

Chapter 11

Commitment–Trust Dynamics in the Internationalization Process: A Case Study of Market Entry in the Brazilian Market

António Carrizo Moreira
University of Aveiro, Portugal

Carolina Batista Alves
University of Aveiro, Portugal

ABSTRACT

This chapter describes the market entry process of Portuguese small and medium-sized enterprise (SME) into the Brazilian. This chapter explores an under-researched strand in the studies of internationalization of SMEs, namely how trust and commitment leveraged the relationship orientation of the Portuguese SME in entering into the Brazilian market. Through a Case Study the chapter explores the concept of relationship orientation, trust and commitment to analyze how a Portuguese SME managed to turn around a difficult situation transforming its associates in business partners and prevented a process of desinternationalization.

DOI: 10.4018/978-1-4666-8820-9.ch011

INTRODUCTION

Globalization has ignited the process of internationalization of firms. The main reason behind this internationalization process is both the increased instability of the contextual environment where firms operate and the increasing firm specialization around core competencies and/or core products.

One consequence of the growing importance of the internationalization of firms is the need to adapt to new environments namely reducing the psychic distance between the country of origin and the new market abroad.

Internationalization has been mainly analyzed as an outward perspective from the firm's point of view. It normally refers to the process of increasing involvement in foreign markets (Welch & Luostarinen, 1988) and related to the firm's export intensity.

Plenty of studies have been carried out analyzing the internationalization process of small and medium-sized enterprises (SMEs), including the Uppsala model and the resource allocating perspective.

The Uppsala model advocates an evolutionary, sequential and linear model with growing international involvement (Johanson & Wiedersheim-Paul, 1975; Bilkey & Tesar, 1977; Welch & Luostarinen, 1988). The resource allocation perspective understands the internationalization process as a strategic decision of allocating the firm resources *vis-à-vis* the firm's interaction with the environment.

Several international entry modes have been defined in the literature on internationalization (Calle-Fernández & Tamato-Bustamante, 2005; Moreira, 2009a); however the relational perspectives between partners of the country of origin and those of destination of exports have not been deeply analyzed.

Relationship marketing approaches inter-firm relationships based on trust, commitment and service, i. e., characterized by concern for the partner, contrary to the approach based on the unilateral exercise of power based on conflict, control and adversarial perspective. Clearly, the internationalization process can be understood as a relational process of entry into a foreign country but based on the relational commitment perspective that seeks to instill trust into the partner. The Commitment-Trust theory states that the commitment and trust are vital to the success of relationship marketing (Morgan & Hunt, 1994); trust and commitment are crucial for a successful relationship between the various partners.

There are several approaches for analyzing the quality of the relationship. For Van Bruggen et al. (2005) the quality of the relationship is composed of satisfaction, commitment, trust and conflict, where it is expected that for a successful relationship the levels of conflict be truly low and the levels of satisfaction, trust and commitment be high (Jap & Ganesan, 2000).

The contribution of this study stems from the analysis of the internationalization of a Portuguese SME entering the Brazilian market. Since the beginning of the relationship the quality of the relationship is assessed from a dynamic perspective, where the level of satisfaction, commitment, trust and conflict are analyzed.

Methodologically, the chapter follows a qualitative perspective. A case study is presented in which the level of satisfaction, commitment, trust and conflict are analyzed from a time-based perspective in which the partners' perspective is presented.

The document is structured in eight sections. After the introduction, the second section covers the two main strands of the internationalization process and the various dimensions related to internationalization strategies. The second section covers the network-based view of internationalization. The third section addresses market orientation. While the fourth section covers the topic of client orientation, the fifth section addresses relationship orientation.

Section six presents the research methodology. Section seven describes the case study pertaining to the evolving nature of the commitment, trust and conflict between the partners. Finally, the section eight finalizes this chapter with a summary of the main conclusions and challenges.

INTERNATIONALIZATION

The concept of internationalization has been evolving over time, incorporating the influences of different analytical and theoretical perspectives. According to Chetty and Hunt (2003), its definition varies according to the phenomenon under study as it may include sport exporting, continuous exporting, cross-border collaboration, alliances, green field investments, subsidiaries, branches and joint ventures following an outward perspective.

On the one hand, Calof and Beamish (1995) define internationalization as the process of adapting business operations to the international business environment. Luostarinen (1980), Welch and Luostarinen (1988) and Ruzzier et al. (2006) have defined internationalization as a process of increasing involvement in international operations outside the country of origin.

The classical theories studying the internationalization of firms focused their attention on trade among countries and the relationship among multinational players, which was quite limiting on what pertains to small firms behavior in international markets (Moreira, 2009a). They classically approached the life cycle theory (Vernon, 1966) and theories based on imperfect markets (Hymer, 1976; Kindleberger, 1969; Caves, 1971; Knickerbroker, 1973; Buckley & Casson, 1976) disregarding the operations of small and medium-sized firms.

Commitment-Trust Dynamics in the Internationalization Process

Johanson and Vahlne (1977) realized that firms follow an evolutionary, sequential internationalization process in which firms move from occasional exporting activities to international production activities, based on a knowledge-based perspective. They defend that the four steps in this evolutionary process are based on experiential learning. As firms were able to internalize knowledge generated gained in unfamiliar foreign markets they were willing to move on to more resource encompassing stages of the outward international path (Johanson & Vahlne 1977; 1990).

The evolutionary, sequential, linear internationalization process model, known as Uppsala model (Johanson & Wiedersheim-Paul, 1975; Bilkey & Tesar, 1977), has been an important bedrock in explaining the growing international involvement of small and medium-sized firms. The network-based view of the firm (Håkansson, 1982; Håkansson & Johanson, 1984), based on a relational-based perspective among market players, has also been important in explaining how SMEs succeed in international markets.

The Uppsala model argues that firms follow a sequential path in their international operations. Basically, it is possible to identify four stages that differ regarding the company degree of involvement in the market (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977): no regular export activities, exports through agents, sales through wholly owned subsidiary and international production subsidiaries. The degree of risk and commitment of resources increase as the internationalization process progresses.

Although this evolutionary, sequential perspective has been extensively used/ supported (e.g. Welch & Luostarinen 1988; 1993; Gankema et al. 2010) it has been extensively criticized. Firstly, Andersen (1993) defends that while it describes the process of international expansion it does not explain why firms embark on each stage of the model. Secondly, the traditional pattern of the internationalization process, strongly affected by the globalization process, has been affected by born-global firms, infant multinationals and metanationals (e.g., Madsen & Servais 1997; Lindqvist, 1991; Doz, Santos & Williamson, 2001). Cuervo-Cazurra (2011) finds contradictory evidence and poses a model of non-sequential internationalization in which a firm selects a country that is dissimilar to its country of origin to start its first foreign expansion.

Based on an interactive approach, the importance of a relational perspective among market players throughout the value chain was popularized by Håkansson (1987). The network approach to internationalization, put forward by Johanson and Matsson (1988), claims that the internationalization of a firm is the result of the development of (internal and external) network relations with individuals and/or firms who have resources and experience/knowledge. They conclude that the networks established by the firm, the position of the firm in that network and the complementarity of

resources of the firms involved in the network strongly influence the firm's degree of internationalization. As such, the international position the firm is strongly affected by the network in which the firm operates and its position in that network.

The network approach is important as it conditions the information and knowledge base the firm can have access to, especially in industrial, business-to-business (B2B) networks (Håkansson, 1982; Håkansson & Johanson, 1984) where interaction among firms are very important. According to Johanson and Mattsson (1988), there are two types of networks: internal and external. The external network involves all the relationships of the firm's subsidiaries with business partners such as, among others, suppliers and research institutions (Andersson, Forsgren, & Holm, 2002). The internal network involves all relationships within the firm's subsidiaries (Bjorkman & Forsgren, 2000). As the network approach is based on the importance of relationships, it is claimed that relationships underpin the firm's internationalization process and not the knowledge generated by the sequential entry mode proposed above. Consequently, this theory brings new ways of understanding internationalization highlighting a relational perspective.

Johanson and Mattsson (1988) argue that it is the diversity of production factors and competitive forces in internationalized markets where firms compete that create a wide pattern of entry opportunities for firms to expand abroad, which is a quite different explanation for firms to internationalize given by the traditional Uppsala model. As a consequence, the implementation of networks of relationships in new markets is important for firms to open new windows of opportunities abroad. Once the firms operates in one network, there are new possibilities in operating in new networks, as long as firms are able to fully exploit their international networking potential. Clearly, relationships can be used as entry modes in other networks.

