

Initiation processes and initiation contributors illustrated by Norwegian-South Korean business relationships

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Abstract

The present paper studies relationship initiation in an international context. More specifically, the focal relationship initiations take place between Norwegian subsidiaries located in South Korea and South Korean companies supplying to Norwegian companies. Initiation is a rarely studied and blurred phase of relationship development. In this paper we contribute to relationship development and international business literature by analyzing three cases presenting the initiation of buyer-seller relationship in international contexts with initiation contributors. The analysis is based on interview data from relationship initiations collected in South Korea during the fall of 2014. In the paper we find that the beginning of the initiation is rather fuzzy and multiple entities (such as personal contacts, dormant relationships and artefacts) can serve as initiation contributors that trigger or facilitate initiation in international contexts.

Keywords: Internationalization; initiation; relationship; buyer-seller relationship, relationship development, initiation contributor; subsidiary

INTRODUCTION

Since the extant IB literature has studied how firms enter to certain market areas or initiate internationalization process but has not yet studied how international (buyer-seller) relationships are initiated, we aim to fulfill this gap by integrating relationship development approach with the focus on initiation per se and the relevant IB literature. Therefore, in this paper we focus on relationship initiation in an international context and initiation contributors. As an empirical illustration of our conceptual development we use three cases of relationship initiation where the focal relationship initiations are between Norwegian subsidiaries located in South Korea and South Korean companies supplying to Norwegian companies.

Dynamics and interaction in relationships are the main components of IMP-research. It may therefore seem strange that the initiation of relationships as a crucial opening period in dynamic relationships has received little attention (Edvardsson et al., 2008; Valtakoski, 2014). Relationship ending and related competences have earned more investigations (e.g. Havila and Medlin, 2012; Ritter and Geersbro, 2011). However, initiations seem to require special attention, particularly when firms initiate new business relationships cross borders and national cultures. Initiation has been studied from a perspective of network capabilities, as Mitrega et al. (2012) proposed a relationship initiation capability consisting of everything that enables the firm to select and attract business partners including both assets and previous relationships. Valtakoski (2014) focused on how trust between the actors and the intangibility of the product to be exchanged influenced the relationship initiation as well as strategies to mitigate these factors. In general, the initiation of a relationship is a blurred phase with many involved actors in different episodes and many possible relationship beginnings (Aarikka-Stenroos, 2008), thus it is a difficult phase of the relationship to study. The relationship can start from the first contact or require a long warm-up (Halinen 1997). Thus, parties can be aware of each other for a long time and informal social events and episodes may occur prior to transactions.

Furthermore, as a dyadic initiation happens in a network of relationships, initiation comprises also a network perspective. Existing research have suggested that due to the connectedness, other parties can make it possible to use experiences from one relationship in another relationship and to initiate relationships by introducing two parties to each other (Ritter, 2000). Aarikka-Stenroos and Halinen (2007) have studied such personal and organizational “third parties” that can serve promoters of relationship initiations actively by making introductions or less passively, e.g. by serving as customer references. Thus often tend to be ‘cupids’ and third parties (Ring and Van de Ven, 1994; Ritter, 2000; Aarikka-Stenroos, 2011; Batonda & Berry 2003) that contribute to initiations. In this paper we consider such entities “initiation contributors”.

The initiation of the relationships is often noted only briefly as the first parts of the relationship development models (Batonda & Perry 2003, Ford 1980, Dwyer et al. 1987, Ford 1980, Halinen 1997, Wilson 1995, Polonsky et al. 2010) but since these models concentrate on discussing the whole relationship development process, they do not offer a closer analysis of the initiation phase per se. In the relationships development models relationship development takes place through movements between stages and states. In recent years the models have moved away from the view where relationships are seen as developing automatically from one stage to the next towards a view where the relationship can develop in any direction between the states. Furthermore, the issue of dormant relationships and re-activation of relationships have become more prominent in the academic debate. By this far, the only study focusing on the process of initiation of the relationship is presented by Edvardsson et al. (2008). Their model shows that initiations are often unpredictable and they

do not only progress, but can also cease or flow backwards.

It is widely acknowledged among international business scholars that firms' internationalization is shaped by many factors like an ability to recognize new opportunities in international markets, to overcome geographic, cultural and psychic distance (see e.g. Ellis 2007; 2000) and to build on existing social and organizational relationships (Mainela 2007; Su et al. 2009). However, there is surprisingly little research investigating how actually new relationships in international markets are initiated. The extant research in international business have studied market entries (Coviello & Munro, 1995; Ellis, 2007; Ojala, 2009; Laufs & Schwens 2014), initiation of internationalization and the internationalization process (Aaboen & Löfsten, 2015; Chetty & Eriksson 2002; Cheng et al. 2008) and the role of social relations (Ellis, 2000; Björkman & Kock, 1995; Agndal et al. 2008; Kontinen & Ojala, 2011; Su et al. 2009) and firm relationships (Harris & Wheeler 2005; Hohenthal et al. 2014; Mainela 2007), e.g. in identifying and triggering international business opportunities. Furthermore, according to Harris & Wheeler (2005) relationships for internationalization often evolve and thereby the relationship development process of such relationships does not necessarily begin with a business intent. Moreover, previous studies have highlighted how the impact of divergent social and firm relations is often crucial in order to induce new business on international markets. None of these investigations, however, have focused on the process of how new business relationships are initiated in international markets and how existing personal or interorganizational relationships facilitate that process. Various relationships (from organizational to personal) are often essential in "gate-opening" (see Mainela 2007). Furthermore, particularly social relations are extremely important in some business cultures: for example, Guanxi, kankei and blat are complex structures of social relationships in China, Japan and Russia highlighting that existing relations play a more crucial role in some regions than they do in Western countries. In such contexts, social capital is an imperative requirement for developing business opportunities since relationships and trust are needed to access resources. The complex structures of social relationships to a large extent replace state-level infrastructures (see Theingi et al. 2008, Butler & Purchase 2008, Su et al. 2009, Gu et al. 2008). The extant research has analysed the importance of social and organizational relations in general rather than focusing specifically on how they contribute to initiation of new business relationships along the cumbersome initiation process. Thus we see that investigating relationship initiations in the international context and analysing also the role of existing relationships in those initiations would increase theoretical understanding of the phenomenon and also provide insights for divergent firms seeking growth at international markets.

This paper relies particularly on the literature stream following the business network model of the internationalization process (c.f. Johanson and Vahlne, 2003) that view the internationalization process as an outcome of the interplay between experiential knowledge and commitment concerning potential and existing relationship partners. Since we focus on the relationship level we also apply an interaction perspective. Actually there is a series of studies among internationalization studies that have integrated these approaches (see e.g. Hultman et al., 2012; Salmi 2010; Harris & Wheeler 2005).

Altogether, there are still dilemmas involved in the essence of when and how "the initiation is initiated" as well as the brokering, triggering and mediating activities of 'cupids' and other entities facilitating initiations. Based on the discussions above, we see that initiation is a process that can be facilitated by diverse initiation contributors relevant particularly in many international markets. *The purpose of the present paper is therefore to study relationship initiation process facilitated by initiation contributors in an international context.* We analyse particularly the initiation of cross-border buyer-seller- relationship.

As noted by previous studies focusing on processes (e.g. Batonda and Perry, 2003; Rasmussen, 2011) stage models tend to oversimplify the dynamics of processes. When we study the process we therefore do not limit the study to pre-set stages and static factors. In contrast, we use a holistic view of the process as a starting-point and try to identify process elements in the processes as a basis for patterns. In other words, we use a dynamic approach by in line with Shepherd (2015) focusing on series of actions rather than single acts taking place. This approach of using the entire process as a starting point and identifying process elements fits well with the IB literature where few previous studies to be used for ex ante decisions on what do study in initiation processes can be found. Due to our focus on the process elements of the relationship initiations and the initiation contributors, our research questions in our Norway-South Korea setting are the following:

RQ1: What process elements of relationship initiations constitute identifiable initiation patterns in international markets?

