

**SPECIAL TRACK: Understanding internationalization of the firm
in an internationalizing network context**

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**COMPANIES COOPERATION IN THE INTERNATIONALIZATION PROCESS
AND THEIR COMPETITIVE ADVANTAGE
work-in-progress**

ABSTRACT

Expansion into foreign markets and acting in an international environment are imperatives for companies that want to survive in today's global economy. Differences between local and foreign markets require adjustments in the company's behavior. Owing to the complicated nature of the internationalization process one may expect that companies will try to influence their relationships with other entities in order to gain a competitive advantage. Moreover, because of different characteristics of relationships, it may be supposed that the issue varies depending on the enterprise's characteristics and the industry it operates in.

The aim of the paper is to examine the influence of cooperation in the internationalization process on the firm's competitive advantage. Given this information, it would be possible to identify how companies should behave in relationships with other entities in order to successfully operate in international markets. The study involves making use of specific components of the nature of cooperation in the internationalization process, which include openness to cooperation, atmosphere, the degree of trust and the scope of conflict in the relationship as well as psychic distance. These components have been identified in the process of conducting a research project financed by the Polish National Science Center.

The paper is based on four case studies carried out among Polish companies engaged in the internationalization process, which operate in different industries (FMCG, wholesale, construction, IT). The results demonstrate how companies shape their relationships with various entities in foreign markets and how these actions influence their competitive advantage. The studies also reveal differences between various industries and companies of different size in terms of selected characteristics of relationships with particular entities in foreign markets.

Keywords: cooperation, competitive advantage, internationalization

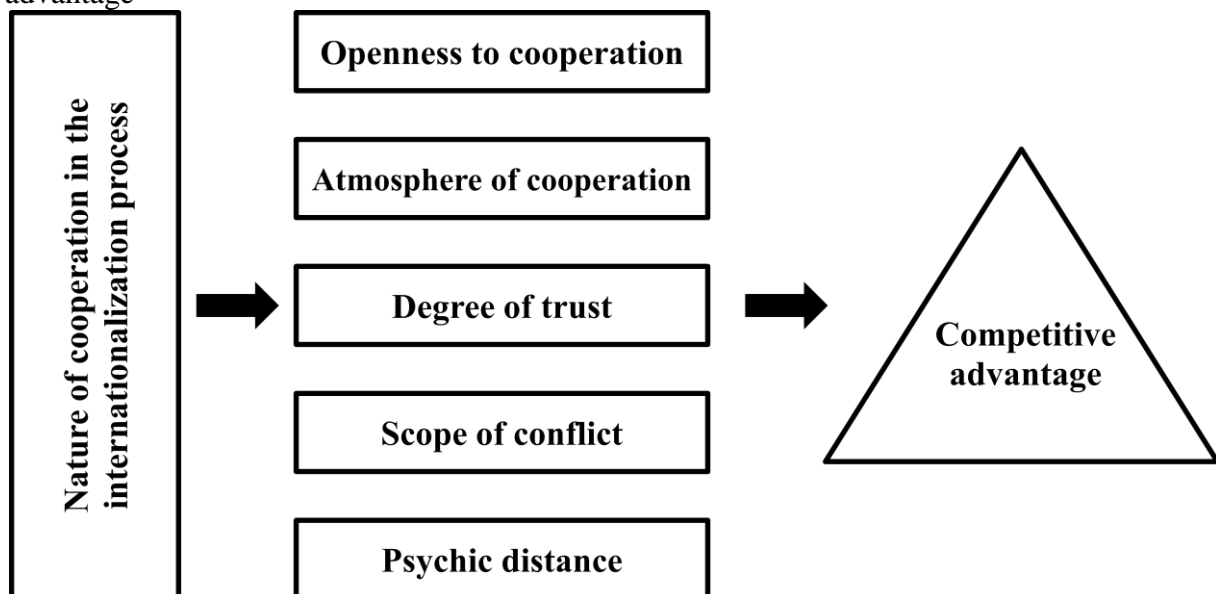
INTRODUCTION

The idea presented in the paper was derived during the realization of a research project which concerns the role of the company's maturity in the internationalization process for its competitive advantage. The authors are among its executors. According to K. Fonfara [2015], who is the manager of the mentioned research project, one of the main components of the company's maturity in the internationalization process is the nature of cooperation between the firm and other entities. Although there is a wide range of literature on cooperation, there is a small number of publications describing the influence of cooperation in the internationalisation process on company performance. Because joint activity with external partners is a common practice among enterprises involved in the internationalization process, there is a need to assess its role. Therefore, the aim of the paper is to examine the influence of cooperation in the internationalization process on the firm's competitive advantage. The research question of the paper is as follows: Whether specific actions of companies in terms of cooperation with their partners influence their competitive advantage?