According to the network approach, internationalization is no longer an outward movement of deploying resources and capabilities abroad, but the exploitation of potential cross-border relationships (Andersson, Johanson, & Vahlne, 1997). In this respect, internationalization is seen as a consequence of a relational-based approach in a network of firms. Trust-based activities in relational networked contacts are a mean to an end.

Factors like technology mastery (Burgel & Murray, 2000), knowledge and networks (Coviello & Munro, 1997), entrepreneurial orientation (Ibeh & Young, 2001) and sociocultural background (Leonidou & Katsikeas, 1996) have been growing in importance in recent studies on B2B internationalization.

There are several factors that might influence the internationalization process of SMEs (Young, Hamill, Wheeler, & Davies, 1989; Moreira, 2004): the type of products and activities; the international modes of entry and operation; the types of markets; internal competencies; the ability to manage cooperative relationships; financial constraints; and organizational structure.

Commitment-Trust Dynamics in the Internationalization Process

Normally, the lack of resources is at the heart of the establishment of relationships among firms as business relationships can be considered a form of resource acquisition and international penetration (Neergaard, 1998). Analyzing the interaction of SMEs with multinational firms, Moreira (2007) found that SMEs managed to evolve in those external networks although there were clear differences in how SMEs performed in international business networks. Despite those differences, Moreira (2007) concluded that mutual trust and relationship orientation was mandatory for an evolutionary perspective in the supply chain in dyadic relationships. As a consequence, Moreira (2007) claims that trust-based dyadic relationships are important in the internationalization process of SMEs.

Johanson and Mattsson (1988) put forward a typology that analyzes the number and depth of relationships with clients, suppliers, distributors and competitors as firms internationalize: international expansion, in which firms try to build relationships abroad, international penetration, in which firms try to increase commitment abroad, and international integration, in which firms try to integrate their position in foreign networks.

Following the network perspective, Holmlund and Kock (1996) emphasize the existing unequal relationship in the supply chain, where suppliers (usually small firms) are dominated by clients (usually large companies). In a subsequent study, Holmlund and Kock (1998) also point that, despite some relational progression between suppliers and buyers, the supplier relationship and internationalization evolutionary patterns depend on the client.

As the chapter discusses the relationship between an industrial Portuguese SME and its international penetration in the Brazilian market, the internationalization process is going to be assessed based on the relationship the Portuguese firm with its Brazilian partner, namely, the conditions and opportunities that the Brazilian firm represents, and the performance achieved by the firm in this relationship in an evolutionary perspective. The relationship is going to be assessed in order to capture the intricacies of the entry mode in the Brazilian market where the partners' different perspectives are going to be assessed.

NETWORK-BASED VIEW OF INTERNATIONALIZATION

As mentioned before, when industrial firms take part in inter-organizational networks the firm's strategy is influenced by the position the firm has in the network, as it is the range of opportunities and constraints the firm faces (Johanson & Mattsson, 1988). This hinders or underpins the international position of the firm in the network. As such, the more profound the relationships are, the greater the firm's

Commitment-Trust Dynamics in the Internationalization Process

Table 1. The network model of internationalization

		Market Level Internationalization	
		Low	High
Firm Level Internationalization	Low	Early Starter	Late Starter
	High	Lonely International	International Among Others

Source: Johanson and Mattsson (1988).

involvement in international markets, which is associated with the way the firm manages and internalizes the knowledge generated in international markets (Axelsson & Johanson, 1992).

Highly internationalized firms enjoy strong direct relationships with internationalized network actors (Johanson & Mattsson, 1988). Firms involved in foreign internationalized networks are more capable of developing relationships that can lead to further linkages with other actors (Axelsson & Johanson, 1992; Johanson & Vahlne, 1992) as firms are influenced by the level of internationalization of both the market and the network. Accordingly, Johanson and Mattsson (1988) put forward the following network model of internationalization, as shown in Table 1: the Early Starter, the Late Starter, the Lonely International and the International among Others.

The Early Starter firm, as well as the network the firm belongs to, possesses a low degree of internationalization (Johanson & Mattsson, 1988) and has weak links with foreign networks due to its low level of internationalization. The relationships that the Early Starter has within the international network are considered important for the accumulation of knowledge. The Early Starter's low level of involvement with foreign actors, either directly or indirectly, deters the acquisition and internalization of knowledge. Moreover, its weak position in the network further limits the internalization of foreign knowledge. As a consequence, knowledge feedback direct from foreign markets to the Early Starter is limited as the firm has hardly any experience operating in foreign markets and has weak relationships with international firms.

One of the main advantages of Lonely International firms is their high degree of internationalization, which provides them with greater levels of experiential knowledge in international markets, *vis-à-vis* Early Starters. As the Lonely International firms might be present in various relationships, they tap into knowledge resources from several partners. The main disadvantage of the Lonely International firm stems from its internationally inexperienced network.

Although Late Starter firms have some direct relationships overseas, they are characterized by a low level of commitment and activity in international markets and low levels of international experience (Johanson & Mattsson, 1995). As Late

Commitment-Trust Dynamics in the Internationalization Process

Starters enjoy a knowledge advantage when compared to Early Starters as they are more committed to international operations and acquire knowledge from an international wider network (Holm, Eriksson, & Johansson, 1996) their participation in international networks give the Late Starter a valuable experience to develop and coordinate their position overseas.

Comparing Late Starters and Lonely Internationals is not simple. The Lonely International firm might exhibit higher levels of internationalization knowledge and foreign institutional knowledge relative to the Late Starter, based on the advantage of being a more highly internationalized firm. Nevertheless, it might exhibit a lower level of overseas business knowledge than a Late Starter firm due to the disadvantage of not residing in a highly internationalized network.

Finally, the International among Others enjoys a high degree of internationalization (Johanson & Mattsson, 1988). It has established and developed positions and resources in overseas markets and has a highly internationalized macro-position, which provides it with higher levels of experiential knowledge when compared with the Lonely International firm. The regular participation in cross-border activities enabled the International among Others the capabilities to coordinate and integrate international networks. Accordingly, the International among Others exhibits high levels of overseas institutional knowledge and business knowledge *vis-à-vis* the other three types of firms.

MARKET ORIENTATION

Market orientation is a fundamental concept in any marketing activity (Jaworski & Kohli, 1993). Like Firth (1998) and Deshpandé and Farley (2004) refer, market orientation is a central element of the management philosophy based on the marketing concept.

Deshpandé and Farley (2004) relate the marketing concept to the establishment of profitable relationships with the market agents. In truth it is a relational philosophy which aims at complementing the internal resources and capabilities of the firm in the generation of added value for the customer. Market orientation has been dealt with in literature in various ways, which include: a business philosophy; the acquisition of knowledge and intelligence; and a source of organizational learning (Deshpandé & Farley, 2004). If in an initial phase Deshpandé, Farley and Webster Jr. (1993) considered the customer as the focal point of market orientation, Kohli and Jaworski (1990) and Slater and Narver (1994a) adopted a more comprehensive perspective which includes competing firms and regulation.

Commitment-Trust Dynamics in the Internationalization Process

Kohli and Jaworski (1990) conceived market orientation in terms of specific behavior including the set of activities, processes and behaviors resulting from the implementation of the marketing concept. Clearly, for them, information plays an important role. In turn, for Narver and Slater (1990) market orientation includes orientation for customers, for competitors and the inter-functional coordination, having profitability and long term as its main focus. This is clearly a behavioral perspective. And yet, these two concepts are completely different: whilst business profitability as an objective is fundamental for Narver and Slater (1990), for Kohli and Jaworski (1990) profitability is a consequence of market orientation.

Kohli and Jaworski (1990) and Narver and Slater (1990) developed two of the scales most frequently used for measuring the level of market orientation: MKTOR (Narver & Slater, 1990) and MARKOR (Jaworski & Kohli, 1993). Kohli and Jaworski (1990) identified three major market intelligence factors: generation, dissemination and response. Narver and Slater (1990), in turn, suggest that market orientation consists of the following components: consumer orientation, competition orientation and inter-functional coordination.

The differences between the two concepts are clear for González-Benito and González-Benito (2005): while Narver and Slater (1990) focus their market orientation on the attitudes, values and beliefs of the managers, Kohli and Jaworski (1990) focus on the processes, activities and behavior of the firms. Clearly the first is more cultural based and the second is more operational based.

Webb, Webster and Kreppa (2000) argue that the total offer of the value of the firm's products reflects the market orientation. Thus, orientation for the customer and for the competitors and the firm's inter-functional coordination are the true drives of market orientation.

Heins (2000) claims that the effects of market orientation on performance depends on the importance given to the customer, the competitors or both. Hence, in growing markets, the more market orientation, the higher the market share reached. In turn, in stable and predictable markets, the more market orientation on the competitors, the higher the market share. Lastly, an orientation that is focused on competitors and customers, despite its higher results in market share, has a decrease in the investment return.

