Interactive Network Branding: Demonstrating the importance of firm representatives for small and medium-sized enterprises in emerging markets

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Abstract

Purpose - The purpose of this paper is to explore Interactive Network Branding (INB) in an emerging market (EM) context while focusing on the importance of firm representatives for small and medium-sized enterprises (SMEs). The INB corresponds to the process of interpersonal interaction which results in corporate identity and reputation creation that SMEs ultimately use to influence their network positions.

Design/methodology/approach – This single case study presents four Croatian SMEs embedded in a business network. A research model of INB serves as an analytical tool for analyzing the phenomenon in its context. The key unit of analysis is an SME represented by its manager(s).

Findings – Contrary to large multinational firms that have financial capabilities for branding departments and recruitment of brand managers, SMEs in EMs tend to focus more on creating long-term relationships with their fundamental business partners. Through INB and interactions between firm representatives, corporate branding becomes an inherent part of networking. Thus, the study acknowledges the importance of INB, being implemented through firm representatives, as it plays a crucial role in the survival and success of SMEs in the EM context.

Research limitations - Based on the chosen research approach and the focus on the Croatian EM, the findings might lack generalizability. Hence, further research is necessary, to examine the applicability of INB in different empirical contexts.

Practical implications – The paper provides implications for practitioners coping with networking and branding processes of SMEs that are operating in fast-changing EMs.

Originality/value – This study provides a deeper understanding of INB while focusing on the importance of firm representatives and their interactions that have an influence on the networking and branding processes of all the parties involved.

Keywords: Interactive Network Branding, emerging markets, SME, business network, corporate branding, Croatia.

Article Type Research paper
1. Introduction

The concept of Interactive Network Branding (INB) has recently been introduced (see, e.g., Koporcic, 2015; Koporcic and Halinen, 2018; Koporcic and Törnroos, 2019a; 2019b). As a novel concept, INB has its roots in the relationship marketing and network literature of the Industrial Marketing and Purchasing (IMP) Group (e.g., Håkansson, 1982; Axelsson and Johanson, 1992; Håkansson et al., 2009), as well as in corporate branding literature (e.g., Hatch and Schultz, 2003; Melewar et al., 2012; Biraghi and Gambetti, 2015).

Besides bringing these two opposing research streams closer, INB aims towards closing the following research gaps. First, as the majority of empirical studies of the IMP Group, as well as branding studies, were conducted focusing on larger companies, the INB focuses on small and medium-sized enterprises (SMEs). Second, previous studies have often focused only on an organizational and inter-organizational level, omitting the importance of an individual and interpersonal level of analysis (La Rocca, 2013). Thus, INB acknowledges the importance of firm representatives as individuals who play a crucial role in their complex business relationships (Aaboen, et al., 2016; La Rocca, 2013), network and branding processes (Koporcic and Halinen, 2018; Mäläska et al., 2011).

In addition to the above-mentioned, this study contributes to INB research by focusing on the emerging market (EM) context, whose processes of rapid change are responsible for a significant portion of economic growth in this century (Burgess and Steenkamp, 2013; Hoskisson et al., 2000; Sheth, 2011). These markets are currently facing substantial social, economic, cultural, and regulatory changes and, at the same time, expanding from the “periphery to the core of marketing practice” (Sheth, 2011, p. 166). However, as the majority of marketing research is conducted in the consumer domain, the same is dominating EM research. Thus, although being important, there remains relatively little research on EMs conducted in the business-to-business (B2B) area in general (Biggemann and Fam, 2011; Burgess and Steenkamp, 2013), and the B2B branding domain in particular (Koporcic, 2017).