LITERATURE REVIEW

A company's activity in an international environment is difficult and uncertain, which is why companies try to minimize their risks by engaging in relationships with other entities. Such a collaboration could result in joint actions undertaken in many fields, such as developing knowledge, sales, R&D, supply, etc. Taking into account their extent, it is desirable that they should help to develop cooperation. Cooperation developed by business entities in the internationalisation process affects the results they achieve and, therefore, their competitive advantage. For this reason it is necessary to examine the nature of this issue. In order to characterize cooperation in the internationalization process one must consider a number of its specific components, which include openness to cooperation, atmosphere of cooperation, degree of trust, scope of conflict and psychic distance¹. They are illustrated in Figure 1, which can be regarded as a conceptual framework of the paper.

Figure 1. The influence of cooperation in the internationalization process on competitive advantage



Source: [Fonfara 2015].

¹ The specific components of the nature of cooperation in the internationalization process have been identified during realization of the research project.

The first specific component of cooperation in the internationalization process is openness to cooperation. Because cooperation implies operating in a network, it is essential to mention the foundation of networks, which is the ARA model. According to the ARA model [Håkansson, Johanson 1992], a network consists of actors, resources and actions. Every actor (company) is in possession of a limited number of resources. Often, they are too restricted to support the development of a company. Therefore, firms are forced to obtain the required resources from other entities. In order to do so, they need to create relationships with external partners. But in order to develop a relationship a company must display a willing attitude. In other words, the company should be open to cooperation. Not all companies are eager to build relationships in the internationalization process because they perceive them as risky. While some companies don't want to build relationships in the internationalization process, there are some that do. According to K. Fonfara [2008], there are two types of companies (A and B) which are open to cooperation. Characteristics of Type A company behavior include openness to cooperation, formal internationalization process, active creation of a network of relationships. Among characteristics of Type B company behavior are openness to cooperation, spontaneous internationalization process, passive approach to the creation of a network of relationships.

Cooperation with foreign partners creates possibilities for development [Ratajczak-Mrozek 2013]. One such possibility are innovations, which result from cooperation and contribute to the company's success [Dymitrowski 2012]. Another example are strategic alliances and fusions, which help firms to obtain better market results.

Openness to cooperation can be reflected at two levels. The first one refers to the company's willingness to engage in a relationship. In this case, the company can either actively initiate cooperation or be drawn into it. The second level describes the scope of cooperation a firm is ready to enter into.

Taking into consideration the crucial role of cooperation for the firm's development and the fact that it can influence company performance, it is fair to say that the more open the company is to cooperation in the process of internationalization, the more likely it is to achieve a competitive advantage over its closest rivals.

The second specific component of cooperation in the internationalization process is the atmosphere of cooperation. The literature contains many references to this issue [Mysen 2013; Sutton-Brady 2001]. Some authors [Sutton-Brady, Cameron 2002] describe it using such factors as trust, distance, commitment, conflict, culture and strength of relationship. Others [Roehrich, Spencer 2001] perceive it in terms of cooperation, trust, understanding, commitment, distance and competing. There are also some [Roehrich, Florence, Spencer 2002] who characterize the atmosphere with pairs of opposite features: strength/dependence, cooperation/competition, trust/opportunism, commitment/lack of commitment, understanding/lack of understanding and closeness/distance. Because of the broad scope of the term atmosphere, it seems that it should play a significant role in the cooperation in the internationalization process. Moreover, atmosphere is not only an element of cooperation, but also a factor influencing it [Fonfara 2014b]. The atmosphere of cooperation is beneficial, when a few conditions are met. These are:

- the needs, possibilities and expectations of partners are similar,
- there is openness in their mutual relations,
- there are specific plans for future cooperation,
- partners know and respect each other [Fonfara 2015].