Langerak's (2001) perception of market orientation is broader. He states that continued creation of added value for the customers, in a cultural organization perspective, results in superior performance for both downstream and upstream markets oriented behaviors.

Market orientation can be reactive or proactive (Atuahene-Gima & Slater, 2001; Slater & Narver, 1994b). The first is related to the satisfaction of the customers' needs, while the latter is related to the satisfaction of the customers' latent needs. Another issue worthy of some study is the fact of a firm having a market driven

Commitment-Trust Dynamics in the Internationalization Process

orientation or a market driving orientation (Sheth & Sisodia, 1999; Day, 1999). Market driven firms reinforce the existing structures that define how the market is segmented, the market limits, who the main competitors are and what the customers want. In their essence firms are reactive. On the other hand market-driving firms have a proactive perspective trying to discover the latent needs of their current and potential customers.

The concept of market orientation has been widely analyzed (e.g. Matsuno, Mentzer, & Rentz, 2005; Liao et al., 2011; Sorjonen, 2011; Lings & Greenley, 2005; Panigyrakis & Theodoridis, 2007; Zhang et al., 2008; Dawes, 2000; González-Benito & González-Benito, 2005; Moreira & Silva, 2013), having debated the constructs that are part of the customer orientation, the assessment of performance, as well as the inclusion of the constructs that moderate the relationship between market orientation and performance.

In a broader perspective, international market orientation was analyzed by various authors (e.g. Deshpandé, Farley, & Webster Jr., 1993; Mavondo, 1999; Cadogan, Diamantopoulos, & Mortanges, 1999). Whilst Deshpandé, Farley, & Webster Jr. (1993) analyzed market orientation among different cultures, Mavondo (1999) analyzed it in different countries and Cadogan, Diamantopoulos and Mortanges (1999) analyzed it for the export market. The conclusion is clear: international market orientation is much more complex than it was thought to be. It is more than just adapting the constructs: one needs to include items in the constructs related to export markets, the type of international operations, the market destination, the firm's resources and capacities, its size and the strategies to enter those international markets (Cadogan & Diamantopoulos, 1995; Cadogan, Diamantopoulos, & Mortanges, 1999).

CUSTOMER ORIENTATION

The discussion about the range of the market orientation construct has been questioned by authors that defend that customer orientation is more objective.

Deshpandé, Farley and Webster Jr. (1993) claim that there is a clear conceptual distinction between market orientation and customer orientation and the scales proposed by Narver and Slater (1990) and Kohli and Jaworski (1990) are clearly different. Thus, Deshpandé, Farley and Webster Jr. (1993) state that, despite all the stakeholders being important, the customer's interest is in first place. Moreover, Deshpandé, Farley and Webster Jr. (2003) verified that the most successful North American and Japanese firms considered the focus on the customers as the main element of the market orientation.

Market orientation is considered diffused above all by the defenders of a relational perspective, in which the dyadic supplier-customer relationship is very important and objective (Payne, 1988), thus conforming to what is defended by Evans and Laskin (1994) in what concerns the importance of the customer in relational marketing.

According to Deng and Dart (1994), customer orientation seeks to increase the customer's long term satisfaction, so it is more focused than market orientation. Therefore, the scale defined by Narver and Slater (1990) will be more suitable for this construct than the one defined by Kohli and Jaworski (1990). This way, considering the quality of the relationship with the customer, in accordance with a dyadic performance, customer orientation is much more fruitful, especially for small and medium-sized firms (Zhao & Cavusgil, 2006; Gray et al., 1998). As an example, Zhao and Cavusgil (2006) demonstrated that competitor orientation does not have a significant impact on the customer's confidence, and claim that customer orientation is crucial for market orientation. In turn, Gray et al. (1998) claim that a small firm puts less emphasis on competitor orientation, thus customer orientation would be more objective than market orientation.

RELATIONSHIP ORIENTATION

As mentioned above, a network-based approach is based on the relationship between the different actors in the value chain and in international markets. In these circumstances the relationship between the actors is based on a relational perspective with a basis on dyadic businesses. Taking the market diversity into account, the potential of market orientation can be broader, since it can focus on macro-segments and pay less attention to important micro-segments. In the same way, being customer oriented, the option can be focusing on the customer so that, after having adjusted the company's resources and the needs of the customers, one may explore the resources and the needs of other customers, making the relationship with the customers more homogenous. However, one should consider that customer orientation can be relatively "unstable" since the dyadic relationship among businesses can be transactional or relational. So it is always important to take into account the need to direct towards a relationship and not a transaction.

It is not by chance that Zolkiewski and Turnbull (2006) claim that the basis of a business is the business-to-business relationship and not mere customer or market orientation. If a relationship is not successful all customer orientation is condemned.

In fact the problem is in the individual perspective of the firm and the researcher. As an example, Day and Van den Bulte (2002) considered relationship orientation as part of a global customer orientation. Deshpandé, Farley and Webster Jr. (1993) implemented the assessment of market orientation by resorting to the customers.

Commitment-Trust Dynamics in the Internationalization Process

Helfert, Ritter and Walter (2002) argued that there are no markets and that it is necessary to adopt an orientation for individual customers. They also refer that market orientation does not take into account the inter-organizational relationships. Moreover, taking into account that the relationship is one of the most valuable resources of a business, a “general” market orientation can be questioned by the relational approach of markets. It is no longer possible to offer in the markets products that are thought to be desired without having a clear understanding of what the each individual customer wants (Helfert, Ritter, &Walter, 2002).

The issue of market orientation versus customer orientation has been widely addressed. According to a network perspective, Håkansson and Ford (2002) and Håkansson and Snehota (2006) claim that the orientation is not for the market since there are only individual customers. Thus the relationship should assume a primary role. Likewise, Gadde and Snehota (2000) claim that, according to a network perspective, as the firms deal with each supplier differently, based on the individual relationship with each supplier, the relationships with the customer should also be based on relational specificities.

Lamming’s (1993) work gave dyadic relationships a new life. He demonstrated that this relationship is evolutionary and cumulative in nature and depends on: the mutual involvement of both the supplier and the client, the atmosphere of both firms’ interaction and the environment in which the relationship takes place. Lamming (1993) made public that the relational challenge throughout the supply chain depends on multiple factors, not just in the two partners’ convergent interests as originally thought. Based on NPD dyadic relationships, Moreira (2005) analyzed the evolutionary perspective of NPD and large multinational clients. He concluded that suppliers and clients have different perspectives and play different roles due to the bargaining power exercised by the latter and by the lack reciprocity of the former. Clearly, some relationships are “unbalanced”.

The management of NPD process at inter-firm level is a key element of competitiveness. It involves the management of different a) strategic interests; b) knowledge and technological capabilities; c) perceptions of the external environment; and d) collaborative involvements. Therefore, the integration of the NPD process implies shared challenges at R&D level as well as common efforts at new product development level, which according to Nishiguchi (1994) involves an inter-firm co-specialization among participants. In such situations relationships are clearly specific and bound to influence the relationships among actors (Moreira, 2009b).

Day (2003) claims that a market driven approach makes the management of relationships with customers a key element of the marketing strategy. However, Yau et al. (2000) propose a relationship marketing orientation based on four different components: bonding, empathy, trust and reciprocity, making relationship orientation much more specific than market orientation. Yau et al. (2000) conclude that

Commitment-Trust Dynamics in the Internationalization Process

the impact of orientation for relational marketing on performance is greater than the one of market orientation in firms based on business-to-business marketing. Tuominen et al. (2004) refer that this concept of relationship orientation is linked to what they call customer intimacy, which assumes that the company is sufficiently flexible when responding to the customers' needs at an operational level, which in turn assumes a relationship orientation.

Clearly, relationship oriented firms consider the maintenance of their customers a priority strategy, trying to change from a market related capability to a customer-relating capability.

It is important to consider that small firms may need a more specific approach, mainly due to their own characteristics: they have little resources when compared to big multinational firms and their relationship with their customers is more important than market orientation (Moreira, 2007). Clearly, if the market orientation involves the scarce resources and knowledge that the small firm has, it is necessary to take into account that the firm will try to have a relationship orientation, mainly a business in which relationships prove to be advantageous to it, in detriment of a market orientation, *lato sensu*.

Mohr and Spekman (1994) proposed a model based on two basic assumptions:

1. Partnerships incorporate a set of behavioral characteristics that distinguish them from traditional transaction-based relationships, and
2. Successful partnerships have these characteristics with greater intensity.

