

Original Article

Customer relationships and interdependences in the internationalization process of the firm

Relacionamentos com Clientes e Interdependências no Processo de Internacionalização da Firma

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Received 11 May 2016; accepted 31 October 2017

Available online 16 January 2018

Scientific Editor: Filipe Quevedo-Silva

Abstract

In this article, we analyze the influence of customer relationships in driving interdependences between the firm's international trajectories. We built a qualitative, backward-looking embedded case study of the internationalization process of a born-global firm from an emerging country. Based on an extensive data collection, we found that customer relationships drove the firm abroad, as well as affected its subsequent moves, both taking place in overlapping networks that spanned more than one foreign market. That is, customer relationships through interdependences between the firm's international trajectories enabled it to simultaneously footprint and evolve in five different foreign markets in less than a decade. This points out to a new conceptualization of the internationalization process of the firm as comprising a multitude of interdependent international trajectories. © 2017 Departamento de Administração, Faculdade de Economia, Administração e Contabilidade da Universidade de São Paulo – FEA/USP. Published by Elsevier Editora Ltda. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

Keywords: Customer relationships; Interdependence; International trajectory; Internationalization process; Networks

Resumo

Neste artigo, foi analisada a influência dos relacionamentos com clientes em promover interdependências entre as trajetórias internacionais da firma. Construiu-se um estudo de caso incorporado de natureza qualitativa e perspectiva longitudinal de um processo de internacionalização de uma firma nascida global oriunda de uma economia emergente. Baseados em uma extensa coleta de dados, descobriu-se que os relacionamentos com os clientes impulsionaram a firma para operar em mercados estrangeiros, bem como influenciaram os movimentos subsequentes da firma nesses mercados, sendo que ambos os processos aconteceram em redes sobrepostas que abrangeram mais de um mercado estrangeiro. Isso significa que, por meio da interdependência entre as trajetórias internacionais da firma, os relacionamentos com os clientes permitiram a firma iniciar e evoluir em suas operações internacionais em cinco mercados estrangeiros diferentes em menos de uma década. Tal achado sugere uma nova concepção acerca do processo de internacionalização da firma como sendo composto por inúmeras trajetórias internacionais interdependentes.

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Palavras-chave: Relacionamento com clientes; Interdependência; Trajetória internacional; Processo de internacionalização; Redes

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Peer Review under the responsibility of Departamento de Administração, Faculdade de Economia, Administração e Contabilidade da Universidade de São Paulo – FEA/USP.

<https://doi.org/10.1016/j.rauspm.2017.10.001>

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Introduction

A number of scholars concede that networks matter in the internationalization process of the firm (Hohenthal, Johanson, & Johanson, 2014; Johanson & Vahlne, 2009), be the firm a born-global (Zander, McDougall-Covin, & Rose, 2015), a small or medium-sized firm (Hilmersson, 2013) or even a multinational corporation (Johanson & Kao, 2015; Vahlne & Johanson, 2013). For instance, Figueira-de-Lemos, Johanson and Vahlne (2011) suggest that networks lessen the risks associated with foreign expansion. Kontinen and Ojala (2011) and Chandra, Styles and Wilkinson (2012) put forward that networks are positively correlated with sensing and seizing international opportunities whereas Johanson and Mattsson (1988) advance the idea that domestic networks can be used as bridges to foreign networks.

Networks are usually heterogeneous (Ranganathan & Rosenkopf, 2014; Shipilov & Li, 2012). Here this means that the network benefits that accrue to the internationalizing firm are contingent on the types of relationships that form the network. As a result, it is likely that differences arise between interpersonal and interorganizational relationships in the internationalization process of the firm (Ellis, 2011). Likewise, relationships with customers are likely to provide benefits that are hardly sourced from relationships with suppliers (Andersen & Buvik, 2002; Blomstermo, Eriksson, Johanson, & Sharma, 2001). We then select interorganizational relationships between the firm and its customers for closer scrutiny (Oberge, 2014; Zhang, Zhong, & Makino, 2014).

