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Abstract
This paper takes as its starting point the current phenomenon of international new ventures (INVs), which are emerging a world and gathering attention on the interaction of two research paths, international business and entrepreneurship (McDougall & Oviatt, 2000). This impact is on a huge research challenge for international business’s theory and practice. The paper proposes some simple and conceptual explanatory of relationship quality model, to be specially used for explaining and visualizing marketing channel in INVs. This paper uses a framework which also discusses categories of relationship bonds, relationship benefits, relationship norms, relationship quality and performance.

Keywords: Relationship Marketing, Relationship Quality, International New Venture, Performance

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Introduction

International new ventures (INVs) are gaining rising attention in both international business and entrepreneurship research and has already become the importance issue in last decades (e.g., Oviatt & McDougall, 1994, 1997; McDougall & Oviatt, 1996, 2000; Zahra, Ireland, & Hitt, 2000; Autio, 2005; Zahra, 2005). The internationalization process of firms, thus, has been the subject of abundant research. It, however, still is a very complex issue to conceptualize. From emerging literatures show the export behavior and international activities of firms have challenged many findings many firms do not develop in incremental stages. Starting up international activities as their birth or after a few years is to enter very distant markets or countries without prior experience. These firms also have been labeled as Global Start-Up (Jolly et al., 1992), Born-Globals (McKinsey & Co, 1993; Knight & Cavusgil, 1996; Madsen & Servais, 1997), and international entrepreneurs (Jones 1999). Enjoying the most frequent usage, however, are the names born global (Knight & Cavusgil, 1996; Moen, 2002; Chetty & Campbell-Hunt, 2004) and international new ventures (Oviatt & McDougall, 1994; Bloodgood et al., 1996; Shrader et al., 2001; Zahra et al., 2000).

INVs, however, faced with an uncertain and rapidly changing environment in international environment, to maintain and enhance marketing channel with high relationship quality in each other especially plays an important factor (Gummesson, 1994; Morgan & Hunt, 1999; Sheth & Sollner, 1999). Many firms rely increasingly on external partners to overcome their struggles, and to enhance sustainable competitive advantage (Kale, Singh, & Perlmutter, 2000). This also takes place on INVs. In marketing and strategic management, sustainable competitive advantage is an advantage that one firm has relative to competing firms. Kale, Singh, and Perlmutter (2000) argued that the source of the competitive advantage can cooperate with external organizations, instead of inter-organizations. However, relationship quality determines the critical role between INVs and external organizations. It also has dominated over a decade in marketing theory and practice, especially, in the relationship marketing. For example, Crosby, Evans, and Cowles (1990) studied relationship quality in service sectors, and in retail service (e.g., Fullerton, 2004). Many researchers have focused on knowledge transfer (e.g., Dhanaraj, Lyles, Steensma, & Tihanyi, 2004). However, the international business literature has done little to assess the relevance of the relationship between INVs and their partners.

The term ‘‘relationship quality’’ has been used frequently in marketing channel literature (e.g., Ruyter & Semeijn, 2002). Generally, there has not been enough research on the antecedents of relationship quality to make significant progress in understanding the development and process of quality building, especially in INVs. As a result, there is a lack of a conceptual framework to construct antecedents and outcome – performance.
Our aim with this paper is to fill in this gap by drawing on some simple and conceptual explanations of the relationship quality model, to be used for explaining and visualizing marketing channel in INVs. Unlike other studies used other theories (e.g., entry model, entrepreneurship, strategy) to purify and extend the initial framework. Thus, this framework allows us to extend the relationship marketing and domain of INVs. We therefore understand the antecedents and outcomes associated with relationship quality between INVs and their partners in order to shed light on their contributions.

Furthermore, we provide the conceptual model of a research project. The next section discusses the meaning of relationship quality and why it should be regarded in INV’s marketing practice. Subsequent sections discuss the antecedents and performance of relationship quality. The final section discusses the implications of relationship quality for the marketing function in INVs.

The Conceptual Framework of Relationship Quality in INVs

A Definition of International New Ventures

Some of the major factors have that influence INVs as critical issues in its marketing channels. However, the study of relationship quality in marketing has focused primarily on between INVs and their partners. Oviatt and McDougall (1994) who first labeled this type of firms ‘International New Ventures’ (INVs) defined an INVs as a firm that right from its birth seeks a competitive advantage by using resources from several countries and by selling its products in several countries. However, this rather broad of the definition of an INV is more precise than has seen before,

“We define an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries. The distinguishing feature of these start-ups is that their origins are international, as demonstrated by observable and significant commitments of resources (e.g., material, people, financing, time) in more than one nation” (Oviatt & McDougall, 1994, p.49). Therefore, INVs represent a distinct group amongst the new ventures.