These conditions refer to the way the company engaged in the internationalization process behaves in cooperation. The company's behavior is aimed at obtaining advantageous results. Therefore, it can be concluded that the better the atmosphere of cooperation between partners

in the process of internationalization, the greater the probability of gaining competitive advantage over nearest rivals.

The third specific component of cooperation in the internationalization process is the degree of trust. A number of authors emphasize the importance of interorganizational trust for the company's performance [Sako 1997, p. 4; Morgan, Hunt 1994]. It can be expected that this aspect is particularly relevant in the context of the internationalization process owing to the complex nature of activities in foreign markets, the frequent necessity to rely on business partners given the lack of familiarity with local market conditions and higher costs of business failure. In the project, which the study was part of, trust is defined as "a conviction that the other party will complete the tasks that will bring positive results and will not get involved in unexpected activities, which may adversely affect the relations between the partners in question" [Małys 2013]. It was assumed in the project that "the higher the level of trust in the cooperation related to the internationalization process, the greater the likelihood of achieving competitive advantage over closest competitors" [Fonfara 2015].

The fourth specific component of cooperation in the internationalization process is the scope of conflict. The phenomenon can have various origins [Ford, Håkansson and Johanson 1997]. It is inextricably linked to any relationship between entities which are independent of each other [Dwyer, Schur and Oh, 1987, p. 24; Håkansson *et al.* 2009]. Conflicts need not always have negative results. They can contribute to higher innovation in the company provided that they are resolved in a constructive way [Gösling, Oerlemans and Jansen 2007; Morgan and Hunt 1994]. Morgan and Hunt [1994, p. 26] point out that conflicts of this kind are referred to as 'functional conflicts'. When operating abroad, companies often have to rely on other independent entities. For this reason, the ability to avoid conflicts and resolve those that cannot be avoided can be crucial in gaining competitive advantage. It was assumed in the project that "the fewer conflicts there are or the more constructive conflict resolutions are, the greater the likelihood of achieving competitive advantage over competitors" [Fonfara 2015].

The fifth specific component of cooperation in the internationalization process is psychic distance, which, in the context of international business, is usually defined as "a perceived difference between two countries" [Håkansson and Ambos 2010, p. 195] or as a phenomenon, which constitutes a hindrance in conducting business abroad [Hallén and Wiedersheim-Paul 1993]. The problem has been analysed for many years with respect to the internationalization process and is the key element of one of the most popular theories on the subject – the Uppsala model [Johanson and Vahlne 1977]. One might expect that given the general availability of communication tools, above all the Internet, psychic distance will play a minor role nowadays, but recent studies seem to contradict that belief [Johanson and Vahlne 2009]. Negative effects of this phenomenon can be particularly evident in the company's competitive advantage. For this reason, it is assumed in the project that "the closer psychic distance is, greater the likelihood of achieving competitive advantage over closest competitors" [Fonfara 2015].

METHODOLOGY

This paper is based on qualitative research – case studies. They were conducted as part of the project managed by Prof. dr hab. Krzysztof Fonfara and financed by the Polish National Science Centre. The studies were carried out in December 2014 and January 2015. This publication concentrates on four Polish enterprises – Mx (beverage company), V (ventilation systems provider), N (IT company) and T (machine manufacturer). The main criteria for selecting the companies was their involvement in the internationalization process, operating

in different industries and successful activity. Detailed profiles of the selected companies are presented in Table 1.

Table 1. Detailed profiles of the selected companies

| <i>Company</i> <i>Attribute</i> | <i>Mx</i> | <i>V</i> | <i>N</i> | <i>T</i> |
|------------------------------------|-------------|---------------------|------------------------|---|
| <i>Industry</i> | FMCG | Wholesale | Information Technology | Machine industry |
| <i>Offers</i> | Soft drinks | Ventilation systems | IT services | Packaging solutions for the food industry |
| <i>No. of employees</i> | 5000 | 60 | 100 | 328 |
| <i>Scale of operation</i> | Regional | Regional | Global | Global |
| <i>Founded in</i> | 1990 | 1995 | 2008 | 1947 |
| <i>Country of origin</i> | Poland | Poland | Poland | Denmark/Poland |

The study was 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. This paper refers only to some results of the study related to respondents' answers about characteristics of their companies' behavior. They correspond to specific components of cooperation in the internationalization process [Fonfara 2014a]:

1. Openness to cooperation in the process of internationalization – what sort of factors can influence the company's readiness to openness or reluctance to cooperation in the internationalization process and whether companies that prefer not to cooperate with other entities perform worse than those open to cooperation.
2. The atmosphere of cooperation in the process of internationalization – the character of relations between the company and its partners, openness, understanding, the period of planned cooperation. Respondents' opinion about the impact of the atmosphere of cooperation on the company's performance in foreign markets.
3. The role of trust in cooperation – the role of trust in partners' reliability and professionalism, as well as their kindness and honesty.
4. Conflicts in the context of cooperation with the company's foreign partners – the influence of their frequency and methods of resolving them on the company's economic performance.
5. The role of psychic distance in shaping the company's competitive advantage in the process of internationalization.

RESEARCH RESULTS

In order to examine the influence of the company's relationships in foreign markets on competitive advantage, the information gathered during the in-depth interviews with the firms' representatives was compared. The main conclusions are presented in Table 2.

Table 2. A general comparison of the enterprises in the survey

| <i>Company</i> <i>Factor</i> | <i>Mx</i> | <i>V</i> | <i>N</i> | <i>T</i> |
|---------------------------------|-------------|-------------|-------------|----------------|
| <i>Openness to</i> | Openness to | Openness to | Openness to | The assumption |

| | | | | |
|--|--|--|---|--|
| <i>cooperation</i> | cooperation is important to identify market opportunities and therefore affects competitive advantage. | cooperation can lead to achieving positive business results through beneficial relationships with buyers and suppliers. | cooperation is a key element in the internationalization of any company. It is important to use all possible contacts. | that the greater openness to cooperation, the better the results is not true in the case of the industry in which the company operates. |
| <i>Atmosphere</i> | The atmosphere in the relationship significantly affects competitive advantage (thanks to the exchange of information and experience) and is determined by conditions specific to each foreign market. | The atmosphere of cooperation with foreign partners significantly affects the performance of the company. | Shaping the positive atmosphere of cooperation with foreign partners is an important factor that often determines the success of joint activities. | It is important to shape a positive atmosphere of cooperation, especially with customers and suppliers. Not everyone has to like us, but everybody should respect us. |
| <i>The degree of trust</i> | Distrustful – by internal procedures. | Distrustful – the management believes that honesty is an indispensable element of fairness. | Relatively high – often it is difficult to verify a new customer; one must rely on intuition and trust. | Distrustful – trust is good, supervision is better. |
| <i>The scope of the conflict in the relationship</i> | Conflicts with partners in foreign markets are rare. They do not affect competitive advantage. | Due to the wide scale of collaboration with the supplier conflicts are a problematic issue for business. | The frequency of conflicts with foreign partners is rather low but what counts are reliable strategies to quickly and effectively resolve them, which is a difficult task. | Conflicts are relatively rare , but often unavoidable. |

| | | | | |
|-------------------------|--|---|---|---|
| <i>Psychic distance</i> | Cultural similarities facilitate the establishment of informal relationships and affect the ability to achieve a competitive advantage. | Psychic distance affects competitive advantage. For this reason the company has modified its internationalization strategy – now it focuses only on few culturally close markets. | Partners from distant cultures require more attention but psychic distance is not a problem for the company. | The most important aspect is awareness of psychic distance and adaptation of the company's actions. It may even constitute a business opportunity. |
|-------------------------|--|---|---|---|

Results of the study suggest that openness to cooperation should be seen from the perspective of different kinds of entities. All four companies (Mx, V, N, T) are open to cooperation with buyers and suppliers. The companies are unanimous on this point despite differences in their size and line of business. Moreover, openness to cooperation influences competitive advantage because it enables firms to gain access to new knowledge, which can be utilized to obtain beneficial market results.

A factor which can determine openness to cooperation in the internationalization process is payment discipline (V, Mx), as well as the role of management staff. Three out of four firms (V, Mx, N) believe that openness to cooperation may lead to obtaining results better than competitors. Such correlation is typical for industries in which the companies operate. Owing to the high competitiveness of the markets all participating entities must be characterized by openness. It contributes to competitive advantage by allowing companies to increase their products' quality, building profitable relationships with buyers and suppliers and establishing prices to match the existing demand. It seems that as a result of their inability to identify emerging market opportunities, firms reluctant to cooperate (and therefore trying to execute tasks independently) perform worse than firms open to cooperation.

