4,999	9	3.63%
more than 5,000	10	4.03%
Total	248	100%

Table 3. Research sample characteristic by company size

Source: [authors' own study]

Companies from the research sample represent different kinds of industries, but more than half of them operate in manufacturing. The dominating form of ownership in the sample is a private company owned by domestic entities. The majority of the companies are micro, small and medium-sized enterprises (249 or fewer employees). Since the structure of the sample is similar to that of the Polish economy, there are strong grounds for drawing general conclusions about the whole population.

The quantitative studies included an analysis of respondents' answers concerning openness and trust in the internationalization process, as well as market results, using a five

point Likert scale. Respondents were asked to assess if specific factors influence the competitive advantage of a company (1 - definitely yes, 2 -yes, 3 - no opinion, 4 - no, 5 - definitely no) and its market performance indicators compared with the closest competition (decidedly worse - 1, worse - 2, nearly equal - 3, better - 4, decidedly better - 5). The indicators include both financial and non-financial performance measures: total profit, return on investment (ROI), volume of sales, and market share. Altogether, these four market performance indicators determine the competitive advantage of a company.

RESEARCH RESULTS

Taking into consideration the results of the qualitative study and the conducted literature review, two determinants of informal relationships were examined. These are openness to cooperation and trust. In order to determine the role of the first determinant of informal relationships in creating competitive advantage in the internationalization process, openness to cooperation was studied. The link between openness to cooperation and competitive advantage in the internationalization process is presented in Figure 2.

Taking into consideration the information presented in Figure 2, several important conclusions should be drawn. First, there are significant differences in the way openness to cooperation is perceived by companies engaged in the internationalization process. Firms more open to cooperation in the internationalization process (characterized by openness or complete openness) see it as an important factor creating competitive advantage. On the other hand, a great many companies (50%) partially open and partially closed to cooperation in the internationalization process tend not to have an opinion on this matter. However, as for the firms from this group which do have an opinion, most of them see it as a determinant of competitive advantage. A reason for this may be a specific level of openness which bears fruit in the form of a positive market position. The more open the company is to cooperation, the more positive effects it is able to achieve.

Another important issue is reflected by a number of companies representing a specific behaviour. The majority of respondents displayed an attitude at least to some extent open to cooperation in the internationalization process. There were no companies completely closed to cooperation, and only two closed to cooperation in the internationalization process. This means that the market itself verifies the way a company should behave, leaving it no choice and forcing it to open itself to cooperation. A highly risky and dynamically changing foreign environment the company operates in imposes on it the need for cooperation.

To determine the actual role that openness to cooperation in the internationalization process plays in a company's market activity, another analysis was carried out. Table 4 presents the link between openness to cooperation in the internationalization process and specific market performance indicators determining competitive advantage.

When taking into consideration the results presented in Table 4, it should be noted that companies partially open and partially closed to cooperation in the internationalization process demonstrated favorable performance only in terms of total profit. The average values of the other three market performance indicators did not exceed 3.0, which means that they performed worse than their competitors (i.e. they did not have a competitive advantage).

On the other hand, we should point to a tendency to perform better than one's competitors (i.e. to have a competitive advantage) in the case of companies open and completely open to cooperation in the internationalization process. In the case of all four market performance indicators, the average results were higher than 3.0.

In most of the cases, the average results are similar for companies open and completely open to cooperation in the internationalization process. The highest difference occurs in the case of sales volume. This may be due to the fact that complete openness to cooperation in the internationalization process is reflected not only by the number of entities

the company partners with, but also in the scale of cooperation, which is much broader than in the case of companies open to cooperation. This results in better contact with the market, which helps to identify and exploit business opportunities.