RQ2: How do initiation contributors contribute to relationship initiations in international markets?

Process elements refer to processes taking place both in the focal relationship and the connected relationship and initiation contributor refer to different entities such as persons, organizations, artefacts and relationships.

We aim to generate several contributions. First, we will investigate process elements of initiations and how they appear in the cases. Second, based on this, we are able to identify initiation patterns. Thirdly, we investigate initiation contributors of initiating dyads and study their role in initiations and their process elements. These contributions will increase understanding of relationship initiations in international markets, and consequently we aim to contribute to the internationalization literature as well as the industrial networks and relationship development literature.

The paper is organized as follows. In the literature review we present previous literature relationship initiation and potential contributors to initiation, particularly in international contexts. In the method section we describe how the data on three cases was collected in South-Korea. The empirical illustrations are presented and subsequently discussed. Finally we discuss the contributions and implications.

THEORETICAL UNDERSTANDING ON INITIATION

To extend our understanding on initiation, this section looks at the existing relevant models and theoretical discussions related to initiations. Based these literature explorations, we aim to identify the critical initiation activities that together build initiation processes and to which initiation contributors contribute.

The initiation has been labelled with diverse terms such as forming, building or creating relationships, or as the “birth” of relationships (Frazier 1983, Edvardsson et al. 2008). A clear definition of initiation is seldom suggested in the extant literature, but Edvardsson et al. (2008: 3) define the initiation process as follows: “[Initiation] starts when the companies in a potential relationship recognize each other and ideally ends when a business agreement is reached.” In this research, the initiation is understood as a dyadic process starting from awareness, and ending in an agreement, an order or an assignment, that may lead to a business relationship. As mentioned in the introduction, the occasion when the relationship begins is difficult to define. Researchers have adopted a rather indefinite definition of when a relationship begins, and “the starting point” is usually related to a need or motivation (Frazier 1983, Ring & Van de Ven 1994), interest, search (Wilson 1995) or the awareness of a

feasible exchange partner (Dwyer et al. 1987).

In order to capture the process on initiation and deconstruct the initiation into more detailed process elements, we build on Holmlund (2004) who identifies five aggregations levels of interaction: action, episode, sequence, relationship, and partner base. Action is the lowest level and consists of the individual initiatives of the firms. When several actions are interconnected these groups of action forms an episode, the next level of aggregation. We use the same logic here as we aim to distinguish particular initiation focused actions and episodes that together form larger entities, i.e. process elements of relationship initiation. Therefore, in the following the review of each literature stream concludes the initiation activities and episodes that are identified in the focal literature stream.

INITIATING A BUSINESS RELATIONSHIP: RELATIONSHIP DEVELOPMENT APPROACH TO INITIATIONS IN INTERNATIONAL MARKETS

Even though there are only a handful studies focusing on initiations (Edvardsson et al. 2008; Valtakoski 2014), a broad scope of approaches have indirectly touched the initiation of a business relationship. In the present paper we primarily focus on the relationship development literature (see Table 1) and view contributions from other research streams as providing aspects of enrichment to the initiation process.

In the *relationship development literature* (Batonda & Perry 2003, Ford 1980, Dwyer et al. 1987, Ford 1980, Halinen 1997, Wilson 1995) in the IMP tradition, the initiation is considered the first phase and the launch of a relationship development process, but these models do not closely focus on the initiation phase per se. In some models the first phase “initiation” and the latter phases are described as a sequential progression of change processes through stages (Ford 1980, Dwyer et al. 1987), whereas some writers consider the initiation and the latter phases as more unstructured and unpredictable states and statuses (Halinen 1997, Batonda and Perry 2003, Edvardsson et al. 2008). The dormant phase introduced by Batonda and Perry (2003) is an important phase for relationship initiation since it implies that the relationship may be “initiated” between actors that have been in contact before. Polonsky et al. (2010) expand on this notion through their de-actualization phase that relationships can move to and from at any phase of the relationship. For the movements between the phases Polonsky et al, (2010) use the idea of relationship energy previously discussed by Havila and Wilkinson (2002). These diverse models despite their different emphasis assume that an initiation is launching a relationship that is developed further.

Based on a detailed literature review (see Table 1) the “phase” when a relationship between two parties emerges includes three kinds of activities, namely *searching processes that lead to awareness building; compatibility testing and building preconditions* that lead to social bonds and trust building, and *mutual negotiation processes that lead to definitions of expectations and common goals*.

Table 1 A review of initiation as a phase/stage/state/status and the identified relational initiation activities

<i>Author and the model</i>	<i>Phase considered as "initiation"</i>	<i>Initiation activities identified in the description of phase</i>
Stage models		
Ford (1980) Buyer-seller	Pre-relational stage	Evaluation and reducing distance
	Early stage	Negotiation
Dwyer, Oh and Schurr (1987) Seller-buyer	Awareness phase	Building awareness, one way communication
	Exploration phase	Attraction is formulated, bargaining, expectations are built, testing future goals
State model		
Halinen (1997) Buyer-seller	Preconditions	Attraction Awareness of other party's goals, needs and resources Common interest in building a relationship
Status models		
Batonda and Perry (2003) Interfirm network relationships	Searching processes	Recognition of need for going into a relationship Searching for potential partners from outside and inside sources; Finding information and cross-checking partners' competence; Looking for a match between buyer need and supplier capability; Evaluation and selection of potential partners based on personal social and economic attributes; Activating business relationships from a personal pool of contacts or personal relationships
	Starting processes	Making initial contact through direct visits, direct contact or through introduction by a trusted third party Presenting the purpose/ opportunity Establishing rapport, testing of personalities and compatibility of partners Testing/probing of goals and compatibility
Edvardsson, Holmlund and Strandvik (2008) Buyer-seller	Unrecognized status	The parties do not know each other or the buyer does not recognize the seller
	Recognized status	One- or two-sided awareness and social relations are built
	Considered status	Negotiations take place
Polonsky, Gupta, Beldona and Hyman (2010) Buyer-Seller	Exploration phase	Pre-initiation activities, becoming aware of each other, investigate the potential of the relationship, observe and analyse each other's actions
	Actualization phase	Approach each other, extensive learning, understanding of responsibilities
	Inactive/Dormant phase	Active engagement ceases, progressive and regressive energy
	De-actualize phase	Perceived value is low and regressive energy prevails. Possible to re-invigorate.
Other models		
Frazier (1983) Interorganizational marketing channels	Initiation process	The motive or need arises Scanning potential intrinsic and extrinsic rewards Information gathering
Wilson (1995) Buyer-seller	Search and selection (and defining purpose)	Performance scanning; Social bonding Communication to establish comparison level Trust creation; Expectations Screening mutual goals and shared values
Ring & Van de Ven (1994) Inter-organizational relationships	Emergence of relationships	Negotiation processes: expectations are formed Commitment processes: rules and contracts are established for future actions Execution processes: commitments are carried into effect
Wilkinson, Young and Vagn Freytag (1994, 2005)	The dance invitation	Matching

INITIATION OF A BUYER-SELLER RELATIONSHIP: THE BUYING AND SALES PERSPECTIVES AND RELATED INITIATION TASKS

Since the initiation of a buyer-seller relationship touches both a buyer and seller and their business tasks, both organizational buying and sales research streams provide enrichment regarding relationship initiation. They, however, concentrate only on one party's perspectives without relational aspects.