These issues, together, create an aim of this study, which is to further investigate and analyze INB by demonstrating the importance of firm representatives for SMEs from fast-changing EMs. In looking to bridge current gaps in the literature, this article follows Burgess and Steenkamp’s (2013, p. 1) argument: “To advance further as an academic discipline and remain practically relevant, we believe that marketing scholars must develop new theories, models, and methods of data collection that are applicable to the very different contexts found in emerging
markets, in which the majority of humankind reside.” The purpose of this paper is to explore the INB as a new approach to understanding the importance of individuals for SMEs operating in fast-changing EMs. INB is defined, here, as the process of interpersonal interaction, which results in corporate identity and reputation creation that SMEs ultimately use to influence their network positions. Through the conducted empirical study, the paper aims to answer the following question: How can individuals, as representatives of SMEs, ensure a successful INB in an EM? By following the social constructionist perspective, we observe the INB as a social and relational process that is purposefully planned but, also, organically created through interactions between firm representatives.

The perspective taken, here, involves four SMEs from the Croatian EM that, together, form a set of connected business actors, i.e., a business network (Håkansson and Snehota, 1995). A process model of INB was introduced as an analytical tool for empirical investigation of the phenomenon in its context. The main contribution of this paper is towards the novel literature on INB and business network research of the IMP Group, as well as towards extant marketing literature and business studies on fast-changing EMs. Finally, the relevance of the study is found in implications for practitioners coping with networking and branding processes of SMEs that are operating in fast-changing EMs.

The article is organized as follows. The first part presents the context of the study, by elaborating on characteristics of emerging markets, as well as the challenges and opportunities presented by their rapid growth. This is followed by background information on INB as a perspective on SME branding in business networks. The next part of the study discusses the qualitative research methodology and a single case study of four Croatian companies embedded in a business network. The subsequent part elaborates on and discusses the empirical findings, focusing on the characteristics of INB for SMEs in the EM context. The final part presents the conclusions and implications, together with the limitations and suggestions for further research.

2. Small and medium-sized enterprises (SMEs) in emerging markets (EMs)

Emerging markets (EM) are characterized as countries undergoing rapid economic, political, and institutional change, which are moving towards a free market system and economic liberalization (Freeman and Sandwell, 2008). They have a strong and unique background, which, in most cases, differs significantly from that of a typical developed country (Burgess and Steenkamp, 2013). In addition to the process of transition and fundamental changes in the
infrastructure, EMs often face a lower income per capita, a lack of financial capital, shortage of resources and, at the same time, a shift in purchasing behavior towards increasing consumption (Nakata and Sivakumar, 1997). This results in the intrinsic value of EMs often being neglected (Sheth, 2011). However, at the same time, this gives researchers the opportunity for discovering novel practices in business marketing.

Nevertheless, although it is indicated that the markets of the future are rapidly growing EMs, there are numerous barriers to gaining profits, such as political risks, government confiscations, restrictions of available funds, and unpredictable and conflicting government regulations and policies (Freeman and Sandwell, 2008). This is especially challenging for SMEs, who often have limited capabilities. However, at the same time, globally, 80% of all enterprises are considered to be SMEs; 85% or more in the US market; 99% in the EU; and over 99% in the UK (Moore and Manring, 2009). And although SMEs dominate most of the markets, they still do not have adequate marketing (LaPlaca, 2013) and branding theories (Koporic, 2017). Thus, the question arises: how can SMEs survive in such an environment? Previous research has demonstrated that the above-mentioned characteristics can negatively influence the management of business relationships, as well as market management, especially branding and sales strategies (Feely and Harzing, 2003; Freeman and Sandwell, 2008). The fast and intensive pace of change and uncertainty that characterizes EMs makes traditional bureaucratic and theoretical models of control via market and hierarchy non-effective (Wei et al., 2014). Institutional frameworks to support new market-based systems are scarce or too weak, which sometimes leads to opportunistic behavior (Hoskisson et al., 2000). Nevertheless, as Narayanan and Fahey (2005) argue, strategic management models introduced in developed countries, such as the Porter Five Forces Framework, may not be applicable in EMs. In addition to being unfit for EMs, these models are, especially, not useful for SMEs operating in EMs, which, besides high risks, need to face a lack of human capabilities, resources, and financial security, among other liabilities.