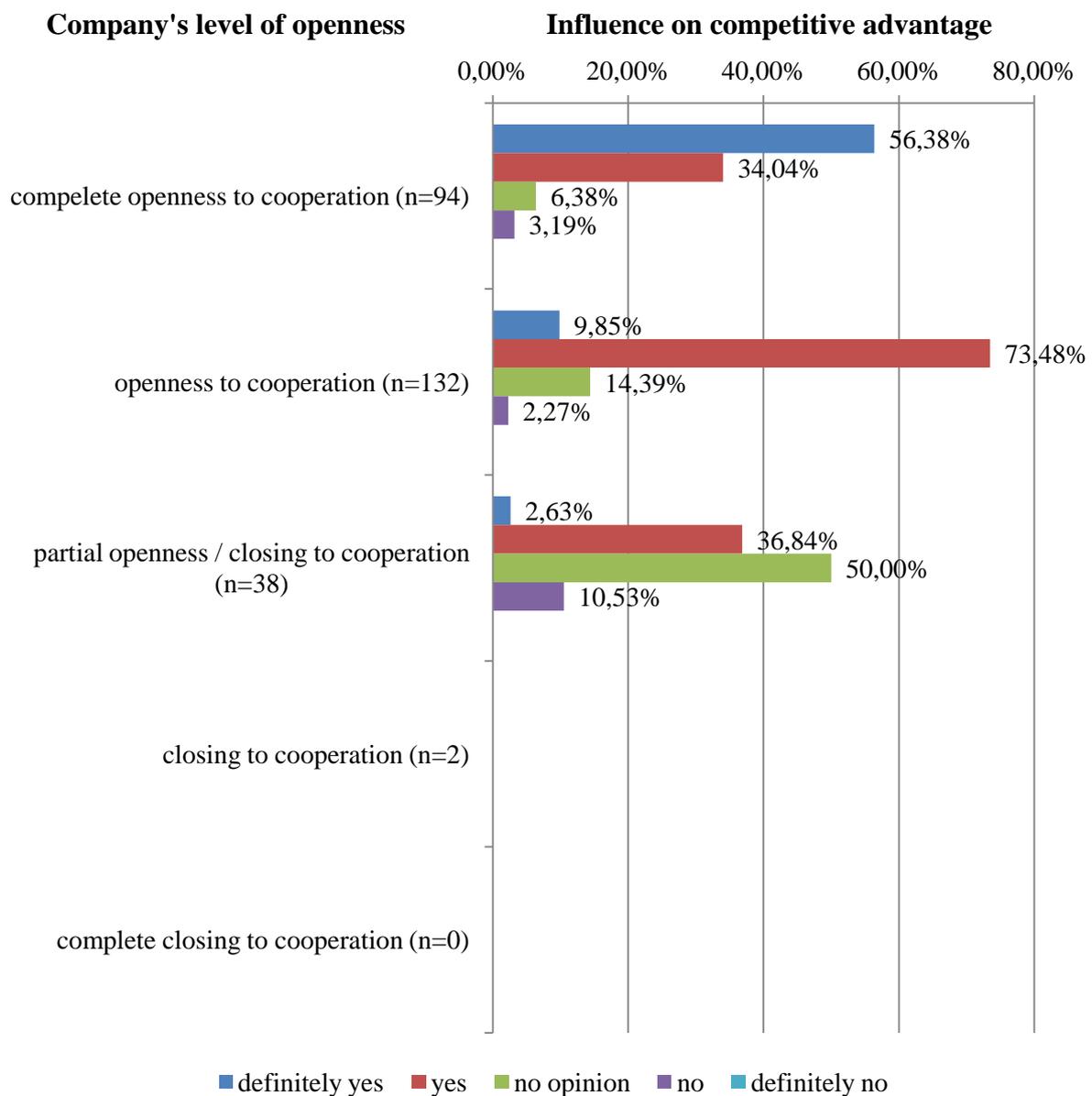


Figure 2. Openness to cooperation in the internationalization process and competitive advantage

n - number of enterprises that provided answers to the question asked

Source: [authors' own study]

To determine the role of the other determinant of informal relationships in the internationalization process in creating competitive advantage, we investigated trust. The link between trust in the internationalization process and competitive advantage is presented in Figure 3.

With regard to trust, the other determinant of informal relationships in the internationalization process, one should notice a similar situation as in the case of openness to cooperation. The higher the level of trust displayed by a company, the more trust is perceived as a determinant of competitive advantage. Similarly, this may be caused by the fact that only

firms which have truly experienced the influence of trust know its value. This statement can be supported by two facts. First, 57.14% of companies characterized by a low level of trust in the internationalization process present no opinion in this matter. Second, the number of companies characterized by a low level of trust in the internationalization process is very low in comparison to firms with a medium or high level of trust. A reason for this is the character of the international environment, which is so different from the local one that not all situations can be included in contracts and formalized. Hence the need to develop trust to be able to operate in the internationalization process.