Clearly, to achieve a relational perspective, the requirements imposed by Laming (1993) need to be met: to achieve a relationship-based perspective, the parties involved must believe that all parties should act in order to fulfill their obligations. For the trust-based relationship to be achieved, both buyers and suppliers need to invest in the relationship so that it can be a stable one. Accordingly, all firms need to cooperate closely in order to achieve mutual and consistent objectives in such a way that interdependent relationships are generated in which all firms benefit from a synergistic cooperation. This only works if both firms are committed to achieving an interdependent relationship in which the dyad excels the performance of each firm. For Mohr and Spekman (1994) partnerships underpin long-term relationships and hinder opportunistic behaviors.

Trust is a belief, feeling or expectation about the other partner's loyalty resulting from its intention, integrity or competence, whenever there is any possibility of vulnerability or uncertainty (Moorman et al., 1992).

Morgan and Hunt (1994) argue that trust exists when one party believes in the integrity and reliability of the partner, which tends to reduce opportunistic behavior and can be seen as an important source of competitive advantage.

Commitment-Trust Dynamics in the Internationalization Process

Considering the importance of trust for the quality of a relationship, Wang and Huff (2007) argue that uncertainty and vulnerability are important concepts in the emergence and sustenance of trust which derives a condition of uncertainty, risk, vulnerability and dependence in the relationship. Colquitt et al. (2012) concluded that trust reduces the behavioral and attitudinal uncertainty of the parties.

To achieve a relational behavior it is essential that commitment is present between the parties, i.e., both companies of the dyad must have a desire to develop a stable relationship and to realize short-term sacrifices to maintain long-term relationships (Anderson & Weitz, 1992). Mohr and Spekman (1994) refer to commitment as a desire of the parties to invest in the relationship, which will allow a greater allocation of resources to it.

Dwyer, Shurr and Oh (1998) state that the supplier-client commitment is often assessed by targeting resources in the form of time, money and facilities, specifically to meet the other party's requests. The commitment of resources depends on the allocation of the resources to the relationship. The long-term orientation indicates that partners are committed to the relationship. The commitment involves dissipation of doubts that the other party will not have difficulties in committing to achieving results and to prevent opportunistic behavior.

Brown, Lusch and Nicholson (1995) presents four dimensions of commitment: (i) the normative dimension involves the party's belief that it need to remain in the partnership; (ii) the instrumental dimension involves the analysis of the cost related to exiting the partnership or the cost of maintaining the relationship; (iii) the affective dimension involves favorable feelings about the continuity of the parties in the relationship; and (iv) the behavioral dimension is the perception that the parties will mutually support if necessary.

For the partnership to succeed it is necessary the parties to continually adapt to emerging situations, both intrinsic and extrinsic to the partnership, as the adaptation to changing market conditions is mandatory.

Clearly, for firms to have a relational perspective they have to be committed, adapt over time and cooperate in order to generate trust, commitment and reciprocity to achieve their common goals. In its evolutionary perspective firms will have to overcome all its conflicts, in order to maintain the relationship.

METHODOLOGICAL ASPECTS

A descriptive approach based on a descriptive single case study, as proposed by Yin (1984), was chosen in order to address the complexity of the relationship marketing orientation of the firm. The case study methodology is an empirical approach that investigates a contemporary phenomenon within its real-life context, when the

boundaries between the phenomenon and context are not clearly evident and in which multiple sources of evidence are used (Yin, 1984). Case studies are also used as a way to obtain knowledge about a complex topic and check it regarding several research strands. They are appropriate in investigating industrial networks and international market entry strategies due to the complexity and dynamism that limit the application of positivist studies (Easton, Wilkinson, & Georgieva, 1997). Case studies have extensively been used over the years in business research as social scientists use this form of qualitative research to analyze real-world situations in order to obtain a basis for the application of ideas or theories, as well as for theory building.

Case study methodology helps in exploring concepts and situations in which positivistic studies cannot address adequately. Taking into account the advantages of using case study methodology, namely a single case study, it was decided to explore the behavior of a Portuguese firm in which it was possible to explore concepts such as market orientation, relationship orientation, commitment and trust in an international environment where a SME is trying to implement an internationalization strategy. This case study draws on a company from the electronics and telecommunications industry which operates in the B2B market.

Due to confidentiality reasons, it is not possible to disclose the name of the company. As such, BETA is going to be used throughout the chapter when referring to the firm. BETA was founded in 1995 in the Center of Portugal and has strong technical competences in the production of electronics and telecommunications products. The analysis of the case will generate knowledge about the evolution of the marketing strategy of the firm, how it has managed to internationalize its activities, the importance of its relationship orientation, mainly in its entry in the Brazilian market. The main objective of the chapter is then to address how BETA managed to muddle through the main difficulties when entering the Brazilian market using a relationship-oriented perspective, based in instilling a trust-based relationship.

Following the methodology suggested by Yin (2004), collecting data on case studies must allow the “triangulation”, i.e., to obtain data from multiple sources in order to establish evidence or prove facts. The investigation was based on semi-structured interviews carried out with a senior executive. This allows a deep understanding of the company’s evolution, skills and strategies adopted throughout time. Furthermore, secondary data was collected from the company’s webpage, newspaper articles and internal reports as complementary information. Two semi-structured interviews and a tour on the company’s facilities were conducted. These interviews allowed the characterization of the relationships between the company and its clients, as well as an overview of BETA’s of internationalization process. After the interviews, data and results were validated by the company. This case study aims to contribute to the knowledge on how relationship-oriented, trust-based relationships facilitate the process of internationalization of an SME.

CASE STUDY

BETA is a small and medium sized firm that produces and sells electronic and communication equipment in a B2B context. The technology used is available all over the world.

BETA is a public limited company that has been in the market for 19 years, operating preferably in the field of telecommunications and transports (trains, buses and light duty vehicles). The firm resorts to products from other firms to create solutions that constitute an added value for their customers. BETA has always internalized values related to the confidence in partners, ethics, quality of their service and the professional development of their employees. They consider these values fundamental among the firms and the customers themselves.

The activities of provision of services with a strong emphasis on manpower and human capital have grown in the firm. This process reflects the power of the innovation of services and has allowed an increase in productivity in the firm.

When it was created in 1995, BETA did not have an international strategy. However, after some time that possibility arose. The firm had a small number of customers, in which the main one was responsible for 80% of the total sales of the firm. At the time, due to strong competencies in the making of electronic components, BETA aimed at fulfilling its main customers' orders. Due to its small dimension, BETA tried to make the most of its customers' orders to generate small economies of scale. However due to the decrease in the sales volume of its main customer (from 80% to 20% of BETA's total sales) the survival of the firm was at stake.

So, BETA had to react by analyzing ways by which it could solve this problem. After a market and industry analysis, various strategies were analyzed at a national level and, despite being a firm of reference in its operating area, the board of directors concluded that the market was saturated in Portugal, making the attraction of new customers unfeasible since their needs were already satisfied by the main competing firms. It was evident that an offensive strategy to gain market share would put BETA in a price war with its main competitors. Therefore the board of directors had no choice but to diversify or seek international customers.

Thus the opportunity of expanding the business internationally emerged, i.e. penetrate and/or invest in an external market experimenting on new territories and leaving their comfort zone.

It was then decided to initialize the process of internationalization so as to increase the client portfolio. This would only be possible with a wider diversification. Clearly, BETA would be able to avoid its dependence on important customers in the Portuguese market; it would diversify its range of products and avoid a direct conflict

Commitment-Trust Dynamics in the Internationalization Process

in the internal market and possible retaliation actions from important competitors. This way, BETA would avoid competing prices in the internal market and take on a leading role in the international market.

As soon as it was understood that going international was the most feasible measure it became necessary to define a strategy to enter the external market. As the firm had established a relationship with a contact in Germany, who was a connoisseur of this market that BETA wanted to explore, they decided to resort to this contact to make a detailed analysis of the market and then develop a network of contacts.

This initial contact was BETA's business promoter who did the market research in Germany and established the first contacts with potential customers while closely accompanying the relationship and communication between the German customers and their suppliers. With more detail, this promoter began by analyzing the market in accordance with the pre-established requirements and collected information about potential customers. Besides this analysis, the promoter researched the level of satisfaction that these potential customers had with BETA's competitors. This market research lasted for 6 months and it presented some opportunities since it identified potential clients for BETA in Germany.

With the internationalization, BETA's business volume increased substantially (30% of the business volume corresponds to direct exportation. Export of services given to international customers of BETA's Portuguese clients, should be added, therefore constituting more than 40% in an indirect way).