The seller's perspective to initiating can be seen in the light of *the sales literature*, as initiating can be related to sales and customer acquisition activities and consequently several initiation activities faced by sellers can be derived from this literature (Moncrief and Marshall 2005; Dixon and Adamson, 2011; Blank and Dorf, 2012). When sellers aim to initiate sales with new customers, they screen and evaluate potential customers, search for information on them, build awareness among potential customers through various communication activities, approach potential customers, and use existing relationships to initiate new business (social relations, referrals). They need to present the offering and the performance of the firm but also explore the true needs of the potential customer. The process requires that sellers also have activities that keep the process ongoing. The framework of Dixon and Adamson (2011) is different from the previous since the three step process, including teaching the customer, adjusting the message and taking control of the sale, focus on the knowledge and traits of the seller during the process rather than systematic processes. Blank and Dorf (2012) describe the selling process from the perspective of entrepreneurs, in contrast to established companies, and include four steps that the entrepreneur can move between in any order. Moving backward among the steps is seen as a way of learning.

From the buyer's perspective, initiations can be related to a buyer's consideration of and search for new seller parties, i.e. a decision making process described in the *buying behaviour literature* (Webster & Wind 1972, Johnston and Lewin 1996). Such process related to initiation includes activities such as defining the buying situation and identifying, evaluating, and choosing among alternatives (Webster and Wind 1972, Johnston and Lewin 1996). The initiating activities that can be derived from the buying behaviour literature may be summarized as follows. Buyers need to recognize a need or a problem; seek and gather information and lower risk through a variety of tactics, identify the narrow initial considerations that are set, request proposals, presentations, recommendations, and track records. These provide more grounds for evaluation, decision making, specification and the formulation of the need and/or problem and the focal assignment. Buyers need to define their specifications concerning the need and brief the seller party on their needs and expectations as they negotiate with the seller party on the nature, outcome and pricing of the exchange.

Furthermore, the contemporary literature of value co-creation (Aarikka-Stenroos & Jaakkola, 2012) and complex exchange (Selviaridis et al. 2011; Alejandro et al. 2011; Kindström et al. 2012) have underlined the contemporary value-creation related challenges of buyer-seller interactions that pushed both buyers and sellers to put efforts in defining both needs and pursued value as well offerings and value propositions.

INITIATION AND THE IMPLICATION OF INTERPERSONAL AND INTER-ORGANIZATIONAL RELATIONS IN THE CONTEXT OF INTERNATIONAL MARKETS

Initiating in international contexts particularly brings in the relevance of existing interpersonal and inter-organizational relations. Thus, knowledge on their relevance

generated among international business, industrial network and social network research is reviewed next, since it offers knowledge of how existing relationships have an effect on initiations. In the field of *international business research*, for example study by Ellis (2000) shows how new international exchange partners are identified via existing social ties; Su et al. (2009) found that informal social networks serve as the initial basis for forming formal international business relationships; and Andersen (2006) found that information on foreign market opportunities was often communicated through network relationships. Mainela (2007) investigated how various social relationships (from organizational to personal) were used in organizing and creating a business network in joint ventures, for example for “gate-opening”.

The *industrial network research* emphasizes interconnectedness of market actors and therefore argues since dyadic relationships are part of larger entities of connected relationships, direct relationships with some actors offer indirect relationships through the other actors’ relationships (Håkansson and Snehota 1995, Ritter et al. 2004). Some but rare of these studies have touched on initiations, such as conceptual study by Ritter (2000) showing a mediation effect i.e. how firms can affect initiating new relationships between other firms through referencing and introductions. Aarikka-Stenroos and Halinen (2007) found how “third parties”, represented by divergent persons, organizations and even artefacts, played twelve different roles in initiations, namely as scouter, awareness builder, need creator, access provider, accelerator, advocate seller, match maker, trust builder, evaluation assistant, expectations builder, risk reducer, and provider of concrete evidence. The roles can be performed passively, whereby the third party allows the use of its name, reactively by providing referrals due to requests as well as actively by making introductions. There is also a multitude of *research on social relations, social networks, and social capital* that argues that personal relations is a resource that lubricate operations between actors, but also glue actors together (Nahapiet & Ghoshal 1998, Gu et al. 2008, Theingi, Purchase & Phungphol 2008, Butler & Purchase 2008). Social networks indicate reciprocal exchange, signal reliability and competence, reduce risk and link actors in multiple ways. They provide access to information and high quality “inside” information on time and at lower costs, which also eases information decoding (Gu et al. 2008, Burt 1997, Nahapiet & Ghoshal 1998, Andersen 2006). However, Slotte-Kock and Coviello (2010) argue - building on the literature review of Hoang and Antoncic (2003) - that the social network approach and business network approach offer opposing views but the two approaches can offer a useful bifocal lens for studies of network processes if they are considered integratively.

To sum briefly, the literature reviewed all suggest that the existing social and organizational relations may impact initiating new relationships in international markets as such relations can support *the recognition of a business opportunity, gaining access, signalling credibility and building trust*.

TOWARDS A FRAMEWORK OF INITIATION PROCESS WITH INITIATION CONTRIBUTORS IN INTERNATIONAL MARKETS

After discussing versatile research knowledge on initiations and the role of existing relationships providing contributions to initiations, this existing knowledge is synthesized next, in order to generate an a priori model that displays the potential initiation process elements and initiation contributors, so that these aspect can be investigated in more detail empirically. Existing models of relationship development, selling and buying processes mostly present the “initiation” as linear and predeterminedly intentional, and mostly dyadic; even though the initiation seems to be a blurred starting phase of a relationship that involves various personal and organizational actors.

Drawing on the reviewed diverse literature streams related to initiation, the complex nature of initiation seems to originate from the multiple process elements of the initiation phase: instead of seeing initiation as a simply launch of relationship, an initiation in international contexts can be depicted as a multidimensional process that consists of several initiation elements that involve also other actors beyond the emerging dyad (see Figure 1). We captured and conceptualized initiation process elements (i.e. activities and episodes) that are embedded and indicated in reviewed literature streams (relationship development, international business, and buying and sales literature). The next step here is to build a framework comprising the process elements during the blurred initiation: thus we developed a framework with 6 more generic **initiation process elements** that integrate the identified activities and episodes. These conceptualized process elements are presented next:

We suggest that the first seminal key element is to **identify the need**. The other early element is considered to be to **identify a matching, attractive partner**, as both parties seek partners that are the most attractive for their business, or at least appropriate. Even if parties are already in a good relationship, they are usually aware of potential matching attractive partners: the buyer may be more or less actively seeking new seller parties and gathering market information on alternative suppliers, offerings and trends, and the seller sends out marketing messages and prospects for new customers. However, awareness and attraction are not enough to initiate; parties also need to succeed in **accessing**; the seller party needs access to the buyer party when they approach the prospect, but it may be assumed that in some cases the buyer party also needs access to the seller party. Once access is created, the parties can move towards closer dialogical interaction that involves serious mutual negotiations on the economic content of exchange and start building operating conditions: parties **form and define the content of their potential exchange**. Their lack of deep experience of one another, and of mutual understanding, however, makes the initiation fragile in this phase and, as a consequence, the initiation can easily be terminated or ceased (cf. Edvardsson et al. 2008). This key process requires both unilateral evaluations of the intended content and type of exchange and relationship, as well mutual dialogue in which parties communicate their perceptions and requirements of the exchange and relationship in order to build mutual understanding and to diminish the distance between intentions. Consequently, expectations and intentions about potential exchange are formed and elaborated. Initiating parties then start to **build conditions for operating** and through mutual interactions to **create trust**. Hence, as the initiation progresses, distance is reduced to create mutual understanding when initiation is made cross-borders, different cultures (e.g. Ellis 2007; Ojala 2009). Furthermore, the parties start to **form the future of their potential relationship (long term relational expectations and compatibility)**. Parties forecast and outline the future potential of their emerging relationship, on the basis of organizational strategic matching and common goals as well as personal compatibility. The future expectations are impacted by the long term benefits of the relationship, such as monetary, reference and learning values (e.g., Ford 1980, Ulaga & Eggert 2005).

