

Krzysztof FONFARA  
Poznań University of Economics

## A typology of company behaviour in the internationalisation process (a network approach)

**Abstract:** The aim of the paper is to propose a typology of company behaviour in the internationalisation process and to verify it empirically in the context of the company's success. On the basis of the established characteristics, a number of options of company model behaviour were distinguished. These were subsequently subjected to an initial evaluation on the basis of experts' opinions. This resulted in the identification and selection of four possible types of company behaviour in the internationalisation process. A mail survey was conducted in which a sample of 2,000 firms engaged in international operations and based in Poland was randomly selected on the basis of a database from Kompas Poland. The response rate was 14%. The paper, which contains a number of observations made on the basis of empirical results, aims at explaining the nature of relations between a specific type of company behaviour in the internationalisation process and the company's performance.

**Keywords:** internationalisation process, company's performance, network of relationships, international business.

**JEL codes:** F23, M31.

### Introduction

Company internationalisation processes have been a research subject for many years. Some of the outputs of this research are company internationalisation models.

The one that is most well-known, the "Swedish model", was created 30 years ago by Johanson and Wiedersheim-Paul (1975). It stresses the company's gradual involvement in foreign operations preceded by efforts to build a strong position in the local market. The Swedish model served as a basis for many other, slightly modified versions of the sequential approach to the internationalisation process. We could mention in this context such conceptions as those by Johanson and Vahlne (1977), Luostarinen (1979), Nördstrom (1990), and Andersen (1993).

Some studies have found that involvement in international trade does not have to be gradual. A clear tendency has been observed for companies to “shorten” the internationalisation path by skipping over some of the stages specified in the Swedish model (Turnbull, 1987).

Taking into consideration the key features of the proposed models of internationalisation, it is possible to split them into four different theories: the Uppsala model (influential feature: experiential knowledge), the eclectic paradigm (influential feature: cost of transaction), industrial networks (influential feature: interaction), and the business strategy (influential features: opportunity, resources and managerial philosophy) (Whitelock, 2002).

An analysis of the existing internationalisation models suggests that they have focussed mainly on explaining the reasons for and methods of company involvement in international operations (Hadjikhani, Johanson, 2002). To a much lesser extent, they have stressed relations between the company’s internationalisation process and its performance (success or failure). This applies both to theoretical aspects and the empirical basis. Hence a fundamental question can arise: what are the core characteristics of company behaviour which enable companies to outperform their competitors and become successful in the internationalisation process?

The marketing literature stresses numerous determinants of the company’s success, such as product quality, price, or familiarity with markets. Much less emphasis is given to the nature, scope and role of the company’s relationships with various entities in the internationalisation process as a potential source of its success.

As early as in the 1980s, IMP group researchers noted that companies do not operate in the market as fully autonomous entities. Through their numerous contacts and relations they form a network of relationships with various entities of their environment (Håkansson, 1982), so we can hardly talk of the behaviour of a single company. At present, the phenomenon of mutual relationships of various entities in a sales process is becoming even more observable and widespread. It applies not only to buyers and sellers but also to other important entities of the company’s market environment, such as suppliers, competitors, and “influence” entities (Peck *et al.*, 1999). Using Drucker’s words, the network has indeed become a modern company. It would be more appropriate, therefore, to analyse network companies interpreted as a market entity linked to other entities with formal and informal relations, often based on the idea of partnership. All these relations of a given company constitute a business network. Pioneer views on the subject were held by a large group of researchers associated with the IMP group, especially by Håkansson, Snehota, Ford, and Johanson.

The paper has been inspired by a vital question: what are the reasons of company success (or failure) in the context of its relationships with other entities in the internationalisation process? A company behaviour aspects (Xu *et al.*, 2006) linked with performance issues (Håkansson *et al.*, 2009) are neglected in the related litera-

ture. That is why the main focus of the paper is on attitudes and behaviours as well as performance aspects of the internationalisation process.

The aim of this paper is to show the links between different types of company behaviour in the internationalisation process and performance<sup>1</sup>. A typology of company behaviour has been proposed and verified empirically in the context of the company's success (or failure).

## 1. Literature review and theoretical background

Behavioural aspects can be found in all the four above-mentioned internationalisation models and approaches. However, the Uppsala model and the industrial network approach are directly linked with the behavioural theory. The Uppsala model assumed that company internationalisation behaviour is determined by its experiential knowledge, and this is why firms develop their activities over time (in an incremental fashion), based on their knowledge development (Johanson & Vahlne, 1977).

On the other hand, the eclectic paradigm underlined relationships between company international behaviour (specifically its FDI operations) and transaction costs (Dunning, 1988). Internationalisation decisions are made in this case in a rational manner, based on an analysis of transaction costs. This approach can (at least partly) explain the company's vertical integration decisions and inclination to set up its own overseas structures, including, for instance, the establishment of a manufacturing subsidiary (Eramilli & Rao, 1993) or to rely on cooperation with independent overseas entities (Dunning, 1998). In other words, transaction costs can either influence company behaviour in the internationalisation process towards self-dependence and a tendency to limit the number of cooperation links or force it to develop a number of cooperation links within the internationalisation process in order to have access to overseas markets.