As BETA's production volume increased due to the internationalization of the firm they not only profited from economies of scale but also began to gain credibility in the German market and other markets such as the French, Swiss and Angolan. Since BETA was a business certified by the ISO 9001 and ISO TS 16949 Norms it was able to supply certified products, thus increasing its visibility and network of contacts. Due to its internationalization BETA was able to internalize its relational knowledge of international customers and transpose this experience into the firm. Equally, it was able to leverage its sales in Portugal, increasing its market to produce equipment made in Portugal.

Taking into account its experience of expansion to Germany, and because a direct investment in Germany was out of the question due to BETA's small dimension, it decided to try a different strategy and create a new firm in Brazil, due to the high import taxes on equipment. It would pose less of a risk to begin a process of internationalization in Brazil and thus diversify its market. To do so, it decides to use its contacts in Brazil. These contacts were first established when BETA began supplying the Brazilian market via its Portuguese clients that operated in Brazil. So in 2011, BETA's top management team decides to create a small structure in Brazil so as to provide services to its Portuguese customers with business in Brazil on the one hand, and initiate its own process of internationalization in South America on the other hand.

Commitment-Trust Dynamics in the Internationalization Process

For various months, BETA's top management team met with Portuguese firms that operated in the market, and understanding the working modes in Brazil. Due to the country's size Brazil constitutes a promising market but at the same time a difficult one to work, since it is very fragmented and not very structured.

After making the decision of internationalizing to Brazil and acquiring knowledge through the customers that already worked in the market, BETA decided to create a firm in association with Brazilian citizens. This choice took into account the fact that three individuals had the best intrinsic knowledge of the market and so they could enter it rapidly. The entry into the Brazilian market was done with careful planning and a lot of research. BETA had almost one year to study the behavior of one of the possible partners. Thus, it signed a work contract with this partner in a Portuguese firm which was already a BETA customer in Brazil. In parallel, the administrators of BETA met weekly with Portuguese firms in Brazil, with other firms that had abandoned that market and still others who had the same aim of entering the Brazilian market. The intention was to acquire a wider knowledge of work experiences in Brazil.

At the end of 2011 the firm decided to extend the society to two other people, one of them brought by the first partner. The capital distribution among the various associates was 55% for BETA and 15% for each of the 3 Brazilian partners. The choice of the three partners was based on the fact that each of them was from a different field of work, namely the field of passive equipment for telecommunications (for example plugs, boxes and components), another from the field of active equipment for telecommunications (for example, modems, routers and set top box) and finally one from the field of education (hardware and software for schools). The aim was to expand, as far as possible, the intervention of the three partners in different markets, so as to, on the one hand, diversify the entry mode and, on the other hand, diminish the risk of intervention.

Clearly, the three markets have different operational perspectives and different customers. Whereas the passive equipment for telecommunications market is relatively aggressive in terms of price, the market for active equipment for telecommunications can be an intense relational perspective, since the equipment has to be developed taking into account the local B2B customers' needs. Lastly, the market of the educational field is an interesting market as it is in great expansion, but needs some lobbying activity among public decision makers.

The biggest problems in terms of entering this market was related to the knowledge of the laws, customs duties and the issue of labor laws since they are quite different from those in Portugal. To evaluate this issue BETA nominated an employee (using the promoter strategy) to study the laws and the market. Even so it was difficult since when this person, for example, spoke with three different accountants in Brazil about the same theme, he concluded that each of them did their work in

a different way! The problem is that importing a product can be done in a certain way and after some time (sometimes years), the tax system can approach the firm claiming that the operation should have been done in a different manner. That is, these considerations caused some preoccupation in BETA's strategic approach.

BETA intended to maintain the strategy of seeking out new customers and follow a relational perspective. To do so, they sought to learn about the market and the implications that may derive from legislative and logistic issues in the context of developing business in this new market. So as to minimize any mistakes in entering the Brazilian market, BETA closely accompanied all the operations in Brazil. As an example, due to the great size of Brazil and the interstate infrastructural differences, BETA tried to understand how the firms' transport of merchandise was executed so as to avoid cost errors. It is of extreme importance to lower the costs of transport and avoid relational problems in an initial stage of a B2B relationship.

BETA had to invest in equipment, tools and the involvement of their partners in Portugal and in the support that they gave to the operations (budgeting, planning, and technical support among others). Besides their partners, BETA contracted four more people to develop projects in Brazil. It should be highlighted that as the production was done in BETA's facilities in Portugal, some BETA workers also participated in this effort. The difference in time zones played an important role in this initial stage as all employees involved in BETA had to be in sync with the difference in the time zone and with the collaboration with the Brazilian firms.

The work done by the firm was successful. However the Brazilian partners began to differ in what respected the strategies, operation management and the working modes in Brazil so the relationship among the three partners began to deteriorate. This bad relationship led to a breach in confidence among all the partners and led to the emergence of differences in the BETA administrators in Portugal in what concerns the performance and the way to continue operations in Brazil. Some defended the decision of closing the firm and taking responsibility for the bad results, whereas others defended the idea of the importance of continuing their stay in Brazil, so as to find new solutions for this continuance.

As the problem was among the three Brazilian partners, in a first stage BETA decided to break the link with them and, given the expectations, this caused a discomfort among the directors.

In a second stage, and after a year, the business relationship was re-established with one of the Brazilian partners, having maintained sporadic contacts with the other two. Despite the problems of the breach of confidence among the partners involved, the directors of BETA chose "not to close the door" and maintain pre-established contacts. They thought about looking at the business and seeing what had not gone well and how to continue to act, on an individual relational basis with each of the partners.

Commitment-Trust Dynamics in the Internationalization Process

In this way, BETA did not totally abandon the market or the three Brazilian partners: in the end BETA tried to maintain and find new contacts in consolidated areas. So as not to abandon the Brazilian market, BETA developed new solutions that were introduced in the Brazilian market. Despite everything that had happened, BETA tried to minimize the loss and so continued to work, not in a logic of partners in a traditional firm, but in a logic of a dyadic supplier/customer relationship, in which BETA plays a role of supplier and each of the three ex-partners that of the customers exploring their field of business in Brazil. The intention was, therefore, to work with each former partner individually, without discarding the knowledge acquired in the Brazilian market.

After understanding that working individually there would not be as many problems in customer orientation and for the market that they wanted to attain, BETA decided to continue in Brazil. At this moment the business relationship is more intense with the initial partners, despite continuing to establish business relationships and looking for new projects with the other two.

The decision to stay in Brazil to fulfill their commitments and begin an individual business relationship with each of the partners was made due to the fact that there were very interesting business opportunities for BETA and that it was worth trying to implement.

Brazil is a country undergoing a great expansion where investment continues to be made and there is a dire need of firms with competencies in advanced fields of technology, as is the case of BETA. At the moment there are changes in legislation that allow new services to be incorporated in businesses and in fields in which BETA has solutions. Leaving the Brazilian market would have been very negative in terms of investment and experience since not only would business opportunities be lost but the future process of entry would have to be repeated with similar costs and risks.

The main advantages in the process of internationalization are related to a successful entry with a substantial business volume, (despite the setbacks), and to the knowledge of the market and of other firms in Brazil. This would be impossible to attain if one was not present in the market.

BETA considers that one cannot say that it was not worth it, because it has a better knowledge of the laws and how one should work. It had access to firms that allowed it to believe that it will continue to do business in Brazil in a safer way.

Despite the breach of confidence with the three partners and the existing problems, the choice of this country was considered quite important and interesting for BETA. At this moment, BETA is present in the Brazilian market, but with new partners in new fields of business, namely in the area of energy efficiency and management of public lighting. So BETA wants to develop a new approach in Brazil, taking into account what was learnt during the long entry process in the Brazilian market.

Commitment-Trust Dynamics in the Internationalization Process

In conclusion, BETA continued to try its luck in Brazil, because it intended to take advantage of the Brazilian market and did not want to feel regret if it had abandoned this market.

After all the years of work in Brazil, BETA concludes that for the process of internationalization to Brazil to be successful it was identical to the one used in Europe: to engage in business and be successful there has to be a relationship of confidence among all parts, you must have good references in the market and technological competencies that allow any firm to assert itself as a trustworthy partner, and only after comes price.

It should also be highlighted that internationalization to Brazil can be considered as successful, since it has brought to Portugal the senior management of large scale Brazilian companies, namely telecommunication operators, as well as Mayors from several large Brazilian cities with whom BETA has signed contracts, which has given value to BETA's name in the global market.