Croatia, as an EM country, follows traditional bureaucratic models and neoliberalist ideology, promoting competition as a means of survival in the market (see Koporic et al., 2015). Although changing slowly, as some researchers argue, Croatia needs a rapid reorganization of its economic paradigm by providing new business development frameworks and innovative models for both large and small companies (Koporic et al., 2015). However, strategies of large companies and ways of conducting business in developed countries cannot be directly transferred and implemented in SMEs operating in EMs (Koporic et al., 2015; Zhang et al.,
In addition, the greatest challenge for managers of SMEs in an EM context is to identify and choose ‘the right’ business partners; those that will have a positive influence on the creation of the firm’s network position. Thus, adaptations of current strategies are crucial to achieving their effectiveness. As a potential solution, INB is presented next, as a new approach to branding and networking for SMEs operating in fast-changing EMs.

3. Interactive Network Branding

To examine the corporate branding process as part of business networking, the concept of Interactive Network Branding (INB) is elaborated upon (see Koporocic, 2017; Koporocic and Halinen, 2018; Koporocic and Törnroos, 2019a, 2019b). As an alternative to neoliberalist ideology, INB is rooted in the interaction and network approach of the IMP Group (Håkansson, 1982; Axelsson and Johanson, 1992; Håkansson et al., 2009), as well as in business marketing and organizational studies on corporate branding (e.g., Hatch and Schultz, 2003; Abratt and Kley, 2012; Melewar, 2012; Biraghi and Gambetti, 2015). These theoretical approaches draw on social exchange theories, among others, highlighting the importance of formal, informal, as well as interpersonal and inter-organizational relationships in business networks. The phenomenon concerns the process of interpersonal interaction, which results in corporate identity and reputation creation that SMEs ultimately use to influence their network positions.

As Koporocic and Halinen (2018, p. 394) describe, INB is “an intertwined process of networking and branding, in which companies develop their corporate identity and reputation while aiming to create a desired position in the network”. The INB process is, therefore, purposefully planned but, also, organically created and implemented through individuals who act on behalf of their companies. Interactive Network Branding highlights the individual human actors who interact with other individuals from a business network. The network presents a B2B setting where companies create their positions while interacting with each other, and where INB comes into existence. In addition, branding, being an inherent part of networking, presents purposeful and emergent activities of INB that influence the creation of firms’ identities and reputations in a network setting. The INB process is, therefore, not linear (Koporocic and Halinen, 2018); instead, it is unfolding over time in its context (see Figure 1).

The analytical model of INB is presented next (Figure 1) in order to understand and examine INB in business markets. The model is adapted from the theoretical study on INB (Koporocic and Halinen, 2018) and, as such, it is applicable both for fast-changing EMs and for developed
markets. However, in this paper, the model serves as a base for the case analysis in the context of EMs.

**Figure 1.** Analytical Model of Interactive Network Branding (INB)

![Analytical Model of Interactive Network Branding (INB)](image)

Source: Adapted from Koporcic and Halinen (2018)

The model is processual and demonstrates the ongoing process of branding and networking, as two building blocks of INB.

First, it is important to note that the corporate identity and reputation, here, are understood as the main elements of every corporate brand. Corporate identity is described as an internal perception of the firm (see Gioia et al., 2000; Simões et al., 2005). It represents how individuals perceive their own company and how they communicate it to others. The corporate identity is thus created inside of a firm, through interpersonal interactions between firm members. The corporate identity circle in the model (Figure 1) indicates a process of corporate identity creation that unfolds through interpersonal interaction, thus being a consistent part of the INB core. As the identity is being communicated externally, it has a bearing on the firm’s corporate reputation, as indicated in the model.