Both the Uppsala model and the eclectic paradigm perceived a company's internationalisation behaviour as an autonomous phenomenon. They assumed that the company (i.e., its decision-makers) determines itself the internationalisation process. In contrast, many researchers have found out that company behaviour in the internationalisation process is influenced by the market (Cunningham, 1986) and industry specificity (Fonfara, 1989), as well as by other entities of the international environment (e.g. competitors) (Turnbull, 1986). Additionally, it has been stressed (Johanson & Mattsson, 1983) that to understand a company internationalisation

---

<sup>1</sup> The research project "Company behaviour in the internationalisation process (a network approach)" was carried out by a team made up of prof. Krzysztof Fonfara (leader), dr Robert Szczepański, dr Miłosz Łuczak, Aleksandra Hauke and Milena Ratajczak-Mrozek in 2006–2008. It was financed by Poland's Ministry of Science and Higher Education.

process it is necessary to identify and study its network of relationships with all entities, including customers, distributors, suppliers and competitors. This assumption was a core of numerous studies conducted by the International Marketing and Purchasing (IMP) Group within the industrial network approach.

Finally, the last groups of views on the company internationalisation process concentrates on the idea of pragmatism (Welford & Prescott, 1994). The business strategy approach exposed the fact that company internationalisation is a result of its decision-making process. International expansion strategies are established on the basis of the evaluation of overseas markets and company resources (Root, 1987). It is stressed that besides such company factors as size, international trading history, and export orientation (Turnbull & Ellwood, 1986) also its managerial philosophy (Reid, 1983) should be taken into consideration to explain and understand the internationalisation process. As a rule, a company internationalisation process has a formal character here, and it is precisely set up within an overall company strategy.

The approaches to internationalisation discussed above represent different inputs of behavioural aspects. Definitely, the Uppsala model – incorporated (Johanson & Vahlne, 1990) into the industrial network approach in an attempt to explain company behaviour on the basis of the company's experiential knowledge (Vahlne, Johanson, 2002) and its relationships with entities of the international environment (customers, suppliers, competitors) - is most appropriate for further behavioural studies of the internationalisation process. However, other approaches can also be an interesting inspiration for the analysis of company behaviour in the internationalisation process, specifically of the formal character of the internationalisation process (the business strategy approach), and the collaborative versus self-dependent attitude to the company internationalisation process (the eclectic paradigm).

A number of publications have used the network approach in order to explain the reasons for as well as methods of company internationalisation. Johanson and Mattsson (1988) assumed that the network is a key factor in a company's development and is crucial in achieving its long-term goals. Both a company and the level of its market internationalisation influence the company's internationalisation process and its behaviour, according to the modes called the early starter, the late starter, the lonely international, the international among others. It was also stressed that the internationalisation process is a result of interactions between a company (internal actors) and the network of relationships with customers, competitors, suppliers, consultants and other entities of the international environment (external actors) (Blankenburg, 1995). Additionally, Håkansson & Johanson (1992), who studied the nature of relationships in international business, showed that cooperation links are of a rather formal character and that the degree of formality can differ in various countries. This view is supported by other research exposing the influence of a cultural context on formal versus informal relationships with overseas entities (Mazet, Salle & Spencer, 1995). However, it can be underlined that a positive influ-

ence of informal contacts (or social links) on a company's network of relationships (Håkansson, Snehota, 1997) and their importance within the company internationalisation process is quite visible (Fonfara, 2004).

Within the mainstream of IMP Group research, it is assumed that a network of relationships, which is of an objective character, develops to some extent independently through numerous contacts and ties with independent entities (Håkansson *et al.*, 2009). The concept of network strategy appears here in the sense of a position in the network rather than a formalised plan imposed on a particular company – a network participant (Johanson & Mattsson, 1987). According to this approach, strategy is a question of not control but the influence of key resources, especially knowledge, on the network. It is emphasised at the same time that no company manages or “owns” the network. Therefore, the power of influence within the network (Ford *et al.*, 2003) results from control over key resources and the skill of influencing the decisions of other network participants (Thorelli, 1986). Often, a company can passively or even unconsciously become an element of the network as a result of interaction (Håkansson & Snehota, 1997).

A different position from that of the mainstream of IMP Group research is represented by researchers who believe that within a network, as a rule, there is one main entity (focal company) which creates and manages the so-called network strategy (Campbell, Wilson, 1996) The network leader pursues the strategy, creates relationships and deliberately selects partners (Jarillo, 1988). Therefore, according to the strategic approach, the strategic network created on the leader's initiative has a more formal character than the business network described as part of the IMP Group research. It is worth emphasising, however, that also in the case of the strategic approach it is assumed that the network is created among independent entities (Jarillo, 1995).

**Table 1. Main characteristics describing company behaviour in the internationalisation process**

Characteristics	Theory
Development of long lasting relationships and interaction with entities of the international environment	Industrial network
Creation of informalities with entities of the international environment	Industrial network
Development of formal own organizational structures	Eclectic paradigm
Development of cooperation with numerous independent entities	Industrial network
Building a formal internationalisation strategy	Business strategy
Development of a network of relationships perceived as an objective process	Industrial network

Overviewing the above models and approaches to internationalisation, it is possible to identify a set of characteristics describing company behaviour in the internationalisation process (see Table 1).