On the other hand, according to T, companies looking for ways to fend for themselves, especially in the sales process, do not necessarily perform worse. In some cases, the opposite is true. A key factor in this regard is the stage of internationalization. A company at an early stage of international expansion, and therefore without a good competitive position on the market, should rely on cooperation with agents or third parties that can assist it during initial activities. However, this is just a temporary stage in foreign operations, which needs to be followed by independence and self-realization. It is so, because cooperation with other entities involves costs and risks, which the company needs to be aware of.

It should also be noted that the perception of openness applies to the cultural sphere, since significant national differences in attitudes can make running a business difficult (V, Mx).

In conclusion, while openness to cooperation may influence competitive advantage, its role in obtaining beneficial market results depends on the industry. Company size does not seem to play a role in it.

Opinions of representatives of business shed light on the way the atmosphere of cooperation should be perceived. According to them, it is a set of factors which include, among others the length of the relationship, past experience, interpersonal relationships, fulfilling partners needs, commitments, meeting deadlines, mutual kindness (birthday wishes, etc.).

Additionally, atmosphere is perceived differently depending on whether it refers to external and internal activity. External activities involve cooperation with entities identified in the

company's environment such as buyers or suppliers. Internal activities involve cooperation with employees or other entities within the group.

The influence of the atmosphere of cooperation on competitive advantage depends on company characteristics, especially size. When taking into consideration medium size companies, the area of internal activity has a moderate impact (V). But when considering a big company (such as Mx) the internal atmosphere is crucial for the company's results. This is because big companies tend to operate in many foreign markets which are very different from each other. Therefore, a company has to develop skills of flexible adjustment to a dynamically changing environment. Another important aspect is the exchange of experiences gained by different entities in the group, which operate in the international environment. In the process of international expansion the company is trying to avoid mistakes committed in the past. It is made possible by implementing an effectively functioning system of information exchange. In order to improve the way of doing business, certain standards and operating procedures could be developed.

The influence of the atmosphere of cooperation with external entities on competitive advantage is substantial (Mx, V, N, T), irrespective of size and industry. All four companies which took part in the research see it as an important factor.

There are two additional observations which seem to be interesting. First, big companies with well recognized brands (Mx, T) consider their own reputation as an important element, which contributes to the atmosphere. It is due to the bargaining power in comparison with their partners, which determines the atmosphere of cooperation. Secondly, the atmosphere also contains an element of risk. T, for example, tries to minimize it by implementing control systems.

Different companies display different degrees of trust. It seems that the company's attitude in this respect depends on industry, previous experience and the nature of cooperation with particular partners, especially the risk involved in a given cooperation.

In the case of V, its reputation and economic performance largely depend on the quality of equipment delivered by its supplier, and on delivery prices. V's standing also depends on its distributors. Inappropriate installation of the product – ventilation – by the business partner may cause the end user to mistakenly perceive the company's product as one of low quality. Research results show that cultural differences can also make it difficult for companies to develop trust towards its business partners, as is the case with V company.

The example of this company demonstrates that the length of cooperation does not always result in increased trust towards a business partner – in this case limited trust towards the company's supplier (from Ukraine) calls for frequent quality inspections of products purchased and their prices. This situation is largely due to the existence of cultural differences between the two entities. V has strict formal requirements that a company has to meet in order to become its business partner.

With respect to Mx, the company enjoys a high degree of trust among foreign partners thanks to its reputation and strong market position. While the company is characterised by openness to cooperation, it has to follow certain internal procedures set out by the head office, which regulate the way it creates relations with other entities. It enjoys excellent relations with its distributors, which constitute the basis of its competitive advantage. This has largely been due to unique and valuable character traits of its employees, such as kindness and friendliness. The company also values consumers' trust in its reliability, professionalism and trust in its good will, integrity and puts great store on another element of trust, namely loyalty. It is often stressed within the company that trust and the development of positive relationships have a great influence on how cooperation and mutual expectations are determined.

The situation of the N company with respect to trust is fairly special. Reliability of some of its customers cannot be easily verified. For this reason N has developed and consistently follows a policy of settling accounts with its partners on a monthly basis (every 4 weeks), thereby significantly minimising the risk involved in the cooperation.