CONCLUSION

The firms' internationalization process is a very important issue for firms, especially for SMEs as they have very limited resources. Although several theories have been put forward to explain how firms thrive in international markets – e.g., the Porter's diamond (Porter, 1989), the Uppsala model, and the network model – very few times the relational aspects have been used to address the difficulties that most SMEs face in their path to foreign markets. As Crick and Spence (2005) defend, there is not a single theory explaining the process of internationalization strategies adopted by a company. Based on this perspective the case of BETA was used to address how the relational perspective can be used by SMEs to muddle the difficulties posed when entering foreign markets. A synthesis of the characteristics of BETA is put forward in Table 2.

The first conclusion is that BETA, *strictu sensu*, does not follow the concept of market orientation, it is rather customer oriented as it focused on the relationship with their customers. The lack of market orientation in the broadest sense means that BETA does not have resources that enable it to compete in a broader market and does not have a service or product that can cover the entire market. Moreover, given BETA's small size, the huge electronics and telecommunications marketplace and the global presence on many of their players, BETA's size deters it from developing a true market orientation, although it has competitive intelligence to analyze the market where it competes and pinpoints their main competitors.

The second conclusion is that the customer orientation concept can be more easily operationalized among SMEs as they seek more objectively their customers

Commitment-Trust Dynamics in the Internationalization Process

Table 2. Synthesis of the case study

	BETA
Number of employees	225 employees.
Type of products for the automotive sector	Production and commercialization of electronics and telecommunications equipment
Quality Certifications granted	ISO9001; ISO TS 16949
Exports (%)	66% (2013)
International profile	Small and medium-sized firm. According to Johanson and Mattsson (1988) it can be considered a Lonely International as it has production operations in Portugal and it is present in the Brazilian market. It has market operations in Germany, France, Switzerland, Angola.
International mode of entry	Through agents in Germany, France, Switzerland, Angola. Direct presence in Brazil.
Market orientation	Although BETA is clearly an outward-oriented firm, its modus operandi involves working in close cooperation with its clients developing and producing electronics and telecommunications products. The concept of market orientation is not readily applicable to BETA as it does not develop market intelligence analytics or competition orientation metrics as proposed by Narver and Slater (1990) and Jaworski and Kohli (1993).
Client orientation	BETA is clearly a client oriented firm as it follows the typical dyadic perspective proposed by Deng and Dart (1994). As an SME of the electronics industry, BETA seeks a fruitful relationship with its clients so that a long-term relationship can be developed.
Relationship orientation	As Zolkiewski and Turnbull (2006) claim, if business relationships do not succeed, any customer relationship is doomed. In this respect BETA seeks not to serve the electronics market but rather to get involved in business relationships with its clients in order to create a long-term relationship. As such, BETA's orientation to its individual clients underpins the development of a trust-based relationship involving the commitment of both partners.
Trust	The firm needs to develop a high level of trust with their clients in the electronics and telecommunication market. This trust leads to a supplier-client relationship in the market that underpins sequential relationships with their clients. This way the firm avoids the typical cost leadership strategy that characterizes Asian firms.
Commitment	Beta seeks high level of commitment with clients based on reciprocal, relational, long-term relationships built basically on strong solution-oriented technological innovation capabilities. As seen before, this commitment is also present in stressful situations involving disagreements among business partners in which a long-term perspective is mandatory. Although the withdrawal of the Brazilian market could have been simpler, straight-forward solution in the short-term, the firm managed to turnaround the situation and not only did not withdraw from the Brazilian market, but also managed to work with their former partners and kept doing business with them.
Main resources	Human capital, relational capital, technological acumen, advanced technical equipment, technical skills, and quality.

continued on following page

Commitment-Trust Dynamics in the Internationalization Process

Table 2. Continued

	BETA
Influence of the client in the market selection	Low. The client is very important for a relational perspective. However, BETA is opportunity driven and follows some personal contacts to deploy their international market entry strategies. In this way, BETA is not market driven but client oriented.
Factors that strengthen the relationship	Trust and commitment are built up since the development of new products/projects/businesses. They are based not on the supply of a product, but they involve supplier-client relationships that encompass the development of the product and post-production service activities. BETA seeks to develop long-term relationships that lead to a sequential business involvement. Strong technological capabilities increased the level of strength, trust and commitment between BETA and its clients.
Internationalization future perspective	Although other business opportunities in foreign markets are important BETA seeks to deepen its internationalization intensity in the Brazilian market in order to take on the opportunities of this fast growing electronics and telecommunications market. Internationalization also seeks to diversify BETA's main business base.

rather scanning the whole market, given its limited resources. Given the difficulty of conquering brand new markets, SMEs seek as a priority to deploy strategies to maintain their customers. As such, the relationship orientation guidance enables them to focus their attention on the relationship so that they retain their customers, increasing their level of satisfaction. It is focusing on the relationship that allows, as in BETA's case, to provide customer satisfaction and then take advantage of the network perspective proposed by Johanson and Mattsson (1998).

In its internationalization process BETA sought to enter the Brazilian market, as in the German market, reducing the risks of failure. The initial contacts were meant to generate commitment among the parties to try to generate trust. However, BETA was not expecting to face the difficulties it went through.

In an attempt to cover the market, three partners from different areas were completely sought for. However, given the importance of the Brazilian market for the BETA, it decided to stay in Brazil, even in adverse situations. BETA took advantage of its relational perspective to maintain the contacts with its three partners. In fact, the goal was to follow a relationship orientation involving its three former partners into business associates, thus preventing the failure of its entry into the Brazilian market.

One can say that the relationship orientation allowed BETA to circumvent the internal conflict generated. Despite the problems faced by BETA it managed to go over the instrumental dimension of commitment to safeguard its position in the Brazilian market and sowed it affective and behavioral dimension when it created the conditions for the former partners to keep working with BETA creating mutually supportive conditions for them as well as for BETA.

Commitment-Trust Dynamics in the Internationalization Process

Finally, it is possible to conclude that if business relationships are important in leveraging the internationalization processes, it is more important to be aware of the importance of simple concepts such as trust, cooperation, and commitment as part of those business relationships. In their quest for international markets plenty of firms try to internalize concepts such as market orientation, and customer orientation disregarding the importance of how relationships are build up. Clearly, it is human beings that implement trust-based relationships that are underpinned on the commitment of businessmen to get involved on evolutionary cooperative agreements. Only when those cooperative agreements reach a relational partnership-like status, firms are aware of how important the relationship is for succeeding in a competitive world. As presented above, BETA is a good vivid example of how to operate in the market, with a relationship orientation following a long-term perspective.

REFERENCES

- Andersson, U., Forsgren, M., & Holm, U. (2002). The strategic impact of external networks: Subsidiary performance and competence development in multinational corporation. *Strategic Management Journal*, 23(11), 979–996. doi:10.1002/smj.267
- Andersson, U., Johanson, J., & Vahlne, J.-E. (1997). Organic acquisitions in the internationalization process of the business firm. *Management International Review*, 37(2), 67–84.
- Atuahene-Gima, K., & Slater, A. (2001). *Dual core market orientation and radical innovation: A conceptual model and empirical test. European Marketing Academy Conference.*
- Axelsson, B., & Johanson, J. (1992). Foreign market entry: The textbook vs. the network view. In B. Axelsson & G. Easton (Eds.), *Industrial Networks: A New View of Reality* (pp. 218–234). London: Routledge.
- Bilkey, W. J., & Tesar, G. (1977). The export behavior of smaller-sized Wisconsin manufacturing firms. *Journal of International Business Studies*, 8(1), 93–98. doi:10.1057/palgrave.jibs.8490783
- Bjorkman, I., & Forsgren, M. (2000). Nordic international business research: A review of its development. *International Studies of Management & Organization*, 30(1), 6–25.
- Brown, J. R., Lusch, R. F., & Nicholson, C. Y. (1995). Power and relationship commitment: Their impact on marketing channel member performance. *Journal of Retailing*, 71(4), 363–392. doi:10.1016/0022-4359(95)90019-5

Commitment-Trust Dynamics in the Internationalization Process

Bruggen, G. H. (2005). The impact of channel function performance on buyer-seller relationships in marketing channels. *International Journal of Research in Marketing*, 22(2), 141–158. doi:10.1016/j.ijresmar.2004.06.004

Buckley, P. J., & Casson, M. (1976). *The future of the multinational enterprise*. London: Macmillan.

Burgel, O., & Murray, G. C. (2000). The international market entry choices of start-up companies in high-technology industries. *Journal of International Marketing*, 8(2), 33–62. doi:10.1509/jimk.8.2.33.19624

Cadogan, J., & Diamantopoulos, A. (1995). Narver & Slater, Kohli & Jaworski and the market orientation construct: Integration and internationalization. *Journal of Strategic Marketing*, 3(1), 41–60. doi:10.1080/09652549500000003

Cadogan, J., Diamantopoulos, A., & Mortanges, C. (1999). A measure of export market orientation: Scale development and cross-cultural validation. *Journal of International Business Studies*, 30(4), 689–707. doi:10.1057/palgrave.jibs.8490834

Calle-Fernández, A., & Tamayo-Bustamante, V. (2005). Estrategia e internacionalización en las PYMES: Caso Antioquia. *Cuadernos de Administración*, 18(30), 137–164.