The other side of corporate brand creation belongs to the corporate reputation that is also a result of interpersonal interaction (see corporate reputation circle in Figure 1). However, this interaction happens between representatives of different firms and presents how individuals from other companies embedded in a business network perceive the focal company and its corporate brand (Brown et al., 2006; Koporcic and Halinen, 2018). Corporate reputation is thus understood as an external perception of the firm (see Balmer and Greyser, 2003; Brown et al.,
2010; Gotsi and Wilson, 2001). At the same time, through the INB core, this external perception is influencing the internal one. In other words, the reputation has an effect (indicated with arrows) on identity as well, since interactions with representatives of other firms can influence how individuals understand and re-evaluate the identity of their own firm.

In this intersection, between identity and reputation creation, the core of INB can be found, which is entirely constructed by individuals, through their interactions. In other words, the INB core presents the “in-between” place, where internal perceptions meet the external and where they influence each other through interpersonal interactions (see Koporcic and Törnroos, 2019a, 2019b for more details). Identity and reputation are, therefore, always co-created and influenced by more than one actor. As a result of these processes, corporate brands are created in a business network, as strong or less strong, which, in turn, has an influence on the creation of firms’ network positions. The network position, however, is simultaneously influencing a corporate brand. This can be the result of new business relationships or old ones that are terminated as an outcome of a new network position. All of this presents branding as an inherent part of networking, thus creating a holistic view of INB.

4. Research methodology

The purpose of this paper is to explore INB as a new approach to understanding the importance of firm representatives for SMEs operating in fast-changing EMs. To provide a deeper understanding of the phenomenon (Eisenhardt, 1989; Yin, 1989) and its complex processes, a qualitative case study approach was adopted. As Halinen and Törnroos (2005, p. 1286) argue: “…it is obvious that case strategy is most suitable for the study of business networks. It allows the study of a contemporary phenomenon, which is difficult to separate from its context, but necessary to study within it to understand the dynamics involved in the setting.”

A single case study was employed to collect and analyze rich and in-depth data on a Croatian business network in which four SMEs are embedded (see Figure 2). The SMEs operate in the food industry, hospitality, and the wholesale market, as well as in the logistics and transport industry. The companies were chosen by the focal firm manager as the most important partners in his business network. Thus, the first interview with the focal firm was crucial in building the network structure (Figure 2). This is because, in comparison with, for example, strategic alliances and alliance networks (see, e.g., Gulati et al., 2000) where the exact number of members is always known, business networks described by the IMP Group denote a number of
connected exchange relationships with no clear boundaries denoting who is on the inside or outside of the network (Axelsson, 2010). Thus, with the help of the focal firm’s representative, we were able to delimit our research and focus on the closest business relationships and the importance of interactions between them for the studied phenomenon. For privacy protection, pseudonyms are used instead of company names.

4.1. Data collection

A narrative approach was used both for data collection and analysis (Elliott, 2005; Makkonen et al., 2012), in order to follow four SMEs and their INB process unfolding over time. These narrative stories are presented retrospectively. Each of the informants selected the stories that (s)he considered crucial for describing interpersonal interactions and the unfolding process of INB. The focus on SMEs is additionally justified based on the limited research conducted on B2B SME brand-building processes (Spence and Essoussi, 2010). The research followed the social constructivist perspective on corporate branding (Biraghi and Gambetti, 2015; Cornelissen et al., 2012) and, thus, on INB. As such, INB is understood as a relational and social process that is a result of interpersonal interactions between SME representatives.