The internationalisation process can be described by a set of different dimensions (Berghe, 2003). In the presented research the internationalisation process focuses on attitudes and behaviours as well as performance aspects of the internationalisation process rather than on the timing of entry, the extent of internationalisation or management and governance. Looking at the above discussed approaches and models of the internationalisation process, it seems that they mostly concentrated on explaining the reasons for and methods of company involvement in international operations. To a much lesser extent these models and approaches analysed the relationship between different types of company behaviour and companies' performance.

## 2. Conceptual framework

On the basis of the characteristics presented above (Table 1) as well as the present author's own previously-conducted research (Fonfara *et al.*, 2000) and author's consultancy projects on company internationalisation strategies, three pairs of alternative characteristics describing company behaviour in the internationalisation process have been established, namely:

- formal vs. spontaneous character of the internationalisation process,
- openness vs. closedness to cooperation in the internationalisation process,
- active vs. passive role of the company in creating a network of relationships in the internationalisation process.

The formal character of internationalisation implies that the internationalisation process (when, how and why to enter foreign markets) is formally prepared and accepted by the company as part of its strategic and operational plans. It is assumed that decisions concerning internationalisation are based on formally conducted research and analysis designed to examine the specificity of foreign markets.

The process of company internationalisation can be spontaneous. It takes place ad hoc, depending on available, often occasional, opportunities. In this case, there is no formal or thorough research into or analysis of foreign markets; what predominates is informal sources of information on foreign markets. Additionally, as part of spontaneous internationalisation, there often appear numerous instances of subjective internationalisation decisions dependent on company decision-makers' personal, unjustified preferences and temperaments. For example, this may apply to some people's propensity to take higher-risk decisions to enter a local market, their ambition ("a colleague operates in international markets"), fondness for a foreign

country (the decision-maker's country of origin), or personal contacts (occasional meetings, business trips, etc.).

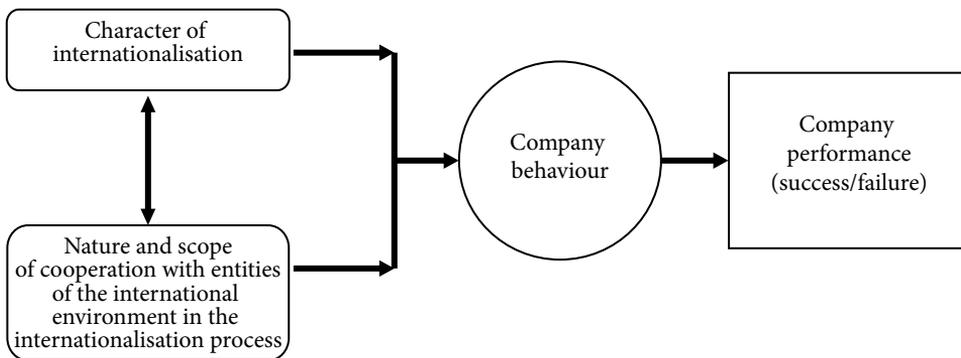
Openness to cooperation means treating cooperation in the internationalisation process as an essential element of a given company's business operations; performing regular and professional activities (often based on formal research) in order to find cooperation partners; choosing action options in international markets where cooperation with foreign partners is required; trying to develop offshoring- or subcontracting-type relations. On the other hand, being closed to cooperation means trying to act by oneself. Only very important and justified reasons (e.g. lack of competence) force such a company to start cooperating with outside entities. We often deal in such cases with the "one-man band" syndrome, a fear of losing independence or having one's trade or technological secrets found out by potential co-operators. We can also see here negotiation and communication skills inadequate for developing relations with foreign entities (Terpstra, 2007). Additionally, a psychic distance can influence a company to become more closed to international co-operation. As a rule it is a distance between the home market and a foreign market resulting from the perception of cultural, business, organizational and personal differences (Hollensen, 2010).

In order to actively create a network of relationships, the company consciously and purposefully seeks and chooses partners to join resources and thus gain competitive advantage. Relationships established in this way usually have a formal character and take the form of a strategic business network.

An autonomous process of relationship creation occurs when relations between the company and various entities of the international environment come into existence objectively as the result of continuous interaction among members of a given network. A system of relationships is created independently of the network-members' will, has an informal character, and does not result from decisions to create a specific structure or network leadership.

On the basis of the previously-discussed behavioural aspects of the internationalisation process, a conceptual framework of the research has been developed. It embraces four elements: the character of internationalisation, the nature and scope of cooperation with entities of the international environment (buyers, suppliers, competitors, government agencies, etc.) in the internationalisation process, company behaviour, and company performance (see Figure 1).

It has been assumed that the character of internationalisation will be described by the degree of formality of the internationalisation process (formal vs. spontaneous character of the internationalisation process). On the other hand, the nature and scope of cooperation with entities of the international environment will be described by the degree of openness to cooperation (openness vs. closedness to cooperation) and the degree of being active in creating a network of relationships in the internationalisation process (active vs. passive role of the company).