The approach to trust displayed by the T company is aptly illustrated by a German saying: “trust is good, supervision is better”. The company’s trust towards external entities is always limited. The company’s desire to retain as much control as possible over its business processes is manifested by its policy of opening local agencies that are fully owned by the group in all foreign markets where the company operates. Trust between business partners may develop, possibly after years of cooperation, when the relationship is founded on positive experiences, but even then should be measured in terms of risk. Friendliness helps but cannot replace professionalism and reliability, especially when it comes to strictly business relationships and responsibilities, where professionalism and reliability are what really matters. Friendliness is useful at initial stages of cooperation and as a means of maintaining business relations, but is not always necessary.

T’s attitude with respect to trust can probably be related to the character of the industry in which it operates and the type of products it delivers. The company sells expensive equipment, whose production is capital-intensive and requires considerable adjustment to customer needs and a wide range of aftermarket services. High financial risk is not conducive to developing trust, or at least markedly prolongs the process.

Trust is a complex phenomenon and its development varies depending on the company. It is most likely determined by the industry and the size of companies surveyed. It is a desirable condition for all companies, but cannot always be achieved. It is important for the development of relationships with business partners, and consequently, competitive advantage. All companies in the survey value the professional character of their partners. Friendliness is appreciated but is not always considered necessary. Even in the T company, which puts supervision first and prefers not to rely on trust, respondents admit to valuing partners whose trustworthiness has been confirmed by years of cooperation.

Conflict is a major concern for each of the companies in the survey and one of them plays it down. That said, in none of the companies is conflict commonplace, although its impact and relevance for the company’s operation vary. Potential conflicts are the biggest concern for the economic performance of the V company, which cooperates with a number of foreign partners. The company cannot afford to come into conflicts, especially with its only supplier; any conflicts in this relationship can seriously affect the company’s entire operation. For the remaining enterprises conflicts are less likely to affect business performance, but for different reasons. Mx has a solid market position in its field of operation, focusing on areas where its brand, reputation and knowledge of the market are strong assets, making it a desirable and useful partner for other companies, which do not want to risk getting into conflicts with it. As for T, it is also a strong company but it operates in a more difficult geographical location and in a very complex industry, where conflicts can be triggered by a number of factors. The company tries, first of all, to eliminate the possibility of any conflicts occurring, although sometimes they cannot be avoided. In such situations, the company relies on the long experience of its employees in conflict resolution. An interesting approach to conflict is demonstrated by the N company, which has developed its own way of coping with negative effects of conflicts and the unpredictability of market situations on its business performance. Namely, it settles accounts with its numerous customers every four weeks. This is the principle the company follows without exception. As a result, in the case of an unexpected loss of a customer or a lack of payment for the service provided, the company risks losing a month’s income at the most, while employees responsible for the defaulting customer are reassigned to other projects conducted by the company. This does not completely solve the

problem of conflict situations but it significantly reduces their impact on the company's economic performance. It is worth noting that N is a much smaller business entity compared to the other three companies, but thanks to its procedures, it is relatively resistant to conflict situations and can continue its usual business operation largely unaffected.

Respondents from all the companies in the survey stressed that conflicts first of all should be avoided, but once they occur, what matters is the way they are handled. In T one values the role of preparation and reliance on tried and tested methods of conflict resolution. T's President emphasizes that the key principle in this respect is to resolve conflicts at the earliest possible stage. This, however, does not mean one should agree to everything: conflict situations should be resolved while respecting the equal status of the parties involved. One particular thing to be avoided is conflict escalation, which may threaten the company's economic performance.

For the N company, which mainly communicates with its business partners by email, conflict resolution is somewhat of a challenge. As the company's general director points out, conflicts are hard to resolve at a distance, without being in the same room, at the same table. When tensions occur, N's board or employees resort to a strategy specially developed for this purpose: the partner is invited to take part in a video conference, which is a way of reducing the physical distance. The company's record of handling conflict situations shows that the basic tool of communication – email messages – only tend to escalate problems. It is important to look for ways of resolving conflicts as soon as possible. Diffusing tense situations, however, is not an easy task. It is considerably more difficult when there are significant cultural differences. Sometimes conflicts cannot be avoided, but companies with good strategies and abilities of resolving problems always have competitive advantage over those which do not.

The companies surveyed differ in their approach to psychic distance. One that stands out the most in this respect is Mx, which focuses on developing its business activity in countries characterised by little cultural distance. The company sees this policy as a way of minimising business risk, and tries to achieve its competitive advantage by relying on its technical and industry expertise acquired over many years of operating in the Polish market.