Calof, J., & Beamish, P. (1995). Adapting to foreign markets: Explaining internationalisation. *International Business Review*, 4(2), 115–131. doi:10.1016/0969-5931(95)00001-G

Caves, R. E. (1971). International corporations: The Industrial economics of foreign investment. *Economica*, 38(149), 1–27. doi:10.2307/2551748

Chetty, S., & Campbell-Hunt, C. (2003). Paths to internationalisation among small-to medium-sized firms: A global versus regional approach. *European Journal of Marketing*, 37(5/6), 796–820. doi:10.1108/03090560310465152

Coviello, N. E., & Munro, H. J. (1997). Network relationships and the internationalization process of small software firms. *International Business Review*, 6(4), 361–386. doi:10.1016/S0969-5931(97)00010-3

Crick, D., & Spence, M. (2005). The Internationalisation of ‘high performing’ U.K. high-tech SMEs: A study of planned and unplanned strategies. *International Business Review*, 14(2), 167–185. doi:10.1016/j.ibusrev.2004.04.007

Cuervo-Cazurra, A. (2011). Selecting the country in which to start internationalization: The non-sequential internationalization argument. *Journal of World Business*, 46(4), 426–437. doi:10.1016/j.jwb.2010.10.003

Commitment-Trust Dynamics in the Internationalization Process

- Dawes, J. (2000). Market orientation and company profitability: Further evidence incorporating longitudinal data. *Australian Journal of Management*, 25(2), 173–200. doi:10.1177/031289620002500204
- Day, G. (1999). Misconceptions about market orientation. *Journal of Market-Focused Management*, 4(1), 5–16. doi:10.1023/A:1009882027377
- Day, G. S. (2003). Creating a superior customer-relating capability. *Sloan Management Review*, 44(3), 77–82.
- Day, G. S., & Van den Bulte, C. (2002). *Superiority in customer relationship management: Consequences for competitive advantage and performance*. Marketing Science Institute Working Paper Series, Report No. 02-123.
- Deng, S., & Dart, J. (1994). Measuring market orientation. A multi-factor, multi-items approach. *Journal of Marketing Management*, 10(8), 725–742. doi:10.1080/0267257X.1994.9964318
- Deshpandé, R., & Farley, D. (2004). Organizational culture, market orientation, innovativeness, and firm performance: An international research odyssey. *International Journal of Research in Marketing*, 21(1), 3–22. doi:10.1016/j.ijresmar.2003.04.002
- Deshpandé, R., Farley, D., & Webster, F. Jr. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis. *Journal of Marketing*, 57(1), 23–37. doi:10.2307/1252055
- Doz, Y., Santos, J., & Williamson, P. (2001). *From global to metanational: How companies win in the knowledge economy*. Boston, MA: Harvard Business Press.
- Dwyer, F. R., Schurr, P. H., & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(2), 11–27. doi:10.2307/1251126
- Easton, G., Wilkinson, I., & Georgieva, C. (1997). Towards evolutionary models of industrial networks – a research programme. In H. Gemünden, T. Ritter, & A. Walter (Eds.), *Relationships and networks in international markets* (pp. 273–295). Oxford, UK: Pergamon.
- Evans, J. R., & Laskin, R. (1994). The relationship marketing process: A conceptualization and application. *Industrial Marketing Management*, 23(2), 439–452. doi:10.1016/0019-8501(94)90007-8
- Frith, J. R. (1998). The market orientation performance relationship in minority and woman-owned small firms. *Academy of Marketing Studies Journal*, 2(1), 35–56.

Commitment-Trust Dynamics in the Internationalization Process

- Gadde, L.-E., & Snehota, I. (2000). Making the Most of Supplier Relationships. *Industrial Marketing Management*, 29(4), 305–316. doi:10.1016/S0019-8501(00)00109-7
- Gankema, H., Snuif, H., & Zwart, P. (2000). The internationalization process of small and medium sized enterprises: An evaluation of stage theory. *Journal of Small Business Management*, 38(4), 15–27.
- González-Benito, O., & González-Benito, J. (2005). Cultural vs. operational market orientation and objective vs. subjective performance: Perspective of production and operations. *Industrial Marketing Management*, 34(8), 797–829. doi:10.1016/j.indmarman.2005.01.002
- Gray, B. J., Matear, S., Boshoff, C., & Matheson, P. (1998). Developing a better measure of market orientation. *European Journal of Marketing*, 32(9), 884–903. doi:10.1108/03090569810232327
- Håkansson, H. (1982). *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*. Chichester, UK: Wiley.
- Håkansson, H. (1987). *Industrial technological development. A network approach*. London: Croom Helm.
- Håkansson, H., & Ford, D. (2002). How should companies interact in business networks? *Journal of Business Research*, 55(2), 133–139. doi:10.1016/S0148-2963(00)00148-X
- Håkansson, H., & Johanson, J. (1984). Heterogeneity in industrial markets and its implications for marketing. In I. Hägg & F. Wiedersheim-Paul (Eds.), *Between market and hierarchy*. Uppsala: Department of Business Studies.
- Håkansson, H., & Snehota, I. (2006). “No business is an island” 17 years later. *Scandinavian Journal of Management*, 22(3), 271–274. doi:10.1016/j.scaman.2006.08.001
- Håkansson, H., & Snehota, J. (1995). *Developing Relationships in Business Networks*. London: Routledge.
- Heins, R. A. (2000). Market orientation: Toward an integrated framework. *Academy of Marketing Science Review*, 1. Available <http://www.amsreview.org/articles/heiens01-2000.pdf>
- Helfert, G., Ritter, T., & Walter, A. (2002). Redefining market orientation from a relationship perspective. Theoretical considerations and empirical results. *European Journal of Marketing*, 36(9/10), 1119–1139. doi:10.1108/03090560210437361

Commitment-Trust Dynamics in the Internationalization Process

- Holmlund, M., & Kock, S. (1996). Buyer dominated relationships in a supply chain: A case study of four small-sized suppliers. *International Small Business Journal*, 15(1), 26–40. doi:10.1177/0266242696151002
- Holmlund, M., & Kock, S. (1998). Relationships and the internationalisation of Finnish small and medium-sized companies. *International Small Business Journal*, 16(4), 46–63. doi:10.1177/0266242698164003
- Hymer, S. H. (1976). *The international operations of national firms: A study of direct investment*. MIT Press.
- Ibeh, K. I., & Young, S. (2001). Exporting as an entrepreneurial act: An empirical study of Nigerian firms. *European Journal of Marketing*, 35(5/6), 566–586. doi:10.1108/03090560110388114
- Jap, S., & Ganesan, S. (2000). Control Mechanisms and Relationship Life Cycle: Implications for Safeguarding Specific Investments and Developing Commitment. *JMR, Journal of Marketing Research*, 37(May), 227–245. doi:10.1509/jmkr.37.2.227.18735
- Jaworski, B., & Kohli, A. (1993). Market orientation: Antecedents and consequences. *Journal of Marketing*, 57(3), 53–70. doi:10.2307/1251854
- Johanson, J., & Mattsson, L.-G. (1987). Interorganizational relations in industrial systems: A network approach compared with the transaction-cost approach. *International Studies of Management & Organization*, 17(1), 64–74.
- Johanson, J., & Mattsson, L.-G. (1988). Internationalisation in industrial system: a network approach. In N. Hood & J.-E. Vahlne (Eds.), *Strategies in global competition*. London: Croom Helm.
- 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*, 8(1), 23–32. doi:10.1057/palgrave.jibs.8490676
- Johanson, J., & Vahlne, J.-E. (1990). The mechanism of internationalization. *International Marketing Review*, 7(4), 11–24. doi:10.1108/02651339010137414
- Johanson, J., & Vahlne, J.-E. (1992). Management of foreign market entry. *Scandinavian International Business Review*, 1(3), 9–27. doi:10.1016/0962-9262(92)90008-T
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm: Four Swedish cases. *Journal of Management Studies*, 12(3), 305–322. doi:10.1111/j.1467-6486.1975.tb00514.x

Commitment-Trust Dynamics in the Internationalization Process

Kindleberger, C. P. (1969). *American business abroad: Six lectures on direct investment*. New Haven, CT: Yale University Press.