**Figure 1. Company behaviour in the internationalisation process – a network approach (conceptual framework)**

It has also been assumed that the company's success/failure will be related to its performance. The aggregated measure of the company's performance covers its profits, sales volume, market share and ROI achieved in the last year compared with those of the competition.

### **3. Types of company behaviour in the internationalisation process**

On the basis of the characteristics that were established, a number of theoretical options of company behaviour were distinguished and discussed (see Figures 2, 3, 4). These were subsequently subjected to an initial evaluation on the basis of expert opinions. The process involved seven top managers representing Polish and international Poland-based companies from various industries (manufacturing, construction, banking, wholesale trade and services) which operate in foreign markets. The managers were asked to indicate the likelihood of occurrence of different options of company behaviour in practice and their opinion were used to transform the matrix into its respective following output/table (see Table 2, 3, 4).

It was an intention of the research team to make the evaluation process as objective as possible. This is why external experts were invited to help to select a set of feasible options in practice.

There are always some simplifications and assumptions linked with a modelling process. In the research, for instance, an alternative nature of selected characteristics of company behaviour has been assumed (for instance, openness vs. closedness to cooperation). In practice, of course, it can happen that a company in some contacts is more open and in others more closed. However, while discussing selected options

	Openness to cooperation	Closedness to cooperation
Formal internationalisation process	1	2
Spontaneous internationalisation process	3	4

**Figure 2. Matrix of the company's propensity to cooperate in the internationalisation process**

**Table 2. Model variants of company behaviour in cooperation in the internationalisation process**

Variant	Possible options of company behaviour	Likelihood of the variant occurring in practice*				
		very low	low	moderate	high	very high
1	Openness to cooperation as part of a formal internationalisation process				✓	✓
2	Closedness to cooperation as part of a formal internationalisation process				✓	
3	Openness to cooperation as part of a spontaneous internationalisation process				✓	
4	Closedness to cooperation as part of a spontaneous internationalisation process				✓	

\*Expert opinion based on top managers' views and experience.

	Active formation of a relationship network	Passive approach to the formation of a relationship network
Formal internationalisation process	5	6
Spontaneous internationalisation process	7	8

**Figure 3. Matrix of the company's attitude to the creation of a relationship network in the internationalisation process**

**Table 3. Model variants of company behaviour in the formation of a relationship network in the internationalisation process**

Variant	Possible options of company behaviour	Likelihood of the variant occurring in practice*				
		very low	low	moderate	high	very high
5	Active formation of a relationship network as part of a formal internationalisation process				✓	✓
6	Passive approach to the formation of a relationship network as part of a formal internationalisation process		✓			
7	Active formation of a relationship network as part of a spontaneous internationalisation process		✓			
8	Passive approach to the formation of a relationship network as part of a spontaneous internationalisation process				✓	

\*Expert opinion based on top managers' views and experience.

	Active formation of a relationship network	Passive approach to the formation of a relationship network
Openness to cooperation	9	10
Closedness to cooperation	11	12

**Figure 4. Matrix of the company's attitude to the formation of a relationship network and cooperation**

**Table 3. Model variants of company behaviour in the formation of a relationship network and cooperation with the environment**

Variant	Possible options of company behaviour	Likelihood of the variant occurring in practice*				
		very low	low	moderate	high	very high
9	Active formation of a relationship network and openness to cooperation				✓	✓
10	Passive approach to the formation of a relationship network and openness to cooperation				✓	
11	Active formation of a relationship network and closedness to cooperation	✓				
12	Passive approach to the formation of a relationship network and closedness to cooperation				✓	

\*Expert opinion based on top managers' views and experience.

at a certain level of generalisation within a modelling process, it is necessary to focus on the main tendency rather than on specific ad hoc episodes.

The evaluation process of company model behaviour options resulted in the identification and selection of four possible types of company behaviour in the internationalisation process.

**TYPE A – Active:** creates a network of broad formal contacts and cooperation with entities of the international environment.

Characteristics of Type A company behaviour: openness to cooperation, formal internationalisation process, active creation of a network of relationships.

**TYPE B – Submissive:** openly and willingly submits itself to the objective process of incorporation into a network of relationships with entities of the international environment.

Characteristics of Type B company behaviour: openness to cooperation, spontaneous internationalisation process, passive approach to the creation of a network of relationships.

**TYPE C – Independent:** through formal decisions tries to avoid being “caught” in a network of relationships, and deliberately reduces to a minimum its closer formal contacts with and dependence on entities of the international environment; in practice, it tries to engage independently in as wide a scope of activity as possible. Characteristics of Type C company behaviour: closedness to cooperation, formal internationalisation process.

**TYPE D – Distrustful realist:** is aware of the inevitability of relationships with entities of the international environment, but tries to reduce their scope to a necessary minimum; however, owing to its competence, it is often forced to submit to the “power of the network”, especially to its experience and resources.