Another interesting case is the situation of the V company, which maintains close cooperation with its Ukrainian supplier. V's management personnel perceive Ukraine as a culturally distant country and believe their competitive advantage results from the company's ability to overcome the existing psychic distance. What is surprising, however, is the fact that in its choice of target markets, the V company shows a clear preference for countries that are culturally close. In the past the company even modified its business strategy and specifically decided to focus on a few culturally close markets.

The other two companies in the survey – N and T – are far less concerned about the phenomenon of psychic distance. They do not restrict their activity to culturally close areas but instead continue developing their competencies in overcoming this particular barrier. N claims that it tries not to disqualify partners on account of psychic distance

but rather face the challenge, thereby accumulating valuable experience in the area of overcoming differences and effective implementation of projects involving representatives from different cultural backgrounds. According to the managing director of N, a greater cultural distance simply requires more attention, awareness of differences and the readiness to understand your partner and be more active in relationships. The company is quite successful in overcoming cultural differences and manages to operate effectively even in remote markets.

The T company exercises a good deal of caution when it comes to psychic distance. This attitude is largely related to the line of business in which it operates. According to T's President, the key factor in this respect is the awareness of the problem and careful

consideration. The T Group tries not to be affected by the criterion of psychic distance in making strategic decisions about its involvement in foreign markets. This factor, however, becomes relevant at the stage of planning details of a new market entry and subsequent business operation, since it can affect the success of actions taken by the company. If the company is able to understand psychic distance separating it from its partner, make necessary adjustments and modify its communications or, conversely, realise that the differences are so serious that it is better to employ local staff and largely rely on it, then cultural distance can be used as an opportunity to gain an advantage over competitors who do not appreciate such differences.

It can sometimes be hard to spot and appreciate cultural differences existing between two countries, but they become repeatedly evident in various details of cooperation with people from another cultural background and can frustrate business plans, preventing companies from acquiring competitive advantage on the local market. Psychic distance can therefore have both a positive and negative impact on the company's competitive advantage

In the case of T, this is exemplified by the company's operation in the Balkans. If the Danish-based parent company, T A/S, had attempted to operate in the area independently, it would never have achieved the success which has been enjoyed by its Polish-based sister company T Sp. z o.o. Psychic distance between Poland and Serbia or Croatia is much smaller than between those countries and Denmark. Poles are in a better position to understand the needs of local companies and the way they operate, which enables them to be more competitive in those markets.

SUMMARY

A series of conclusions can be drawn from the presented results of the study.

First, the nature of cooperation in the internationalization process can influence competitive advantage. This is evident in the evaluation of five specific components of cooperation in the internationalization process made by the enterprises in the survey.

Second, while openness to cooperation influences competitive advantage, its role in obtaining beneficial market results depends on industry. On the other hand, it does not depend on company size.

Thirdly, the atmosphere of cooperation with external entities contributes to building competitive advantage, irrespective of the size and industry in which the company operates. Additionally, big, well-known companies regard their own reputation as an important element, which contributes to the overall atmosphere. It should be noted that companies are aware of the risk which comes with cooperation. This is also reflected by the atmosphere of cooperation.

Fourth, the degree of trust is a complex issue. The attitude to this aspect differs depending on the company. Nevertheless, for each company in the survey a high degree of trust towards their business partners is desirable, as it helps to shape competitive advantage.

Fifth, the scope of conflict may affect competitive advantage. For this reason companies try to avoid it and find compromise solutions to problems that appear. Its influence depends on specific relations with partners in the internationalization process and their strength.

Sixth, psychic distance influences competitive advantage in two ways, depending on the company's specific characteristics. Either it acts as a barrier to doing business or is used as an opportunity for developing the company's own abilities.

The study delivered some interesting information about the nature of cooperation in the internationalization process and its impact on competitive advantage. However, it did not exploit all possible fields of investigation. Given the methodology applied – case study – the above conclusions should be treated as mere guidelines. Although they support the assumptions stated in the theoretical part of the paper, one must conduct further research to

be absolutely sure of their validity. That is why the Authors would like to conduct a quantitative study in order to confirm initial findings. A bigger sample would also enable generalization of results for specific industries and characteristics of companies.

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