The International New Ventures in the Context of Traditional Internationalization Theories

Monopolistic advantage theory suggests that a multinational enterprise exists because it owns a unique source of superiority over foreign firms in their markets. Although, local firms without this unique knowledge are unable to compete with the MNC. Thus disadvantages to these indigenous companies in terms of lacking information,
discrimination by government, customers and suppliers, as well as the foreign exchange risk are made up for (Hymer, 1976). McDougall et al. (1994, p. 474) argue that the theory’s assumption that all firms with the same type of superiority act identically is unusual in entrepreneurship theory. Rather an entrepreneur has to be alert to potentially profitable opportunities. INVs will not always own a superior domestic asset before they internationalize. Often it is the case that the advantage will first be developed abroad.

There is some support for the monopolistic advantage theory in connection with INVs because it focuses on the firm’s advantages that may be used to initiate internationalization from inception (Bloodgood et al., 1996, p. 63). Thus, INVs overcome the liability of foreignness with the help of a monopolistic advantage in the form of a knowledge intensive product.

The network approach finds considerably more support amongst INV research. Often proposed is an integration of the network with the stages theory. Concepts like foreign market commitment and market knowledge should not be solely focused on one firm, but rather take into account the firm’s cooperation with network partners (Oviatt & McDougall, 1994; Bell, 1995; Madsen & Servais 1997; Johanson & Vahlne, 2003). From network theory, it has given the resource constraints that INVs frequently leverage the resources of partners for at least the initial foreign market entry.

**Relationship Quality in INVs**

In a decade ago, the relationship marketing (RM) literature has concentrated on extending issues towards relational aspects (e.g., behavioral attributes, quality) and their subsequent effects on performance as it relates to relational outcome. In addition, RM has been applied less to international business, instead of much on the service industry (e.g., Gronroos, 1990; Payne & Frow, 1999), strategic alliances (Day, 1990; Sherman, 1992) and e-commerce or e-business (e.g., Zineldin, 2000; Sheth & Parvatiyar, 2000). However, RM should either focus on INVs. The definition of INVs refers to a business organization that, from its inception, seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries. What determines INV’s relationship quality might be modeled as shown in Figure 1. The following conceptual framework was developed using existing literature introduced subsequently postulates different antecedents of relationship quality. Relationship quality is an overall assessment of the strength of a relationship and the extent to which it meets the needs and expectations of the parties based on a history of successful or unsuccessful encounters or events (Crosby et al., 1990). It is a higher-order construct consisting of a variety of relationship antecedents and outcomes that mirror the overall strength of a relationship and the degree to which it meets the parties’ needs and expectations (Smith, 1998). Wray et al. (1994) and Crosby et al. (1990) have conceptualized relationship quality as a higher-order construct comprising of two dimensions, namely trust and satisfaction.
However, there is no consensus on what constructs make up relationship quality (Kumar, Scheer, & Steenkamp, 1995), it is generally conceptualized as being concerned with the extent to which realtors’ trust each other, are satisfied with the relationship, and are committed to its long-term maintenance. Trust refers to the confident belief that the salesperson can be relied upon to behave in such a manner that the long-term interest of the customer will be served (e.g., Anderson & Narus, 1990), and is thought to be a building block or foundation for satisfactory interaction. Satisfaction is the emotional state that occurs in response to an evaluation of interaction experiences in relation to alternatives (Westbrook, 1981). Commitment is an enduring desire to maintain a valued relationship (Moorman, Zaltman, & Deshpande, 1992). Trust, satisfaction, and commitment are thus intimately interconnected in the conceptualization of relationship quality. Therefore, in this research, relationship quality is defined as the degree of commitment and trust in and satisfaction with INVs-partners.

We address only those antecedents factors of relationship quality that are external to INVs related to the key constructs and factors that may influence a particular phase, the activities of INVs undertaken in that phase. We consider our constructs and factors, antecedents. In particular, each of the factors we explore is subject to managerial influence and is an essential element of international new ventures. The outcome refers to the desired outputs in this phase. The framework is shown in Figure 1.

**Antecedents of Relationship Quality**

The main focus is to investigate the determinants of relationship quality. The context for the study is the relationship between INVs and its partners. A proposed framework of relationship quality in INVs-partners relationships is depicted in Fig. 1. The following discussion provides the theoretical basis for the conceptualization and offers several propositions and description of each of the key constructs in the model follows.

**Relationship Bond**

Bonds are the psychological, emotional, economic, or physical attachments in a relationship that are fostered by association and interaction and serve to bind parties together under relational exchange (McCall, 1970). Previous researchers have conceptualized two types of bonds, structural and social (Wilson, 1995). First, social bonds refer ties or linkages forged during interaction at work (Turner, 1970) and develop through interpersonal interactions between relationship partners. Second, structural bonds are ties relating to the structure, governance, and institutionalization of relationship. The rules, policies, procedures, or agreements provide formal structure to a relationship. At the highest level, these bonds are founded on the belief that partners need to be kept informed by INVS and that they should have some input into the relationship process. Examples of structural bonds include the organizational systems
and technologies, such as electronic mail or electronic data interchange, providing psychological, legal, and physical ties that bind parties to a relationship and make it difficult to consider other exchange partners.