Characteristics of Type D company behaviour: closedness to cooperation, spontaneous internationalisation process, passive approach to the creation of a network of relationships

## 4. Methodology of empirical research

The empirical data were obtained from a mail survey . The questionnaire was designed on the basis of the accepted conceptual framework of the research project, some earlier author’s research, and numerous interviews with representatives of companies operating in international markets. The purpose of the interviews was a preliminary verification of the scope of the questionnaire content, the degree to which the content was understood, and the way it was interpreted. The questionnaire was divided into eight parts concerning company market behaviour, company internationalisation process, outsourcing, cooperation in international markets,

reasons for establishing relations with foreign partners, internal determinants of international expansion, company performance, and general characteristics of the company. In most of the questions a Likert scale was used.

An address list of 2,000 companies based in Poland was prepared on the basis of a database obtained from Kompas Poland. The sample was randomly selected, using the criteria of industry and company size. Because of mail-delivery problems (unknown addressee, company liquidation, etc.), the questionnaire reached 1950 companies. 272 respondents had sent their answers, which means that the response rate was 14%. Respondent characteristics are presented in Tables 5, 6, and 7.

**Table 5. Respondent characteristics by industry**

Industry	Number	%
Agriculture	13	3.9
Construction	27	8.1
Transport	12	3.6
Wholesale trade	29	8.7
Financial services	0	0.0
Mining	5	1.5
Manufacturing	179	53.8
Communication services	5	1.5
Retail trade	16	4.8
Services	34	10.2
Other	13	3.9
Total	333	100.0

**Table 6. Respondent characteristics by company size and category**

Company size (no. of employees)	Number	%	Company category	%
Below 10	3	1.2	small	21.4
10–49	54	20.2		
50–249	133	49.6	medium	49.6
250–999	54	20.1	large	29.0
1000–4999	18	6.7		
Over 5000	6	2.2		
Total	268	100.0		100.0

**Table 7. Respondent characteristics by form of ownership**

Form of ownership	Number	%
State-owned company	29	10.8
Private company – owned by domestic entities	167	62.3
Private company – owned by foreign entities	42	15.7
Private company – owned by domestic and foreign entities	30	11.2
Total	268	100.0

As for non-response bias, no major differences were identified between the answers of the first and the last group of respondents.

## **5. Types of company behaviour in the internationalisation process – results of the empirical research**

The variables describing particular characteristics of the distinguished types of company behaviour in the internationalisation process were subjected to reliability analysis. The Cronbach  $\alpha$  coefficient is statistically acceptable, amounting to 0.76–0.92.

The research confirms the occurrence of all the proposed types of company behaviour in the internationalisation process.

Among the companies investigated, the dominant ones were “Active” (Type A) – 46.7% and “Independent” (Type C) – 38.7% (see Table 8). Considerably fewer firms behaved like “Realists” (Type D) – 9.3%. Only 5.3% of the respondents chose Type B behaviour (“Submissive”).

It was crucial for the research to relate companies’ performance (a measure of their success or failure) to the identified types of company behaviour in the internationalisation process. The aggregated measure of the company’s performance covered the profits, sales volume, market share and ROI achieved by the respondents in the last year compared with those of the competition. In terms of performance, the respondents’ companies were divided into three groups: worse than the competition – WTC (the group consists of companies whose average aggregate performance is 1–2.5 on the Likert scale), the same as the competition – STC (2.51–3.5 on the Likert scale), and better than the competition – BTC (3.51–5 on the Likert scale).

The type of behaviour referred to as “Active” is dominated by companies (over 54%) whose performance is better than that of the competition. This demonstrates that openness to cooperation with foreign entities, an active creation of relation-

**Table 8. Types of company behaviour in the internationalisation process and company performance**

Type of company behaviour	Number of all firms of a given type	Number of firms of a given type which answered questions about performance	PERFORMANCE		
			WTC**	STC**	BTC**
Type A “Active”	91 38.5%	70 46.7%	5 7.1%	27 38.6%	38 54.3%
Type B “Submissive”	8 3.6%	8 5.3%	0 0.0%	7 87.5%	1 12.5%
Type C “Independent”	78 35.9%	58 38.7%	8 13.8%	23 39.7%	27 46.5%
Type D “Realist”	18 9.2%	14 9.3%	6 42.9%	5 35.7%	3 21.4%
Total	195* 100.0%	150 100.0%			

\* The number of respondents who answered all the questions covering variables which describe particular types of company behaviour.

\*\* WTC – worse than the competition (average aggregate variable describing performance 1–2.50).  
STC – the same as the competition (average aggregate variable describing performance 2.51–3.50).  
BTC – better than the competition (average aggregate variable describing performance 3.51–5.0).

ship networks with them, and a formal internationalisation process have a clearly beneficial influence on the company’s effectiveness.

What is both interesting and surprising, companies which are closed to cooperation but are formalising the internationalisation process (the “Independent” type) achieve a high level of effectiveness. More than 46% of companies of this type declare that their performance is better than that of the competition.

Companies which are closed to cooperation, which spontaneously develop the internationalisation process and are passive towards the creation of a relationship network, perform much worse. This is because just over 21% of “Realists” (Type D) perform better than the competition, and nearly 43% of companies of this type perform worse than their competitors.