Knickerbocker, F. T. (1973). Oligopolistic reaction and multinational enterprise. *The International Executive*, 15(2), 7–9. doi:10.1002/tie.5060150205

Kohli, A., & Jaworski, B. (1990). Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing*, 54(2), 1–18. doi:10.2307/1251866

Lamming, R. (1993). *Beyond partnership: Strategies for innovation and lean supply*. London: Prentice Hall.

Langerak, F. (2001). Effects of market orientation on the behaviors of salespersons and purchasers, channel relationships, and performance of manufacturers. *International Journal of Research in Marketing*, 18(3), 221–234. doi:10.1016/S0167-8116(01)00040-4

Leonidou, L., & Katsikeas, C. (1996). The export development process: An integrative review of empirical models. *Journal of International Business Studies*, 27(3), 517–551. doi:10.1057/palgrave.jibs.8490846

Liao, S., Chang, W., Wu, C., & Katrichis, J. (2011). A survey of market orientation research (1995-2008). *Industrial Marketing Management*, 40(2), 301–310. doi:10.1016/j.indmarman.2010.09.003

Lindqvist, M. (1991). *Infant multinationals: The internationalization of young, technology-based Swedish firms*. Stockholm School of Economics, Institute of International Business.

Lings, I., & Greenley, G. (2005). Measuring internal market orientation. *Journal of Service Research*, 7(3), 290–305. doi:10.1177/1094670504271154

Luostarinen, R. (1980). *The Internationalization of the firm*. Helsinki: Helsinki School of Economics.

Madsen, T., & Servais, P. (1997). The internationalization of born globals: An evolutionary process? *International Business Review*, 6(6), 561–583. doi:10.1016/S0969-5931(97)00032-2

Matsuno, K., Mentzer, J., & Rentz, J. (2005). A conceptual and empirical comparison of three market orientation scales. *Journal of Business Research*, 58(1), 1–8. doi:10.1016/S0148-2963(03)00075-4

Commitment-Trust Dynamics in the Internationalization Process

- Mavondo, F. (1999). Market orientation: Scale invariance and relationship to generic strategies across two countries. *Journal of Market Focused Management*, 4(2), 125–142. doi:10.1023/A:1009835515831
- Mohr, J., & Spekman, R. (1994). Characteristics of partnership success: Partnership attributes, communication behavior and conflict resolution techniques. *Strategic Management Journal*, 15(2), 135–152. doi:10.1002/smj.4250150205
- Moorman, C., Deshpande, R., & Zaltman, G. (1992). Relationships between providers and users of marketing research: The dynamics of trust within and between organizations. *JMR, Journal of Marketing Research*, 29(3), 314–329. doi:10.2307/3172742
- Moreira, A. (2004). Breve ensaio sobre a internacionalização. *Politécnica*, 15, 23–33.
- Moreira, A. (2009b). Knowledge capability flows in buyer-supplier relationships: Challenges for small domestic suppliers in international contexts. *Journal of Small Business and Enterprise Development*, 16(1), 93–114. doi:10.1108/14626000910932908
- Moreira, A. C. (2005a). A integração do desenvolvimento de novos produtos na cadeia de valor. Na senda de uma abordagem colaborativa. *Revista Portuguesa e Brasileira de Gestão*, 4(1), 56–66.
- Moreira, A. C. (2005b). Supplier-buyer collaboration in new product development: Four case studies involving SMEs. *Brazilian Journal of Operations & Production Management*, 2(1), 5–24.
- Moreira, A. C. (2007). La internacionalización de Pymes industriales a través de multinacionales. presentación de algunos casos de los sectores automotor y electrónico. *Cuadernos de Administración*, 20(34), 89–114.
- Moreira, A. C. (2009a). The evolution of internationalisation: Towards a new theory? *Global Economics and Management Review*, 14(1), 41–59.
- Moreira, A. C., & Carvalho, A. C. (2012). Internationalization approaches of the automotive innovation system. A historical perspective. In *Technological change*. Rijeka, Croacia: InTech.
- Moreira, A. C., & Silva, P. M. (2013). Market orientation, innovation and organizational commitment in industrial firms. *Market*, 25(2), 123–142.
- Morgan, R., & Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38. doi:10.2307/1252308
- Narver, J., & Slater, S. (1990). The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, 54(4), 20–35. doi:10.2307/1251757

Commitment-Trust Dynamics in the Internationalization Process

- Neergaard, H. (1998). *Networks as vehicles of internationalization: Network relationships and the internationalization process of small furniture manufacturers*. (Unpublished Doctoral Thesis). Aarhus School Business.
- Nishiguchi, T. (1994). *Strategic industrial sourcing. The Japanese advantage*. Oxford, UK: Oxford University Press.
- Panigyrakis, G., & Theodoridis, P. (2007). Market orientation and performance: An empirical investigation in the retail industry in Greece. *Journal of Retailing and Consumer Services*, *14*(2), 137–149. doi:10.1016/j.jretconser.2006.05.003
- Payne, A. F. (1988). Developing a marketing-oriented organization. *Business Horizons*, *31*(May-June), 46–53. doi:10.1016/0007-6813(88)90008-0
- Porter, M. (1989). *The competitive advantage of nations*. New York: The Free Press.
- Ruzzier, M., Hisrich, R., & Antoncic, B. (2006). SME internationalization research: Past, present, and future. *Journal of Small Business and Enterprise Development*, *13*(4), 476–497. doi:10.1108/14626000610705705
- Sheth, J. N., & Sisodia, R. (1999). Revisiting marketing's lawlike generalizations. *Journal of the Academy of Marketing Science*, *27*(1), 71–87. doi:10.1177/0092070399271006
- Slater, S., & Narver, J. (1994a). Does competitive environment moderate the market orientation-performance relationship? *Journal of Marketing*, *58*(1), 46–55. doi:10.2307/1252250
- Slater, S., & Narver, J. (1994b). Market orientation, customer value, and superior performance. *Business Horizons*, *37*(2), 22–28. doi:10.1016/0007-6813(94)90029-9
- Sorjonen, H. (2011). The manifestation of market orientation and its antecedents in the program planning of arts organizations. *International Journal of Arts Management*, *14*(1), 4–18.
- Vernon, R. (1966). International investment and international trade in the product cycle. *The Quarterly Journal of Economics*, *80*(2), 190–207. doi:10.2307/1880689
- Webb, D., Webster, C., & Kreppa, A. (2000). An exploration of the meaning and outcomes of a customer-defined market orientation. *Journal of Business Research*, *48*(2), 101–112. doi:10.1016/S0148-2963(98)00114-3
- Welch, L., & Luostarinen, R. (1993). Internationalization: Evolution of a concept. In P. J. Buckley & P. N. Ghauri (Eds.), *The Internationalization of the firm: A reader* (pp. 155–171). Academic Press.

Commitment-Trust Dynamics in the Internationalization Process

- Welch, L. S., & Luostarinen, R. K. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, 14(2), 34–55.
- Yau, O., McFetridge, P., Chow, R., Lee, J., Sin, L., & Tse, A. (2000). Is relationship marketing for everyone? *European Journal of Marketing*, 34(9/10), 1111–1127. doi:10.1108/03090560010342494
- Yin, R. K. (1984). *Case study research: Design and methods*. Newbury Park, CA: Sage.
- Yin, R. K. (2004). *Case study methods. Complementary methods for research in education*. Washington, DC: American Educational Research Association.
- Young, S., Hamill, J., Wheeler, C., & Davies, J. (1989). *International market entry and development*. Englewood Cliffs, NJ: Prentice Hall.
- Zhang, D., Sivaramakrishnan, S., Delbaere, M., & Bruning, E. (2008). The relationship between organizational commitment and market orientation. *Journal of Strategic Marketing*, 16(1), 55–73. doi:10.1080/09652540701794494
- Zhao, Y., & Cavusgil, T. (2006). The effect of supplier's market orientation on manufacturer's trust. *Industrial Marketing Management*, 35(4), 405–414. doi:10.1016/j.indmarman.2005.04.001
- Zolkiewski, J., & Turnbull, P. (2006). Guest editorial. *European Journal of Marketing*, 40(3/4), 241–247. doi:10.1108/ejm.2006.00740caa.001

KEY TERMS AND DEFINITIONS

Commitment: Commitment exists when both parties believe that the other party will invest in the relationship. This chapter is based on the theory that successful marketing relationships require both commitment and trust from both parties.

Relationship Orientation: Is a concept much more specific than market orientation. It involves the commitment of one party that believes that a relationship is worth working on to ensure that it endures throughout time. The relationship orientation is built on the foundation of mutual trust and commitment.

Trust: Trust exists when one party has confidence in the other party's reliability and integrity in business exchange processes.