Social exchange theory (e.g., Homans, 1961) suggests that relational bonds are developed through a series of successive interactions. These interactions provide a context or history and keep parties together and shape their interaction. As such, social, functional, and structural bonds provide the context from which relationship quality exits (e.g., trust, satisfaction, and commitment). In addition, bonds reflect and cause quality (e.g., trust, commitment) in business relationships (Hakansson & Snehota, 1995). Bonds, can form existing barriers for the customer and also be seen as contextual factors that cannot easily be influenced by the customer, but can be observed and managed by the partners (e.g., supplier) firm. These bonds can prevent the customer from switching partners even when the actions taken or service given is of low quality compared with other suppliers (Zineldin & Johnson, 2000). Thus, we propose that relationship bonds lead to relationship quality. Developing strong structural and social bonds, in combination, will result in higher INVs-partners relationships, resistant to relationship quality.

**Proposition 1:** In INVs-partners, the greater the relationship involving higher bonds, the more likely that INVs will need to place more emphasis on the relationship quality.

**Relationship Benefits**

Relationship benefits are benefits received from maintaining a relationship that might not be available without the relationship (Morgan & Hunt, 1994). In relationship marketing (RM), however, referred as “the process of identifying and establishing maintaining, and enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises” (Gronroos, 2000, p. 98). For INVs with suppliers in a long-term relationship, the benefit concept takes on a deeper meaning (Ravald & Gronroos, 1996). In addition, benefits are perceived rewards that INVs and partners expect to gain when they enter into an exchange relationship. Rewards may be shared or awarded to one party in the relationship. These rewards may be extrinsic, such as improved access to distribution channels or gains in market share, or they may be intrinsic, such as approval and status within an industry (Frazier, 1983).

Relationship benefits act as bonds that tie partners to the positive relationship bonds. Gwinner et al. (1998) proposed that relationship benefits are perceived advantages that the regular customer received over and above the core service. In born globals (as called INVs), they are younger businesses characterized by a particular pattern of
innovativeness and gives rise to early internationalization (Knight & Cavusigil, 2004). In this unique characteristic of INVs, relationship benefits by linking INVs-partners to place high importance level are more likely to lead to higher relationship quality (e.g., commitment). Some of INVs, separated from existing companies, have benefited from the resources of their parent corporations (Zahra, 2005). However, relationship benefits in empirical INVs’ research have been scarce. Gwinner et al. (1998) proposed a number of relationship benefits reduced to three main categories, confidence/trust, social benefits and special treatment. Confidence/trust benefits were found to be the most important in comparison to others categories. In fact, the dimension of relationship quality included trust, commitment. Thus, increasing the relationship benefits should lead an INVs to enhance relationship quality with its partners.

**Proposition 2:** In INVs-partners, the greater the relationship involving higher benefits, the more likely that INVs will need to place more emphasis on the relationship quality.

**Relationship Norm**

Williamson (1975) provided the concept that Transaction Cost Analysis (TCA) is the design of efficient and different governance mechanisms exist that have different cost-minimizing properties. The fundamental theory of relationship norms is driven from TCA to marketing paradigm (Heide & John, 1992). More recent research examining the context effect of relationship norms find that these norms are used as a guide even in the absence of an actual relationship with the object of evaluation (Aggarwal & Law, 2005). Norms are guiding principles, rules that people use to decide the “right way to behave” in a given situation. Prior research notes that people in close relationships have a heightened positive evaluation of their partner (Martz et al., 1998) and a greater commitment to the relationship (Rusbult & Buunk, 1993). In social context, norms emerge from interactions with others and norms in relationship often determine our appraisals when we interact with our relationship partners.

The extending logic of TCA thus offers a somewhat conditions under a firm, INV, who interact for business purpose has relationship between with partners to structure in the same way (e.g., specific assets). Heide and John (1992) explored the role norms in structuring economically efficient relationship between independent firms and argued norms play a very significant role in context of manufacturer-supplier relationships and norms can serve as a governance mechanism.

**Proposition 3:** In INVs-partners, the greater the relationship involving higher norms, the more likely that INVs will need to place more emphasis on the relationship quality.
Outcome of Relationship Quality

The outcome of relationship quality in the phase is what is often termed as “performance”. The linkage between relationship quality with performance has been recognized in literatures of other areas (see e.g., Fynes, Voss & de Búrca, 2005; Fynes, de Búrca & Marshall, 2004). Although few of these studies seem to rely on the perspective of international business and not enough evidence is provided that quality contexts are related to performance in INVs-partners. This study focused on the interaction between INVs and their partners.