The last of the investigated types of company behaviour in the internationalisation process is Type B (“Submissive”) – open to cooperation, but at the same time spontaneously developing the internationalisation process, and passive towards the creation of a network of relationships with foreign entities. In this case, the majority of the companies investigated achieve results similar to those of the competition. It could be tentatively assumed (owing to a relatively small number of answers) that this group does not differ from its closest competitors.

The purpose of a thorough analysis of the investigated types of company behaviour in the context of their success was to take into consideration the disaggregated indicator of the company's market success. The analysis concerned company performance in terms of profitability (profit, ROI) and sales only (sales volume, market share), in relation to the competition.

It can be clearly seen (Table 9) that in terms of profitability Type A ("Active") presents performances which are better than (50% of answers) or the same as (nearly 44% of answers) those of the competition. We can see similar, though slightly worse, results in the case of "Independent" companies – Type C (over 43% and 37% of answers, respectively). Type B usually has performance results similar to those of the competition (75% of answers). Companies of Type D much more often achieve worse profitability results than those of the competition (over 46% of answers).

**Table 9. Types of company behaviour in the internationalisation process and profitability results (profit, ROI)**

Type of company behaviour	Number of all firms of a given type	Number of firms of a given type which answered questions about performance	Performance		
			WPC*	SPC*	BPC*
Type A "Active"	91	64 100.0%	4 6.2%	28 43.8%	32 50,0%
Type B "Submissive"	8	8 100.0%	1 12.5%	6 75.0%	1 12,5%
Type C "Independent"	78	53 100.0%	10 18.9%	20 37.7%	23 43,4%
Type D "Realist"	18	13 100.0%	6 46.2%	3 23.1%	4 30,8%
Total	195	138 100,0%	25 20.2%	53 35.5%	60 44.4%

\* WPC – worse than the competition (average aggregate variable describing performance 1–2.50).  
 SPC – the same as the competition (average aggregate variable describing performance 2.51–3.50).  
 BPC – better than the competition (average aggregate variable describing performance 3.51–5.0).

An analysis of the identified types of company behaviour from the angle of sales performance shows similar results to those already discussed (see Table 10). The group of Type A companies is dominated by firms presenting a better performance than that of the competition (52.5%). Similarly, over 45% of Type C companies perform better than the competition. It seems that companies of Type B perform slightly better in terms of sales compared with the above-mentioned profitability

**Table 10. Types of company behaviour in the internationalisation process and sales performance (sales volume, market share)**

Type of company behaviour	Number of all firms of a given type	Number of firms of a given type which answered questions about performance	Performance		
			WPC*	SPC*	BPC*
Type A “Active”	91	70 100.0%	7 10.0 %	26 37.1%	37 52.9%
Type B “Submissive”	8	7 100.0%	0 0.0%	7 100.0%	0 0.0%
Type C “Independent”	78	57 100.0%	9 15.8%	22 38.6%	26 45.6%
Type D “Realist”	18	14 100.0%	6 42.9%	6 42.9%	2 14.3%
Total	195	148 100.0%	22 15.3%	61 42.7%	65 42.0%

\* WPC – worse than the competition (average aggregate variable describing performance 1–2.50).  
 SPC – the same as the competition (average aggregate variable describing performance 2.51–3.50).  
 BPC – better than the competition (average aggregate variable describing performance 3.51–5.0).

performance. According to the respondents, in the former case these companies as a rule achieve a similar performance to that of the competition.

The last of the identified types of behaviour (Type D) describes its sales performance as the same as or worse than that of the competition (in both cases the identical 43% of answers).

## Conclusions and further research

The mail survey has confirmed the existence of all of the four proposed types of company behaviour in the internationalisation process. It is now followed by in-depth case studies aiming at describing particular types of company behaviour in a more detailed way.

It could be noted that all the companies surveyed – irrespective of the type of behaviour in the internationalisation process – constitute part of a business network. However, while in the case of Type A companies this means an active creation of a network of relationships with the international environment, in the other cases we deal with a greater (Type B and Type D) or lesser (Type C) submission to the power and objective character of network relationships.

The research carried out shows clearly that openness to cooperation – accompanied by the formalisation of the internationalisation process and an active creation of relationships with entities of the international environment – most frequently enables companies to achieve better performance compared with the competition. It should be emphasised that this type of behaviour is the most common among the companies under research. Preliminary interviews conducted as part of case studies suggest that companies of the type referred to as “Active” are fully aware of the significance of their external resources (a network of relationships with entities of the international environment) in the process of gaining competitive advantage. This option of company behaviour can be linked with the strategic network approach discussed earlier (Jarillo, 1988, 1999). To some extent, it combines ideas of cooperation and interaction (industrial network approach), and formalisation of the internationalisation process (business strategy approach).

Somewhat unexpectedly, Type C (closed to cooperation) is characterised by highly effective activities in foreign markets. It is also numerous represented among the companies investigated. It is supposed that these companies build competitive advantage in foreign markets on the basis of their internal resources and traditional marketing tools such as product quality, promotion, or price. Preliminary case studies indicate that within the group of companies of Type C an important part can be played by the growth and development of the company structure in a formal way through vertical integration, company takeovers, etc. Companies of Type C can, at least partly, behave according to the cost-of-transaction principle, building their own structures if this is justified with a relevant financial analysis. In some situations, the company’s closedness to the external environment can be caused by cultural factors and the fear of too close an integration of stronger foreign entities.