The researcher collected longitudinal data during the period 2015-2019. Primary data consisted of nine in-depth, semi-structured, face-to-face interviews, and one video call interview, all ranging from one to two hours. In addition to these, four email interviews were collected. Face-to-face and video call interviews were used to provide better access to a broader range of information and, in its unstructured form, yielded a deeper understanding of new constructs and contexts (Burgees and Steenkamp, 2006). At the same time, email interviews were conducted as an alternative to face-to-face interviews (Meho, 2006), especially when specific details became necessary and there were time and distance constraints. The focal company (Ivy Commerce) was interviewed five times and their business partners three times each. Most of the face-to-face interviews included an additional email confirmation consisting of verification of the data provided. In total, six people were interviewed. All interviews were conducted with experts in their fields, i.e., managers and owners of SMEs (see Table 1). A reason for using experts is best described by Pace (2015, p. 231): “The expert is both a synthesis of the identity [and the reputation] of an organization and a privileged access point to the wider network of persons who shape the corporate identity [and the reputation]”. Interview questions were semi-structured, narrative, and open-ended, allowing the respondent to tell the story in her/his own words (Polkinghorne, 2007). Respondents were encouraged to talk about the importance of
their interpersonal interactions with business partners and the influence it has had on their identity, reputation, and network position.

Table 1. List of interview data

| Company               | Focal contact person(s) | Role in the business network | No. and type of interviews conducted | Dates of the interviews |
|-----------------------|-------------------------|------------------------------|-------------------------------------|-------------------------|
| Ivy commerce (ex. Talic) | Managing director and owner of Ivy (2 respondents) | Focal actor, Distributor | 3 face-to-face interviews, 2 email interviews | 30.06.2015, 23.07.2016, 19.04.2017, 04.06.2016, 26.01.2017 |
| Transport Ltd         | Founder                 | Service provider             | 2 Face-to-face interviews, 1 email interview | 03.07.2015, 20.04.2017, 15.01.2019 |
| Pivovara SB           | Managing and marketing director (2 respondents) | Buyer                        | 2 Face-to-face interviews, 1 email interview | 03.07.2015, 19.04.2017, 15.01.2019 |
| Vital                 | Managing director       | Buyer                        | 2 Face-to-face interviews, 1 video call interview | 02.08.2016, 14.04.2017, 16.01.2019 |

Referring to the context in which data were collected, Croatia, as an emerging market country, presents a small research laboratory in which the majority of companies are SMEs. Considering the current economic situation in the country, and the intense competition on the market, the issue of accessing and gaining the trust of a contact person is often a considerable obstacle for a researcher (Ivanova-Gongne et al., 2018). However, through a mutual contact, the researcher gained access to the focal company (Ivy Commerce) and their business partners. Also, the ability to conduct interviews in the Croatian language brought a further positive aspect to this situation. As previous research highlights, conducting interviews in the native language provides more profound insights into the phenomenon and authentic information that might be lost otherwise (Welch and Piekkari, 2006). This additionally helped the development of a high degree of mutual trust between the researcher and the managers, as well as their openness in providing detailed information. The recorded interviews were then transcribed verbatim. In addition to the interviews, secondary data were collected through newspapers and web articles, thus enhancing the credibility of the findings (Lincoln and Guba, 1985).
4.2. Data analysis

The data were analyzed following the analytical model presented in Figure 1. The key unit of data analysis was the SME, represented by individuals who act on behalf of their company and interact with each other. These individuals are, at the same time, corporate brand architects who can create, influence, or even destroy corporate identities and reputation of their own- and their partners’ SMEs. In addition, the analyzed data demonstrated the importance of INB core for the creation of network positions of SMEs in their business market (see Figure 1 as a base for analysis and Section 6 for specific results).

Analysis of the primary data was conducted in the Croatian language. Since the author of the paper is Croatian, this brings additional credibility to the specific cultural-related interpretation of the data and expressions. The analysis of the narratives was done by a careful reading of all the interviews in order to generate the bigger picture. Then, the analysis focused on detecting the parts of narratives that correspond to each element of the INB analytical model (see Table 1). Throughout, the extracted parts of the narrative were analyzed and compared with the theoretical aspects of the study in order to create a deeper understanding of the content and context that generate the process of INB (see, e.g., Pettigrew, 1997). This involved exploring the respondents’ thoughts on networking and branding processes, which are the result of interactions between firm representatives. As an outcome, a narrative description of the case study was created. Finally, data were reduced in order to achieve consistency of findings and text was returned to informants who were asked to read and approve the content and validity (Guba and Lincoln, 1985).