Degree of openness \ Performance indicators	Total profit	ROI	Sales volume	Market share
completely open to cooperation [n=75]	3.38	3.17	3.60	3.36
standard deviation	1.14	1.09	1.02	1.03
open to cooperation [n=103]	3.42	3.25	3.49	3.30
standard deviation	0.91	0.82	0.95	0.83
partially open / closed to cooperation [n=25]	3.14	2.94	2.86	2.65
standard deviation	1.32	1.25	1.28	1.03
closed to cooperation [n=2]
completely closed to cooperation [n=0]

Table 4. Openness to cooperation in the internationalization process and market performance

Scale of evaluation: 1 - decidedly worse, 2 - worse, 3 - similar, 4 - better, 5 - decidedly better
n - number of enterprises that provided answers to the question asked

Source: [authors' own study]

In order to determine the actual role that trust in the internationalization process plays in a company's market activity, another analysis was carried out. Table 5 presents the link between trust in the internationalization process and market performance indicators determining competitive advantage.

First of all, the average results of the market performance indicators of companies characterized by a low level of trust in the internationalization process are the same as those of their competitors (total profit, total sales, market share) or even worse (ROI). What this means is that this is not the way a company should behave in the internationalization process in order to be successful (have a competitive advantage).

On the other hand, the average results of all the market performance indicators of companies which are characterized by at least a medium level of trust in the internationalization process are favourable (higher than 3.0). This means achieving results that are better than those of one's competitors (having a competitive advantage).

In general, the average results of all market performance indicators of companies which are characterized by a medium and high level of trust in the internationalization process are similar. However, there are two interesting facts that can be observed.

First, in terms of total profit companies with a medium level of trust perform better than those with a high level of trust in the internationalization process. This means that companies should display trust, but in a limited way. Putting full faith in an international business partner may not bring such fruitful results as staying careful. When operating in an international market, a company encounters many types of entities. The firm is not able to control them all, which may result in such situations as, for example, leaking information which determines the total profit.