On the basis of the empirical findings of the research, it is quite evident that in order to outperform their competitors in the internationalisation process, companies should in practice consider adopting the behaviour of either Type A or Type C.

It is worth noting that the two opposite approaches to conducting international business (openness – closedness) have one feature in common: in both cases (Types A and C) the internationalisation process has a formalised character. It can be supposed that also other processes connected with company management have a formal character, and are a well-thought-out, well-prepared and professionally implemented method of achieving success in the market. This is what makes these types essentially distinct from the other two types of behaviour in the internationalisation process (Type B – “Submissive” and Type D – “Distrustful realist”). In the latter cases, internationalisation processes are spontaneous in character, which may account for a considerably lower effectiveness in the market.

Company internationalisation processes are complex and often highly individualised in practice as a result of an influence of various subjective and objective fac-

tors. As a rule a general presentation of the types of company behaviour in the internationalisation process which are discussed here oversimplify the actual reality. In practice, for instance, a company initiating the internationalisation process (as part of creating a formalised company strategy) precisely specifies its goals, range and timing. Later it turns out that the effectiveness of its implementation can be achieved mainly by means of subjective factors, informal contacts, etc. This is why, in order to understand the internationalisation process fully, the research project involves an in-depth case-study analysis of particular types of company behaviour in the internationalisation process.

Besides in-depth case studies, on the basis of completed empirical research particular types of company behaviour are thoroughly analysed from the angle of the method of knowledge transfer, the role of offshoring in the process of internationalisation, the evaluation of resources and marketing capabilities, and the degree of marketing orientation. In the latter case, the author's earlier research conducted in the years 1992–2005 on the basis of the Slater and Narver approach will be used for comparative purposes (Hooley et al, 2000, Fonfara 2002).

Finally, in 2009 empirical research is scheduled to begin also outside Poland to confirm, among other things, the universal character of the proposed types of company behaviour in the internationalisation process. Although 27% of respondents within the mail-survey sample represent companies with total or partial foreign capital, it will be interesting to study to what extent the country of origin can influence company behaviour.

## **References**

- Andersen, O. (1993), *On the Internationalization Process of Firms. A Critical Analysis*, Journal of International Business Studies 24, no. 2.
- Berghe, D.A.F. van den (2003), *Working across Borders: Multinational Enterprises and the Internationalisation of Employment*, Rotterdam Erasmus Research Institute of Management.
- Blankenburg, D. (1995), *A Network Approach to Foreign Market Entry*, in: K. Müller, D.T. Wilson eds., *Business Marketing: an Interaction and Network Perspective*, Kluwer Academic Publishers.
- Campbell, A.J., Wilson, D.T. (1996), *Managed Networks*, in: E. Iacobuci ed., *Networks in Marketing*, Sage Publications.
- Christopher, M., Clark, M., Payne, A., Peck, H. (1999), *Relationship Marketing. Strategy and implementation*, Butterworth – Heinemann, Oxford, p. 4–28.
- Dunning, J.H. (1998), *Location and Multinational Enterprise: a Neglected Factor?* Journal of International Business Studies 29, no. 1, p. 46–60.
- Eramilli, M.K., Rao, C.E. (1993), "Service Firms" *International Entry-Mode Choice: A Modified Transaction-Cost Analysis Approach*, Journal of Marketing, 57 (3), p. 19–38.