These 6 key process elements aggregate the discussed initiation-related elements in the reviewed literature. These elements comprise closer unilateral initiation activities (e.g. contacting, information search, performance evaluation or performance verification) as well mutual initiation activities, such as the distance and uncertainty reduction, for example via prior social relations and reputation. As our approach and a priori framework in Figure 1 suggests, in initiating buyer-seller relationships in international contexts were e.g. distance complicates interactions, divergent initiation contributors (personal and organizational actors) can contribute to initiation elements thereby by advancing the progression of initiation.

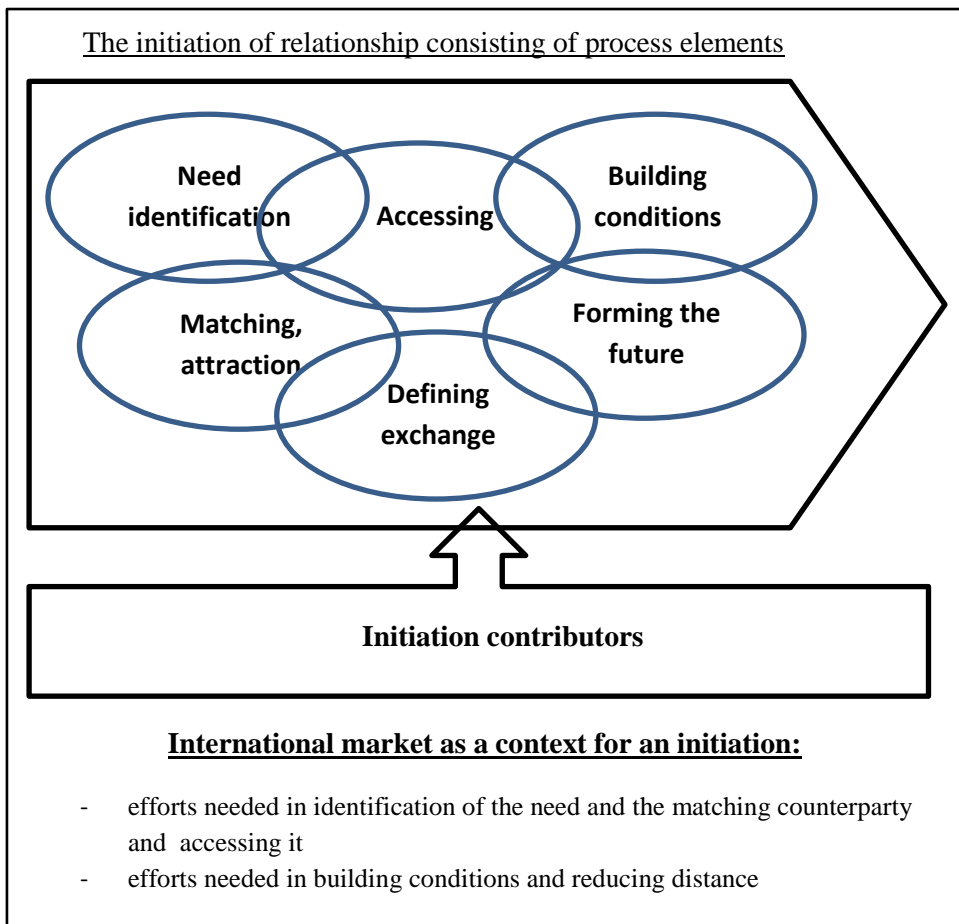


Figure 1 Process elements of initiation in an international context and initiation contributors' contributions to international relationship initiations

METHODS

The extant literature, presented in the previous section offers only knowledge fragments for understanding initiation as a process and lacks understanding on processual and dynamic aspects. Three cases of relationship initiation will be used to illustrate and complement our theoretical findings.

Research setting

In this study we will analyse initiations between Norwegian and South Korean firms. Oil companies operating on the Norwegian continental shelf have awarded several construction contracts for offshore production installations to South Korean yards in recent years (INTSOK, 2014). At the same time the Norwegian shipping industry, which has the fifth largest fleet worldwide in terms of value, has recovered from the recent financial crisis. In 2014 there has been a sharp increase in the number of orders placed with South Korean yards from Norwegian ship owners (Eliassen, 2014). Norwegian marine equipment companies have set up subsidiaries in South Korea and try to initiate relationships with the South Korean yards in order to become part of the projects as sub-suppliers. From a practical point of view it is therefore important for the suppliers of the Norwegian marine equipment companies to know how to initiate relationships with the South Korean shipbuilders.

Case study design

Our empirical illustration is based on what Yin (2003) refers to as a multiple-case design. All three cases are cases of initiations of relationships. The context is Norway and South Korea in all three cases but not exactly the same contexts since the cases are found within different parts of the shipping industry. The unit of analysis is the focal business relationship of each case. In one sense the focal relationship between a South Korean supplier of a Norwegian marine equipment company and a South Korean shipbuilder is a national relationship between two South Korean actors. However, by taking the connected relationships into account we see that this situation is international and that the situation involves both Norwegian and South Korean actors. The situation is depicted in Figure 1 below. The word ship is used in its widest sense, including both the more boat like constructions as well as the offshore production installations.

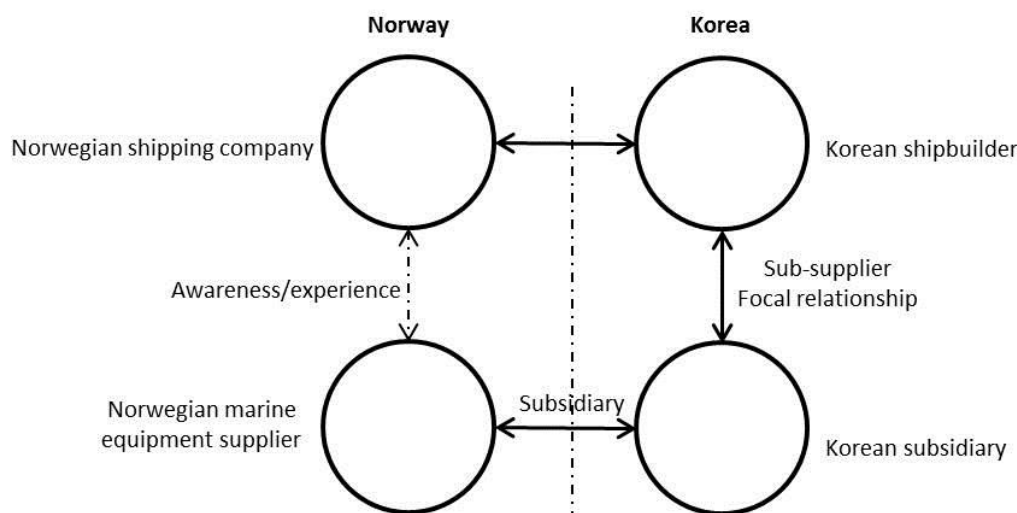


Figure 1: Initiation of relationship between a Korean subsidiary of a Norwegian marine equipment supplier and a Korean shipbuilder delivering to a Norwegian shipping company.

Sampling considerations

We contribute to a less explored part of the internationalization literature since we use the relationship between the Korean subsidiary of the Norwegian marine equipment supplier and the Korean shipbuilder as the focal relationship and study it from the perspective of the Korean subsidiary. It is far more common to use the relationship between the Norwegian shipping company and the Korean shipbuilder (the top relationship in Figure 1) as the focal relationship. That relationship would then be studied as a sourcing issue or a supplier relationship issue from the point of view of the Norwegian shipping company (see e.g. Hultman et al., 2012; Salmi, 2006), or possibly from the point of view of the international purchasing office of the Norwegian shipping company (see e.g. Jia et al., 2014). Using this sampling, the paper also provides insights on the country of South Korea. South Korea is not only the world's largest manufacturer of ships. The country has also experience significant economic growth and export growth following a shift in focus from production efficiency and low priced products to strong brands with high quality reputation (Lee et al., 2008).