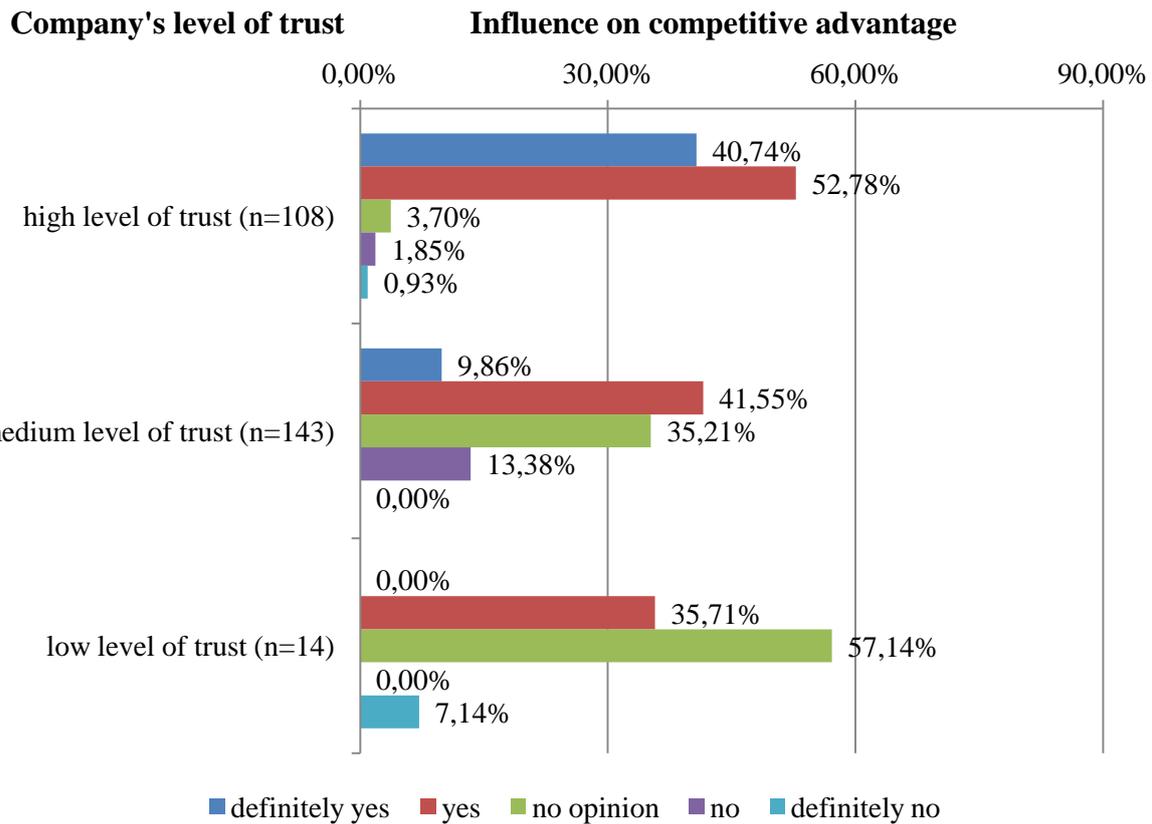


Figure 3. Trust in the internationalization process and competitive advantage

n - number of enterprises that provided answers to the question asked

Source: [authors' own study]

Degree of trust \ Performance indicators	Total profit	ROI	Total sales	Market share
high level of trust [n=87]	3.31	3.19	3.59	3.28
standard deviation	1.12	1.07	1.07	0.97
medium level of trust [n=107]	3.45	3.21	3.41	3.22
standard deviation	1.12	1.07	1.12	1.04
low level of trust [n=11]	3.00	2.89	3.00	3.00
standard deviation	1.26	1.36	1.34	1.32

Table 5. Trust in the internationalization process and market performance

Scale of evaluation: 1 - decidedly worse, 2 - worse, 3 - similar, 4 - better, 5 - decidedly better

n - number of enterprises that provided answers to the question asked

Source: [authors' own study]

Second, the average result of total sales is much higher for companies characterized by a high level of trust in comparison with those with a medium level of trust in the internationalization process. This is probably caused by the fact that in a foreign environment firms need to rely on business partners in order to effectively sell products or services. Business partners often play the role of intermediaries between a company and the market. It is beneficial for both sides when sales are high. This is why companies need to exchange information in order to be effective. Such actions depend on the level of trust and are reflected by sales indicators.

The undertaken quantitative study revealed the importance of both key elements of informal relationships developed in the internationalization process: openness to cooperation and trust.

SUMMARY

The results of the performed research revealed several interesting facts concerning informal relationships built in the internationalization process.

First of all, informal relationships developed by a company in the process of internationalization can be characterized using two determinants which are openness to cooperation and a presented level of trust. Openness should be understood as readiness to undertake joint actions with another entity, readiness to allocate own resources to common activities undertaken with the cooperating entity, and the ability to identify and exploit contacts with important entities. On the other hand, trust should be perceived using three dimensions: the credibility of the environment the partner is operating in, the actual credibility of the partner, and the degree of interest in the partner's success (benevolence). Openness to cooperation and trust determine the nature of informal relationships in the internationalization process.

Second, the perception of openness to cooperation and trust by firms involved in the internationalization process is positive. This means that they consider both types of openness to be important factors determining a company's competitive advantage.

Third, companies which are characterized by openness to cooperation in the internationalization process tend to achieve favourable market performance indicators in comparison to their competitors. Moreover, companies displaying a closed attitude towards cooperation in the internationalization process are a rarity, which suggests that such a type of behaviour is less beneficial.

Fourth, companies characterized by a medium or high level of trust in the internationalization process tend to achieve favourable market performance in comparison to competitors. Additionally, the number of companies characterized by a low level of trust in the internationalization process is limited in comparison to firms with a medium or high level of trust. This suggests that distrustful behaviour may not be successful.

Because of the adopted research perspective, the investigation carried out for the purpose of this paper has some limitations. It narrows discussion only to two determinants of informal relationships developed in the internationalization process. Although it made it possible to provide some general conclusions, it is necessary to undertake further research in order to identify other possible determinants of informal relationships. Complementary to the undertaken quantitative research are qualitative studies. The authors of the present paper are currently conducting interviews with representatives of business practice which will be presented in the form of a case study (30 case studies). To a far greater extent, they should help us better understand the phenomenon of informal relationships in the internationalization process.

It would also be interesting to examine the role of informal relationships going more in-depth in cultural aspects of informality. The majority of respondents (firms located in Poland) represent companies developing mostly "European links". Other approaches to "doing effective business" would be a valuable extension of the study. Investigating specific industries may also bring interesting results. Additionally, it would be worthwhile to consider researching the role of informal relationships at different phases of the internationalization process.

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