- Fonfara, K. (1989), *Relationships in the Complex Construction Venture Market*, in: L. Hallén, J. Johanson eds., *Networks of Relationships in International Industrial Marketing*, Advances in International Marketing, JA, Press Inc, vol. 3, p. 235–247.
- Fonfara, K. (2002), *Proces wdrażania koncepcji marketingowej w polskich firmach – wnioski i dylematy (The Implementation of the Marketing Concept in Polish Companies – Conclusions and Dilemmas)*, in: L. Żabiński, K. Śliwińska eds., *Marketing: koncepcje, badania, zarządzanie*, PWE, Warszawa, p. 86–94.
- Fonfara, K. (2004), *Marketing partnerski na rynku przedsiębiorstw (Relationship Marketing on the Business to Business Market)*, 2nd ed, PWE, Warszawa.
- Fonfara, K., Gorynia, M., Najlepszy, E., Schroeder, J. (2000), *Strategie w biznesie międzynarodowym (Strategies in International Business)*, Wydawnictwo Akademii Ekonomicznej w Poznaniu.
- Ford, D., Gadde, L., Håkansson, H., Snehota, J. (2003), *Managing Business Relationships*, Wiley.
- Forsgren, M., Johanson, J. (1994), *Managing Internationalization in Business Networks*, in: M. Forsgren, J. Johanson eds., *Managing Networks in International Business*, Gordon and Breach Science Publishers.
- Hadjikhani, A., Johanson, M. (2002), *The Fifth Dimension-expectations in the Internationalisation Process Model*, in: M. Forsgren, V. Havila, H. Håkansson eds., *Critical Perspectives on Internationalisation*, Elsevier Science, Oxford, p. 285–303.
- Håkansson, H. (ed.) (1982), *International Marketing & Purchasing of Industrial Goods – an Interaction Approach*, John Wiley & Sons, Chichester.
- Håkansson, H., Ford, D., Gadde, L-E., Snehota, J., Waluszewski, A. (2009), *Business in Networks*, Wiley, p. 193–198.
- Håkansson, H., Johanson, J. (1992), *A Model of Industrial Networks. A New View of Reality*, Axelsson, B., Easton, G. eds., Routledge, London.
- Håkansson, H., Snehota, J. (1997), *Analysing Business Relationships*, in: D. Ford ed., *Understanding Business Markets*, The Dryden Press, London.
- Hollensen, S. (2010), *Marketing Management. A Relationship Approach*, 2nd ed., Pearson, p. 194–198.
- Hooley, G., Cox, T., Fahy, J., Shipley, D., Beracs, J., Fonfara, K., Snoj, B. (2000), *Market Orientation in the Transition Economies of Central Europe: Tests of the Narver and Slater Market Orientation Scales*, *Journal of Business Research* 50, Elsevier Science, p. 273–285
- Jansson, H. (2007), *International Business Marketing in Emerging Country Markets. The Third Wave of Internationalization of Firms*, Edward Elgar Publishing.
- Jarillo, J.C. (1995), *Strategic Networks. Creating the Bordless Organization*, Butterworth, Heinemann, Oxford.
- Jarillo, J.C. (1988), *On Strategic Networks*, *Strategic Management Journal*, vol. 9, no. 1, p. 32.
- Johanson, J., Mattsson, L.G. (1987), *Interorganizational Relations in Industrial Systems. A Network Approach Compared with the Transaction – Cost Approach*, *International Studies of Management and Organization*, vol. 17, no. 1, p. 35.
- Johanson, J., Mattsson, L.G. (1988), *Internationalisation in Industrial Systems – A Network Approach*, in: N. Hood, J.E. Vahlne eds., *Strategies in Global Competition*, Croom Helm, New York.

- Johanson, J., Vahlne, J.E. (1977), *The Internationalization Process of the Firm – a Model of Knowledge Development and Increasing Foreign Market Commitments*, Journal of International Business Studies, vol. 8, no. 1.
- Johanson, J., Vahlne, J. E., (1990), *The Mechanism of Internationalisation*, International Marketing Review, vol. 7, no. 4.
- Johanson, J., Wiedersheim-Paul, F. (1975), *The Internationalization of the Firm – Four Swedish cases*, Journal of Management Studies.
- Luostarinen, R. (1979), *Internationalization of the Firm*, in: *Acta Academiae Oeconomicae Helsingiensis*, Series A: 30, Helsinki.
- Mazet, F., Salle, R., Spencer, R. (1995), *International Networks and International Networks Strategies*, in: K. Müller, D.T. Wilson eds., *Business Marketing: An Interaction and Network Perspective*, Kluwer Academic Publishers.
- Nördstrom, K. (1990), *The Internationalization Process of the Firm – Searching for New Patterns and Explanations*, Institute of International Business, Stockholm School of Economics.
- Peck, P., Payne, A., Clark, Ch. (1999), *Relationship Marketing. Strategy and Implementation*, Butterworth-Heinemann, Oxford, p. 4–28.
- Reid, S. (1983), *Firm Internationalisation Transaction Costs and Strategic Choice*, International Marketing Review, vol. 1, no. 2.
- Root, F.R. (1987), *Entry Strategies for International Markets*, DC Heath, Lexington, MA.
- Terpstra, V. (2007), *Culture and International Marketing*, in: T.J. Wilkinson, A.R. Thomas eds., *New World Marketing. Marketing in the 21st Century*, Praeger, p. 109–133.
- Thorelli, H.B. (1986), *Networks: Between Markets and Hierarchies*, Strategic Management Journal, no. 7.
- Turnbull, P.W. (1987), *A Challenge to the Stages Theory of the Internationalization Process*, in: S.D. Reid, P.J. Rosson eds., *Managing Export Entry and Expansion*, Praeger, New York.
- Turnbull, P.W., Ellwood, S. (1986), *Internationalisation in the Information Technology Industry*, in: P.W. Turnbull, , S.J. Paliwoda eds., *Research in International Marketing*, Croom Helm, London.
- Vahlne, J.-E., Johanson, J. (2002), *New Technology, New Companies, New Business and the New Internationalisation Processes?* in: M. Forsgren, V. Havila, H. Håkansson eds., *Critical Perspectives on Internationalisation*, Elsevier Science, p. 209–227.
- Welford, R., Prescott, K. (1994), *European Business: An Issue Based Approach*, 2nd ed., Pitman, London.
- Whitelock, J. (2002), *Theories of internationalisation and their impact on market entry*, International Marketing Review, vol. 19, no. 4, p. 342–347.
- Xu, S., Cavusgil, S.T., White, J.Ch. (2006), *The Impact of Strategic Fit Among Strategy, Structure and Processes on Multinational Corporation Performance: A Multimethod Assessment*, Journal of International Marketing, no. 2.