Data collection

The data collection focuses on gaining information about the initiation of the focal business relationships. During the spring and summer of 2014 Norwegian marine equipment suppliers with subsidiaries in Korea were contacted and three of the suppliers were willing to

participate in the study. Hence the number of cases became limited to three. The Norwegian marine equipment suppliers are large companies with operations in 20-90 countries each. The three Korean subsidiaries were subsidiaries of three different Norwegian marine equipment suppliers and the relationships that they were initializing were with two different Korean shipbuilders. However, the Korean subsidiaries that were trying to initialize a relationship with the same Korean shipbuilder were interacting with two completely different departments and the two relationships are not connected. The Korean shipbuilders are delivering to three different shipping companies. Two of the shipping companies are Norwegian and one is from another European country. However, this major European actor is heavily embedded among the actors operating on the Norwegian continental shelf and the awareness/experience link depicted in Figure 1 will therefore be the same.

The main source of data collection is interviews. Interviewing is a basic mode of inquiry, and recounting narratives of experience makes sense of people's experiences (Seidman, 2013). According to Barriball and While (1994), face to face contact with the researcher can motivate informants who would not bother with a questionnaire. The companies suggested projects where they were currently involved in relationship initiation with Korean shipbuilders and mediated contact to potential interviewees involved in the processes. The interviewees were mainly sales managers except for one complementary interview that was conducted with a product advisor. All interviews were semi-structured and took place in Busan, Ulsan and Seoul except for one follow-up interview that took place via skype since the sales manager was in Norway at that time. Three of the interviews were conducted in Norwegian and the rest in English since two of the sales managers acting as project leaders in the focal relationships were Norwegian. The rest of the interviewees were Korean. All interviews were transcribed and resulted in 70 pages of raw data to be combined with our theoretical framework.

Analytical Procedures

When analyzing the transcripts we divide the material into categories that are again divided into sub-categories. Kvale (2001) refer to this as meaning-categorization technique. Through abductive analysis, we piece together the existing theoretical understanding and empirical insights from three cases. During the analysis of the data we employ both within case analysis and cross case analysis using our theoretical framework. The within-case analysis allows the unique patterns and key elements in the data of each case to emerge (Ayres et al., 2003; Eisenhardt, 1989). Since processes are a complex phenomenon to capture Aaboen et al. (2012) advice that some dimensions of study should be defined a priori and be kept constant during the study. In the present study the key elements described in the theoretical framework were held constant and used in order to structure the data. This way we both captured process elements and initiation contributors and their contribution potential that only occurred in one of the cases as well as combinations of insights from the three cases that could provide different perspectives on a certain type of element of contribution. Since our paper is mainly conceptual the analysis of the cases was conducted in order to detect illustrations that could complement our theoretical findings. Through this kind of approach, as our major intended contribution we develop a dynamic process model that capture the dynamic essence of relationship initiation process and required initiation contributors in international contexts.

THREE CASES OF RELATIONSHIP INITIATION IN INTERNATIONAL CONTEXTS

There are three main contextual factors that are common to the tree cases. All cases have

to adhere to the Norsok standards, all cases take place in South Korea and the focal relationships are studied from the point of view of a Norwegian subsidiary located in South Korea.

The Norsok standards are developed by the Norwegian petroleum industry to ensure safety, value adding and cost effectiveness for the industry. The Norsok standards are meant to replace specifications by individual petroleum companies and serves as a reference for authorities' regulations. In connection to European and International standards the Norsok serves as an addition. The Norsok standards influence the procurement processes of the South Korean shipyards when delivering to projects on the Norwegian continental shelf. The South Korean shipyards operate with an Approved Vendors List (AVL) of qualified supplier companies. The AVL is normally jointly created with the oil company who has the final word. The compilation of the list begins in the conceptual phase of a field development (usually 2.5-4.5 years before the start of the project) and is completed in the FEED phase (usually 1.5-0.5 years before the start of the project). The yards normally want suppliers that they have previous experience with on the AVL, but the oil company can include new suppliers. The yards are unlikely to include a new supplier for consideration after start-up of a field development project unless this supplier is accepted or invited by the oil company (INTSOK, 2014). South Korean yards in general value long-term relationships and therefore expect suppliers to demonstrate commitment and long-term perspective by establishing a local company/office.

South Korean society may be generalized as having a strong sense of nationalism, and their loyalty lies primarily with their country and company (INTSOK, 2014). Hofstede (2007) also finds the South Korean society to be collectivist, in spite of showing growing cultural individualism due to increased economic affluence. A collectivist national culture suggests that people are integrated in cohesive groups which they remain loyal to in exchange for protection (Hofstede, 2001). Guidebooks for Europeans doing business in South Korea describe that foreigners are often ignored by South Koreans until personal relationships are established. Based on this the guidebooks advice that in order to do business with South Koreans, investing time in building trust and personal relationships is very important. This requires meeting in person and cannot be done by e-mail or telephone. Often relationship building in South Korea involves eating and drinking together. South Koreans like to do business based on personal relationships rather than based on relationships between companies and the personal relationships are more important than a contract (INTSOK, 2014).

The operations a subsidiary performs in the context of the whole company, and thus the role it plays in the initiation of a relationship depends on factors such as the local environment, the structural context imposed by the parent company and the entrepreneurial capacity of the subsidiary (Birkinshaw and Hood, 1998). Johnston and Menguc (2007) demonstrate an inverted U-shape relationship between subsidiary size and subsidiary autonomy. At a certain size and complexity, outsourcing some decision-making back to headquarter will benefit the subsidiary. Furthermore, decision making autonomy will result in greater control of local resources which increases freedom and the possibility of enhancing local embeddedness (Birkinshaw and Hood, 1998).

The three cases of initiations are presented below. All company names have been replaced with the names of cyclones to keep them anonymous. A (K) in the beginning of the name signals that it is the Korean shipbuilder and a (NK) signals that it is the Korean subsidiary of a Norwegian marine equipment supplier.

(NK)GAEMI-(K)JEBI

(NK)Gaemi is a joint venture between a Norwegian company and a Korean company. It was founded in 1988 and has 300 employees out of which four are foreigners and the rest are South Korean. The subsidiary is located in Busan, South Korea's second largest city, close to the ship yards in Ulsan and on Geoje Island. The subsidiary is described as "not very independent from headquarter organization" and all their policies are dependent on the headquarter organization in Norway. However, since the headquarter organization is very familiar with the business environment in South Korea and the South Korean yards the communication tend to work anyway. The relationship initiation in focus concerns a relationship where the subsidiary supply paint to the South Korean shipyard (K)Jebi for a floating production, storage and offloading platform to be delivered to the project owner Arthur Norway.

Identify the need

(NK)Gaemi found out about Arthurs plans to construct a floating production, storage and offloading platform through their network, consisting of yards, sales departments and business development departments, as well as through internet and reports about one to two years before making the bid for the paint. (NK)Gaemi also realized that there was a potential that Arthur would award the contract to (K)Jebi.

Identify a matching, attractive partner

Based on the information about Arthurs plans (NK)Gaemi contacted (K)Jebi in order to recommend their products and inquire about the specifications for the potential construction. (NK)Gaemi also started to develop paint solutions to fit these specifications. (K)Jebi contacted (NK)Gaemi for technical information about the paint products and quotas about six months to one year before (NK)Gaemi was awarded the contract.

Accessing

Because of the previous collaborations there is more or less already a relationship between the two companies. The companies also have other projects in parallel. This relationship secured (NK)Gaemi a place on the AVL as soon as (K)Jebi was awarded the contract. The AVL was put together in collaboration with Arthur and three more firms were included on the AVL in addition to (NK)Gaemi. "Technically our product is better than our competitors. Price-wise there is not a big difference."