5. Case description

This section presents the historical reconstruction of critical events and INB processes that unfolded over time in the business network of Ivy Commerce. The business network of this case study consists of four SMEs: Transport Ltd, acting as a supplier; Ivy Commerce, as the focal company and distributor; and, Vital and Pivovara SB as business buyers (see Figure 2). Finally, end users are consumers, who have an influence on the business network but are not in the focus of this research. Instead, the focus is on interactions between SMEs and their representatives.
The following text will, therefore, present the main critical events or happenings that have created this specific business network, which allowed INB to develop and come into existence.

5.1. Foundation of Talic Commerce and its central business relationships

The first event is defined as the foundation of Talic Commerce (current Ivy Commerce) in the year 1994. The company was founded by Mr and Mrs Talic, and operated as a wholesale company and distributor of food and beverages. After this, the SME developed the following most essential business relationships:

The founder of Transport Ltd was (and still is) a very good friend of Mr Talic. They were born and raised in the same place and, throughout the years, they created a strong personal relationship based on trust. Transport Ltd is an SME working in the logistics and transport industry and was founded in 2006. During the first years, the company operated with only three trucks and had a small number of customers. However, in 2011, Mr Talic sold all his trucks to Transport Ltd, which triggered the beginning of their business relationship. Very soon after, Transport Ltd became the primary service provider for Ivy Commerce, with frequent interpersonal interactions between SME representatives.

Pivovara SB is an SME that represents the largest and most important buyer of Ivy Commerce. It was founded in 2014, in close collaboration between the owner and Mr Talic. These two individuals were, again, good friends whose exchange of ideas and interaction resulted in the identification of a business opportunity. It took Pivovara SB only a few months to develop its corporate identity and reputation and to create its strong position in the network. In turn, by
being connected with Pivovara SB, Ivy Commerce gained more business partners and a better network position.

Mr Talic has been working with the café Vital since 1999. This SME presents one of the long-term and loyal customers of Ivy Commerce. During the last two decades, more than ten changes of the owners took place, but cooperation between the companies through new interpersonal interactions never stopped. One of the informants of this study became the owner of Vital in 2015. Immediately after that event, a contract renewal with Ivy Commerce was made, which signified the renewed partnership between the two business partners.

5.2. Talic Commerce merged with Ivy Commerce

In 2012, Talic and Ivy Commerce became one company. Since the formal owner of Ivy Commerce was an old friend of Mr Talic there were no significant changes in the companies, except its name. The motivation for the merger was the size of Ivy Commerce, which was, at that time, significantly larger than Talic Commerce. It had operations in five warehouses, while Talic had only three. In 2019, the company operates in eight warehouses in total. As Mr Talic described:

“So since the owner of Ivy Commerce and I are old friends, we came to the idea to merge our companies into one, in order to be stronger and more reliable in front of our suppliers and buyers” (Ivy Commerce).

Ivy Commerce is now the second-largest distributor of beverages in Croatia. This resulted in the corporate identity change, as a result of adaptations to the new network position. Ivy Commerce is now responsible for a large part of the Croatian market, thus influencing the creation of its new corporate reputation. Without a doubt, the company is acquiring a position stronger than ever. However, their loyal business partners are still referring to the company as Talic Commerce, which might be an outcome of its established reputation, which is strongly connected to the reputation of its founder:

“I will always say ‘Talic Commerce’ when I refer to the company. For me it’s not Ivy, it is still Talic. That will never change” (Transport Ltd).