The logic is that strong relationship quality will ensure that INVs have an external-partners focus. This will enable the quality to mediate and, in turn, lead to superior performance. This argument clearly implies a causal link from antecedents (e.g., bonds, benefits—and norms) to quality and from quality to performance. Previous studies, investigating possible antecedents, seem appropriate to conceptualize relationship quality outcomes on a more concrete level, especially with INVs. Knight and Cavusgil (2004) find that born-global firms with international marketing orientation appear to cause higher international performance because of managers using marketing elements (e.g., knowledge of customers, product development and adaptation) to target foreign customers with quality, differentiated goods.

We have earlier posited that a new venture will seek to internationalize in order to capture potential profit opportunities outside the home market or to withstand competitive pressure. Factors that influence the venture to internationalize should therefore also contribute to its increased profitability. Thus, realizing greater internationalization from the point of the INVs should be positively associated with subsequent performance. This logic suggests the following proposition regarding the impact of initial conditions and the extent of internationalization on venture performance and indicates that born globals which develop strong relationships with competent foreign suppliers support superior performance abroad (Knight & Cavusgil, 2004).

Proposition 4: In INVs-partners, the greater the relationship involving higher quality, will moderate the more likely the higher performance in INVs.
Figure 1. The Conceptual Framework of Relationship Quality in INVs-partners

Discussions

In this article we have examined an important and fast emerging phenomenon in international business (IB) and international entrepreneurship (IE) – International New Venture (INV) and suggests a conceptual framework to examine relationship quality in the context of INVs-partners relationship which take place on marketing channel and the mediate construct, relationship quality, influences INV’s performance. Unlike previous studies, researchers have looked at the innovation or capability of INVs, I have focused on relationship-based and, more specially, on marketing channels. Therefore, the purpose of this study was to explore antecedents, and the outcome of relationship quality among both INVs and partners, especially, in the context of international business. The framework of relationship quality is important for understanding the relationship marketing and INV. However, few studies have been conducted to discuss their antecedents and consequence. In the present study, we highlight the role of relationship quality in supervisor because INVs enhance their social relationships and vertical relationship with partners, especially, suppliers in cross-borders. We expect that the construct of relationship quality would affect an INV’s performance.

In addition, this paper endeavors to make essential theoretical contributions to the literature of relationship marketing and international new ventures, and it also contains theoretical or practical implications for research. First, the theoretical contributions of this article are not primarily to theory of international new venture and international management, but also enhance our understanding of the role of relationship quality in INVs. To our best knowledge, it is few study that explore in this place. Our conceptual framework implicate that relationship quality has a significant effect on INV’s
performance. It also allows us to understand more about how after relationship bond affect relationship quality. These relationships bond, however, overlooked in the relationship marketing, not in INVs. Furthermore, the model also suggest that the effect of relationship quality is mediated the performance in INVs-partners. The mediating role of relationship quality should be further explored.

Second, knowing how INVs-partners antecedent’s constructs can affect relationship quality in performance, both of organizations can take appropriate actions to improve their quality in INVs and vertical partners. For INV’s perspective, it appears clear that having a good supplier relationship can reduce the cost of management and transaction (Sheth & Parvatiyar, 2000). Of course, INVs, especially, entrepreneurs must be careful in developing their relationships with partners in a positive way.

Third, from practical implications we proposed the research constructs into antecedents and outcome performance on the deficiency of existing practice and theory. However, INVs with the distinguishing characteristics of younger and smaller size show the importance of relationships with partners. This concept indicates in particular that relationship quality has been a driver which has influenced on marketing strategy (Gummesson, 1999). For this reason, improvements in relationship quality are needed to prevent the interference of a negative outcome from INVs and its partners. In order to develop relationships a focus on quality should be given to strong antecedences. On the basis of our models, this could be accomplished by improving the quality of these relationships.

Finally, this article provides a fundamental research for empirical examining of the framework. The three antecedents of the constructs employed here are testable in further conduct – for example, relationship quality (Friman et al., 2002), relationship benefits (Hennig-Thurau et al., 2002), relationship norms (Heide & John, 1992).

Our discussion of relationship quality in the INVs has significant implications whether in theory or practice. However, it still has additional elements of the existence of INVs (Oviatt & McDougall, 1994) out of toward a theory of international new ventures. Future research should also explore the different perspectives of multiple disciplines to expand the boundary and extent of the domain of INVs (McDougall & Oviatt, 2000). Whetten (1989) pointed out that “the process of building new and improving current theories are always welcome” (p.495). The growing complexity associated with networks also compels scholars to investigate these international channels and to shed additional light in this important area of relationship marketing and INVs for future research.
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