Form and define the content of their potential exchange

(NK)Gaemi received a document with the required specifications for the paint from (K)Jebi, and submitted a document in return with technical points and recommendations. During the development of the specifications of the contract, following the submitted document, there was an intense meeting activity. (NK)Gaemi had about 30 meetings with (K)Jebi and 10 meetings with Arthur before signing the contract. During the period that these meetings took place the (NK)Gaemi headquarter organization in Norway visited (K)Jebi in South Korea and (NK)Gaemi also visited Arthur in Norway. The participants in the meetings are usually the (NK)Gaemi account responsible for (K)Jebi and representatives from the purchasing and paint department at (K)Jebi. The meetings are usually led by (NK)Gaemis representative. During the meetings (K)Jebi also suggested changes to Arthurs specifications based on (NK)Gaemis recommendations but these changes were rejected by Arthur. The final negotiation meeting (NK)Gaemi had with the purchasing department of (K)Jebi defined the final prices in the contract and the final technical meeting with (K)Jebi is described as very important for the final outcome.

Build conditions for operating, creating trust

(NK)Gaemi and (K)Jebi have continuous project activity together and have collaborated many times in the past. Both the sales manager and the coating advisors know most of the people that they are in contact with at (K)Jebi. Before the contract was signed Arthur prohibited social activities between the potential actors of the project and (K)Jebi also had regulations that made this difficult. After the contract was signed (NK)Gaemi and (K)Jebi have arranged sport activities including dinner and drinking about once or twice a year to “improve the relationship”. However, (NK)Gaemi’s coating advisors tend to socialize continuously on a private basis with representatives from (K)Jebi about once a week.

Form the future of their potential relationship

A project contract has been signed for the project and there have been no changes or amendments to this contract since it was signed. The contract specifies a price per liter of paint of the paint products that is delivered. Since the final consumption of the paint is unknown, the contract value is unspecified. During the project (K)Jebi has had 30-40 people working on the project that (NK)Gaemi has been in contact with through meetings, telephone and e-mail. The project management teams of (NK)Gaemi and (K)Jebi meet weekly and the coating advisors meet (K)Jebi representative at the yard daily. During the project the level of interaction has been more or less the same. (NK)Gaemi has offered small quantities of non-contracted paint product free of charge to (K)Jebi. “Sometimes they are asking for small quantities of a product that is not in the contract free of charge... We supply this because of the good relationship.” The construction of the platform has become delayed. The additional one and a half years that (NK)Gaemi has to provide technical support and have four coating advisors working with (K)Jebi and Arthurs site office because of the delay is not compensated in the project contract. Especially during the winter seasons, (K)Jebi have had problems with the drying time of the paint and have asked (NK)Gaemi to reduce the standard of the paint in order to alter the minimum drying temperature. This has been an ongoing issue in the project and the companies have met several times to resolve it.

The initiation contributor influence in the relationship initiation between (NK)Gaemi and (K)Jebi is summarized in Figure 2.

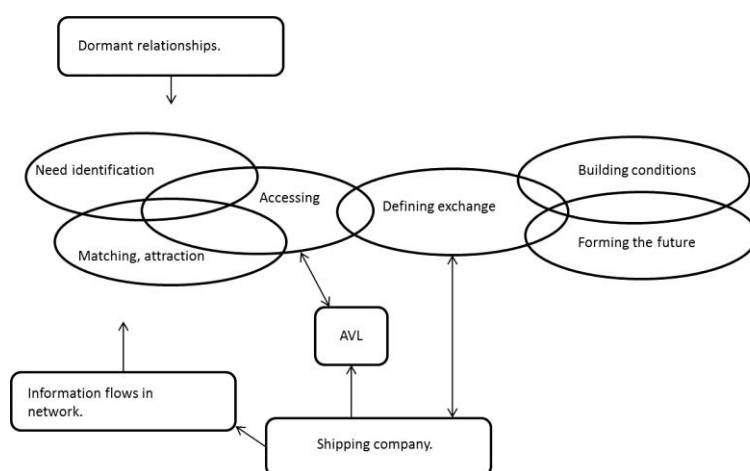


Figure 2: The initiation process and initiation contributors in the relationship initiation between (NK)Gaemi and (K)Jebi.

(NK)NARI-(K)JANGMI

The South Korean subsidiary of (NK)Nari was established in 2011 in Busan. However, (NK)Nari has been present in South Korea through a sales agent for 15-16 years prior to that. The subsidiary consists of four South Koreans in addition to the sales manager. The four employees are two technicians and two working with documentation and administration. The relationship initiation in focus concerns a relationship where the subsidiary provides compressor equipment to the drillship that (K)Jangmi will deliver to the project owner Laura.

Identify the need

Bertha and Laura signed a contract for Laura to build a drillship for Bertha to rent and a number of shipyards were competing for the project. In order to calculate a price for the construction of the ship (K)Jangmi contacted the (NK)Nari head quarter in Norway asking about a budget price for the required compressors before tendering for the project.

Identify a matching, attractive partner

When the contract between Laura and (K)Jangmi was signed (NK)Nari started working on the project anticipating an inquiry from (K)Jangmi. This project is a repetition of previous projects with the same owner and shipbuilding company. The first project was awarded to (NK)Nari in 2008, and the most recent drillship was constructed two years prior to this one. The current drillship is a new order, and not a part of an option. The AVL was constructed by (K)Jangmi and Laura based on criteria relating to price, technical ability and service. The specifications were somewhat different compared to the similar projects that had been carried out before since the (K)Jangmi employees dealing with the specifications for this project were not exactly the same as for the previous. (NK)Nari was included in the AVL. According to the sales manager at (NK)Nari this requires preparations: "I am also in contact with Laura in the USA and have had several meetings with them and created a relationship with them that makes them want us as a preferred supplier... We can get information [from Laura] on projects and what it will take to win contracts."

Accessing

(NK)Nari has worked on projects with (K)Jangmi since 1996 and in recent years that have been involved in as many as 80% of (K)Jangmis projects. Usually it is easier to become involved in international projects. "If the ship owner was Korean and the ship was only operating in South Korea the chances we are allowed to deliver Norwegian equipment are smaller. Then they want Korean equipment."

Form and define the content of their potential exchange

(NK)Nari received an inquiry from (K)Jangmi specifying the type of equipment, amount, options and classification. (NK)Nari evaluated the project specifications and responded to the inquiry with terms, conditions and quotas. Following the bid, (K)Jangmi evaluated the offer and entered a round of technical discussion with (NK)Nari. This round consisted of exchange of documentation as well as negotiations in meetings, telephone calls and e-mails. After the technical specifications were clarified the companies entered commercial negotiations. This process lasted for "several months" but in the end the contract was signed. According to the sales manager (NK)Nari has an edge compared to their competitors since they specialize in compressors for marine and offshore. "We work dedicated with what we know best, and that is compressors for marine and offshore. We do not make industrial compressors."

Build conditions for operating, creating trust

The (NK)Nari sales manager has visited the (K)Jangmi shipyard twice since the signing of the contract. However, these visits were not specifically made in connection with the

present project but rather to build a relationship with the (K)Jangmi representatives for future projects. As a salesman, “this [pointing to himself] is what I must sell first”. (NK)Nari also invites (K)Jangmi to their office and factory in Norway whenever they are out travelling. In South Korea, (NK)Nari’s representatives are occasionally invited for lunch at (K)Jangmi’s shipyard. (NK)Nari also tries to invite (K)Jangmi representatives for lunch, but (K)Jangmi rarely allows for it. Furthermore, (NK)Nari participates in two biennial exhibitions for the marine industry in South Korea. (NK)Nari uses the exhibitions as an opportunity build personal relationships and to access people higher in the hierarchical systems of the South Korean companies. During these events (NK)Nari also invites (K)Jangmi and project owners for dinner. The Norwegian profile of the company is used actively by for example serving aquavit and salmon.