Research on the internationalization of the firm has long highlighted that this type of relationship, henceforth customer relationships, can pull the firm into foreign markets through the client-follower mechanism (Kipping, 1998; Majkgård & Sharma, 1998). Customer relationships are also suggested to influence the choice of foreign markets (Axelsson & Johanson, 1992; Hilmersson & Janson, 2012). Moreover, they are usually viewed as the most important source of experiential knowledge in the internationalization process of the firm (Coviello, 2006; Sandberg, 2014), thus positively affecting the development of the firm in a particular foreign market (Figueira-de-Lemos et al., 2011; Johanson & Vahlne, 1977, 2009).

In this article, we suggest that customer relationships can act also as a driver of interdependences in the internationalization process of the firm. Precisely, we propose that customer relationships propel some of the international trajectories of the firm to become dependent on each other (Nachum & Song, 2011). The interdependence between the firm's international trajectories means that a given trajectory of the firm that unfolds in a particular foreign market influences and is influenced by another trajectory of the firm that evolves in a rather different foreign market (Clark & Mallory, 1997; Kutschker, Baurle, & Schmidt, 1997). As a result, the internationalization process of the firm as a whole will be the outcome of interdependent international trajectories driven by customer relationships (Maitland, Rose, & Nicholas, 2005).

Against this backdrop, the aim of this article is to analyze the influence of customer relationships in driving interdependences between the firm's international trajectories. This implies

explaining the internationalization process of the firm as a whole by referring to customer relationships as a generative mechanism of the interdependences between trajectories triggered by the internationalizing firm in a number of foreign markets. Our specific aims are as follows: (i) map the international trajectories of the firm; (ii) identify if and how these international trajectories become interdependent over time; (iii) identify and analyze a particular generative mechanism of such interdependences, that is, customer relationships. To the best of our knowledge, this particular effect of customer relationships on the internationalization process of the firm has been overlooked in the literature (Loane & Bell, 2009).

We carried out a qualitative, retrospective embedded case study of an IT born-global firm,¹ herein SEG (fictitious name), from an emerging economy. Based on an extensive data collection we found that customer relationships through interdependences between SEG's international trajectories enabled the firm to simultaneously establish a footprint and evolve in five different foreign markets in less than a decade. This points out to a new conceptualization of the internationalization process of the firm as comprising a multitude of interdependent international trajectories.

Thus we contribute to the literature by introducing a rather new picture of the internationalization process of the firm as a whole. Accordingly, this process is disaggregated into multiple international trajectories that become interdependent as the firm evolves in foreign markets. We contend that customer relationships drive this interdependence, thus supplementing the extant literature on how customer relationships affect the internationalization process of the firm.

In the next section we review the literature (section *Literature review*). We then explain our methodological choices (section *Methodology*) and present our results (section *Findings*). We finish by discussing our major results and their theoretical implications (section *Discussion and implications*), as well as the contributions and the limitations of our piece of research (section *Concluding remarks*).

Literature review

Forsgren, Holm and Johanson (2015) forcefully suggest that networks are of importance in the internationalization process of the firm. In this line of reasoning, the majority of empirical studies assume that both the entry and the subsequent moves of the firm in a given foreign market can be explained with reference to the networks in which the firm and connected actors are embedded (Johanson & Vahlne, 2009).

The concept of embeddedness used by such authors is to some degree inspired by the work of Granovetter (1985). On the one

¹ Coviello (2015) suggests that born-global firms can be distinguished in two types. The first, truly born-global firms, refers to firms that are purposively founded to exploit opportunities across a number of foreign markets whereas the second corresponds to firms that internationalize from inception unexpectedly. According to her, these differences may imply distinct speed and pathways of internationalization as well as coordination of activities across borders. SEG is the second type of born-global firm.

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