Form the future of their potential relationship

The project contract is mainly formed by (K)Jangmi and specifies the delivery of a number of machines for a fixed price and delivery time. Payment is specified as 100% Letter of Credit. Due to the long process of negotiation, the delivery time was changed since the contract was signed. “We did what we could to reduce the delivery time according to the wishes of the yard... We took contact with our subcontractors to figure out whether they could deliver faster than usual”. (NK)Nari contacted (K)Jangmi after inquiring with their subcontractors and was able to agree on a changed delivery time via telephone and e-mail. Apart from that there have been no changes to the contract. After the contract was signed, a number of new departments at (K)Jangmi have taken over the responsibility of the project. The project leader on the technical side in (NK)Nari has been in regular contact with the (K)Jangmi representatives until the production of the equipment started. Since then there has been no fixed meeting activity between (NK)Nari and (K)Jangmi. (NK)Nari receives monthly and occasionally weekly updates on all the orders that (K)Jangmi has with them. The communication occurs via e-mail and meetings are set up ad hoc if issues arise.

The initiation contributor influence in the relationship initiation between (NK)Nari and (K)Jangmi is summarized in Figure 3.

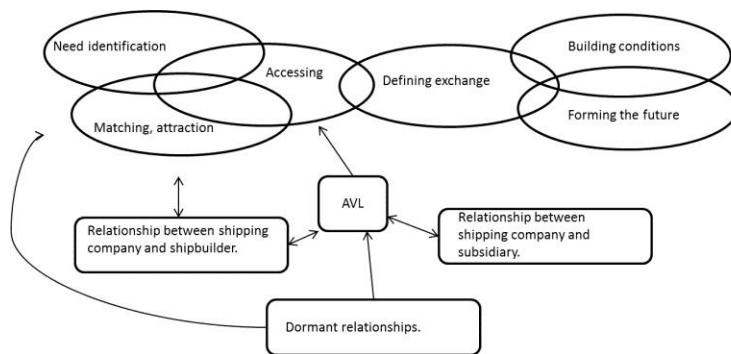


Figure 3: The initiation process and initiation contributors in the relationship initiation between (NK)Nari and (K)Jangmi.

(NK)GONI- (K)JANGMI

(NK)Goni was established as a wholly owned subsidiary of a Norwegian company in the year 2000 after having had a presence in South Korea through other collaborations since the 1980s. At the time of this relationship initiation the subsidiary employed 260 people

including six Norwegians and consists of headquarters outside Busan and three site offices in Ulsan, Jellanam-do and on Goje Island close to the largest shipyards in South Korea. The relationship initiation in focus concerns a relationship where the subsidiary provides marine automation systems to the drilling rigs that (K)Jangmi delivers to the project owner Fay who has a contract with Isaias.

Identify the need

(NK)Goni gained knowledge of Isaias new concept for offshore rigs more than a year before the contract was awarded to (K)Jangmi. “This is a highly prioritized project for Isaias, and it is important for us to be part of it.” (NK)Goni was also in meetings with the Swedish company who had the design of the concept. When Isaias invited ship owners to bid for the rigs, (NK)Goni expected that the construction contract would be given to a South Korean shipbuilding company.

Identify a matching, attractive partner

When Fay won the contract with Isaias they invited different shipbuilding companies to make a bid for the construction of the rigs. Before making their bid (K)Jangmi contacted (NK)Goni for information about process for equipment based on the specifications from Fay.

Accessing

(NK)Goni has been working with (K)Jangmi on projects for “many years before this project”, and was engaged in other projects with (K)Jangmi at the time they were initiating the Fay project.

Form and define the content of their potential exchange

When (K)Jangmi had been selected by Fay they constructed a more detailed specification list and asked (NK)Goni and a large multinational company to compete for the project. After (NK)Goni delivered their bid for the project, the involved parties had meetings to clarify the technical specifications. These meetings lasted three days instead of the normal one day.

Build conditions for operating, creating trust

Before the contract was signed the meeting activity was high. After the contract was signed there has been a low meeting activity. Most communication is handled via e-mail or telephone. The project leader is located in Norway but usually travels to South Korea every two months to follow up. (K)Jangmi and (NK)Goni arranged a kick off meeting when the project began and an interface meeting when the interface stage of the project began. These meetings also included teambuilding activities and various social events such as dinners. In addition, (NK)Goni and (K)Jangmi have arranged some workshops at (K)Jangmi’s shipyard.

Form the future of their potential relationship

The project contract is divided into a technical part and a commercial part. The technical part consists of a scope based on the specifications from Isaias to Fay and from Fay to (K)Jangmi. In addition there are some technical clarifications. The commercial part consists of process and terms, as well as services (NK)Goni must provide. The detailed specifications in the project were clarified during the engineering stage of the project. This led to a number of changes to the contract that have been handled as variation orders. One of the largest changes to the specification concerning operation consoles led to a revised contract. (K)Jangmi has also had several delays in their construction project. This has been a challenge for (NK)Goni since there are fixed prices in the contract and also because it has forced (NK)Goni to work on the rigs in parallel instead of successively as planned.

The initiation contributor influence in the relationship initiation between (NK)Goni and (K)Jangmi is summarized in Figure 4 below.

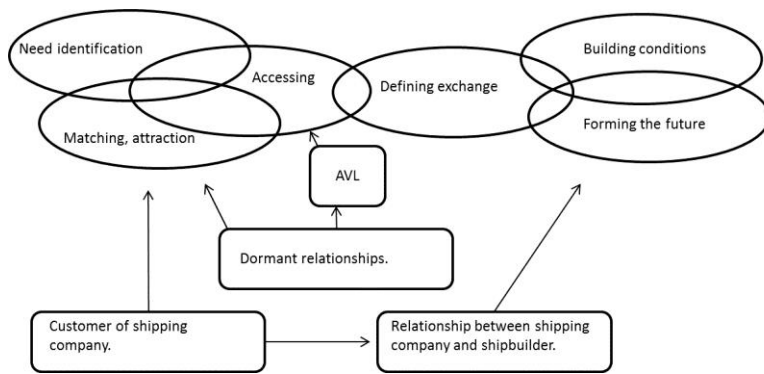


Figure 4: The initiation process and initiation contributors in the relationship initiation between (NK)Goni and (K)Jangmi.

DISCUSSION: SUMMARIZING RESULTS ON INITIATION PROCESSES WITH INITIATION CONTRIBUTORS IN INTERNATIONAL CONTEXTS

All three relationship initiations share the common traits that the beginning of the initiation is rather fuzzy. While it is rather clear that the contract negotiations are part of Defining exchange and that Accessing in this context consist of being part of the AVL, making the bid for the contract and winning the contract it is more unclear boundaries between the processes of Need identification and Matching attraction as well as their boundary with Accessing. When the initiation process reaches Accessing the access has more or less already been granted through activities carried out earlier in the process.

As described in the cases the suppliers start the initiation long before the actual need exist at their potential customer. In line with previous literature we therefore find that it is more or less impossible to define exactly when the relationship starts. At this point of the process the suppliers strategize in their network utilizing current and dormant relationships with customers, suppliers, headquarters and customers' customers in order to ensure that they will be included in the AVL and will be in a good position to win the contract if the project should materialize. Initially the strategizing is rather broad in order to find out as much as possible about potential projects and later more geared towards the potential customer. An important part of the early interaction seems to be to be part of providing input to the bid that the potential customer makes to the shipping company. The initiation contributors before the AVL contribute both to getting the subsidiary a place on the AVL and to winning the contract when being on the AVL. Previous relationships contribute by enabling the subsidiary to access the information needed to understand that a potential project is organized in another part of the network and what shipbuilder that is most likely to win the contract. Previous relationships with the shipbuilder enable the subsidiary to engage in early exchange of information. This in turn is an important factor in getting the subsidiary on the AVL and winning the contract since their figures are part of the bid that won the contract for the shipbuilder.

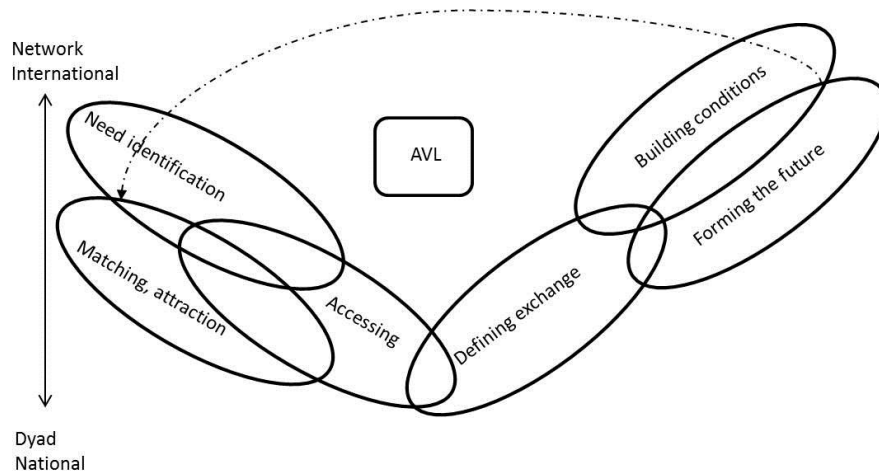


Figure 5: Summary of the initiations in the three international relationship initiations.

Our research shows that many relationships are needed to know what potential project to strategize towards and many relationships are needed to identify and know which company to initiate contact with. Previous trustful relationships with the company needed in order for early exchange of information to take place.

This type of arguments can also be found in the project marketing literature where it is argued that companies tend to develop relationships in the milieu surrounding the company regardless of project in order to become better positioned to identify projects and bid for contracts by influencing projects far upstream (c.f. Cova and Salle, 2007). In the construction industry previous studies argue that there is a permanent network of loose long-term relationships in which short-term tight relationships are formed (c.f. Bygalle et al. 2010; Dubois and Gadde, 2010).

In the latter part of the initiations it is described that the supplier tends to be very flexible in accommodating the customer in order to preserve a good relationship. It was also described in the initial parts of the initiations that previous relationships were very important in the present relationship initiations. It can therefore be argued that the latter parts of the initiation are part of the preparation for future initiations. In light of this finding it could be argued that the three cases are very special examples of initiations since the relationships that are initiated more or less can be seen as episodes in ongoing relationships. However, every project is new and because of the tendering system the suppliers are not guaranteed to win the contract.

The cases are rather examples of relationship initiations in an industry where there are rather few actors that tend to interact with each other. New entrants to the industry may therefore find it difficult to become embedded in these tightly knitted networks. This is a situation that is common in practice but different from previous literature on relationship initiation that tends to assume that the parties are unknown to each other at the point of initiation. Our case studies therefore contribute to shedding light on this issue in the relationship initiation literature. In connection to the internationalization literature the cases contribute to show that tightly knitted networks may persist also when industries become more international.

Altogether, we identified multiple initiation contributors representing divergent entities such as existing personal relations but also other entities (see Table 2). A summary of the initiation contributor influences in the three relationship initiations is presented in Table 2.

Table 2. Initiations and relevant initiation contributors

	Initiation contributors	Approved Vendors List	Initiation contributors	Contract	Initiation contributors
(NK)Gaemi - (K)Jebi	-Business intelligence in network -Previous collaborations -Awareness of potential project at customers customer -Early exchange of information		-Meeting activity		-Personal relationships -Meetings -Flexibility -Problem solving
(NK)Nari - (K)Jangmi	-Early exchange of information -Previous collaborations -International project -Relationship with customers customer		-Meeting activity		-Visits to the shipyard -Social activities
(NK)Goni - (K)Jangmi	-Awareness of potential project at customer's customer. -Business intelligence in network -Early exchange of information -Previous collaborations		-Meeting activity		-Changes in contract -Flexibility -Social activities

CONCLUSIONS AND CONTRIBUTIONS

As our key contribution, we extended the understanding of the initiation process of a buyer-seller relationship in international contexts and initiation contributors that advance the initiation process.

As a contribution this study firstly suggests that an initiation – like the ending of a relationship – is a multi-phase process of its own and proposes a model of an initiation process that comprises six *key process elements* which are crucial in order to build a mutual relationship, relevant in international context. Thus we generate more focused and process-minded knowledge on relationship initiations compared to the existing relationship development models (Ford 1980, Dwyer et al. 1987, Batonda & Perry 2003) and studies on initiations (Edvardsson et al. 2008; Valtakoski, 2014). As we captured what there is already before the initiation is initiated, we were able provide new knowledge on this aspect. The indefinite starting point at which the relationship begins originates from the fact that parties can be aware of each other, and multiple social contacts, dormant relationships and informal episodes may occur. Our results show that they shape particularly “accessing”, “need recognition” and “matching” elements of the initiation. Thus, initiations can progress through various patterns in which processes follow each other non-linearly or re-activate sporadically, which is contradictory to earlier models which tend to emphasize the linear order of the phases. Existing research sees awareness and need recognition as the starting points of initiation (cf. Edvardsson et al. 2008), but findings from this research suggest that the suppliers tend to start the initiation long before the actual need exist at their potential customer. By developing and extending understanding how firms aim to trigger and push initiations to proceed particularly via initiation contributors, we also contribute to the research on the relationship initiation, development and termination capabilities (e.g. Mitrega et al. 2012). We showed that multiple entities, such as dormant relationships, artefacts and personal relationships can serve as initiation contributors. We contribute to previous studies by also including dynamic aspects, acknowledging that it may be a development in a connected relationship that may contribute to the initiation of the focal relationship rather than the connected relationship as such.

A large part of the previous research in the area of IB research has studied market entries

and initiation of internationalization. However, post-entry strategic decisions and performance is a relatively under-explored area of research (Canabal and White III, 2008). By studying relationship initiation between subsidiaries used to enter a new market and their customers in the new market we contribute to this under-explored area of research. We studied how initiations of new relationships occur in international markets and found that the initiation of the national dyad is facilitated by contributions, before as well as during the initiation, from past relationships and international relationships. Our study builds the understanding of how in international business the divergent existing relationships facilitate the initiation of new ones and therefore we also contributed to literature that have earlier noted the relevance of social and interorganizational relations in international markets (Coviello & Munro 1995; Ellis, 2000; Björkman & Kock, 1995; Agndal et al. 2008; Kontinen & Ojala, 2011; Su et al. 2009) and firm relationships (Harris & Wheeler 2005; Hohenthal et al. 2014; Mainela 2007). Our findings structurally show how such relationships contribute to initiation along the processes thereby enabling or facilitating the relationship initiation in international contexts.

LIMITATIONS AND FURTHER RESEARCH

This study focuses on a single industry, a single country of origin and a single target country and therefore the results of this qualitative multiple case study cannot be fully generalized. The cases were also purposefully chosen. Furthermore, the focal relationships were studied from one side of the dyad. The practical reason for this was that we were denied access to Korean companies while the Norwegian subsidiaries located in Korea were adhering to the Scandinavian tradition of welcoming researchers. We however believe that despite these limitations this study can develop understanding of the research phenomenon. The many similarities between the three cases make it possible to distinguish differences and nuances of the phenomenon. Even though the study has limitations it is still clear that supplier relationships are not initiated at the point of the project tendering but much earlier and that the initiation depends on dormant relationships with the buyer and the milieu. A managerial implication is therefore that in this context supplier relationships are not independent and price is far from the only factor. Another managerial implication is that it is not only the geographical market of the potential customer that you need to have a network in to be able to initiate a buyer-supplier relationship. You also need a network in the geographical markets of the potential customer's potential customers.

In the future research, firstly, other cultural contexts for initiations could be studied. Secondly, some process elements seem more important than others and therefore deserve to become the focus of a future study. For example early accessing seemed to be crucial and therefore the access element of initiations could be the focus of the future studies.

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