5.3. Crisis in the industry

The year 2017 has been labeled as the starting point of the crisis in the wholesale industry. The critical event occurred in March when the most significant competitor of Ivy Commerce and
(at that time) the most influential company in the industry, Agromor, declared an unsettled debt of 40.4 billion Croatian kunas, which is approximately 5.4 billion euros (Dnevnik news). The event of Agromor being on the edge of bankruptcy produced positive results on behalf of Ivy Commerce’s reputation in its business network. It also resulted in the business partners of Agkrokor approaching Ivy:

“Now, when Agromor has problems, their business partners are approaching us. Agromor does not have enough products to sell, and they have problems with a delivery, so, buyers are coming to us, which is a big plus” (Ivy Commerce).

One possible reason for this critical event is the different way of conducting business that these two competitors have. As described by Mr Talic, the competitor was focusing on lowering the prices close to the minimum in order to attract new customers; meanwhile, he was focused on reasonable prices and long-term relationships:

“The problem with our competitor was that they could afford lower prices of products. Because of that, buyers were often choosing them. However, that is most likely one of the biggest reasons for their current problems. They cannot repay their debt” (Ivy Commerce).

| Year | Critical event | INB process |
|------|----------------|-------------|
| 1994 | Foundation of Talic Commerce (current Ivy Commerce) | Connecting with first partners and building network positions. Identity and reputation creation through first interactions. |
| 2012 | Talic commerce merged with Ivy Commerce | Stronger reputation and network position, small changes in identity; partners stayed loyal. |
| 2017 | Despite crises in the industry, Ivy Commerce is acquiring the desired network position | Ivy Commerce maintains its strong identity and positive reputation; the biggest competitor is losing business partners – and they are moving to Ivy Commerce. |

6. Findings

After setting the scene of the case study with historical reconstruction, empirical findings are presented, based on the elements of the analytical model (Figure 1). By focusing on interactions
between individuals and the outcomes of these processes, the holistic nature of the INB phenomenon is presented. At the same time, the following research question is answered: How can individuals, as representatives of SMEs, ensure a successful INB in an EM?

6.1. Interactive Network Branding in an emerging market context

Talic Commerce, as an SME from the emerging Croatian market, has a specific business network, created of close and long-term relationships. These settings, as it turns out, have been different from those of their competitors, who are still using traditional bureaucratic models and techniques of fierce competition for winning customers and gaining market share.

“Other companies are fighting with each other, all the time. By lowering prices, they are trying to get more customers. Unfortunately, this is still the most common way of how business is done in our market” (Transport Ltd).

However, these four case companies have realized the importance of INB and close interactions with their business partners for gaining recognition and survival in the market.

“Croatia is a small country where everyone knows everyone. In my opinion, all we need are the right partners, good products, and services. Through recommendations and positive word-of-mouth, we can survive” (Transport Ltd).

Respondents’ stories describe all of the elements of INB, such as corporate identity creation, as an internal process, and corporate reputation creation, external – both of which are the result of close interpersonal interactions between firm representatives. Finally, they focus on the core of INB that has an influence on the creation of network positions of their own, as well as of the partners’ SMEs. These elements are presented next in more detail while focusing on answering the research question.

6.1.1. Corporate identity creation

According to managers, the corporate identity of each company has been developed as a result of their internal business activities, i.e., as a sum of everything that they do and how they do it. Corporate identity also represents how individuals perceive their companies and how they communicate the corporate brand to others in a business network.
“We have great and communicative personnel, excellent service, and great quality of products, which we buy from Ivy Commerce. We aim to create, from the very beginning, good personal contacts with our business partners, as well as customers, which results in their constant return to Vital” (Vital).

The identity is in most cases created, as the firm itself, by the SME founder and his/her closest individuals. In some cases, those were relatives, spouses, or childhood friends.

“My company was founded back in 1994, by my wife and myself. We started with no business partners, but a great vision in our mind” (Ivy Commerce).

However, the respondents are also acknowledging that corporate identity is co-created through interpersonal interaction, not only inside the firm but also between business partners.

“We have a great business relationship with Ivy Commerce, from the very beginning. And although other companies are approaching us, we are staying loyal to Mr Talic. It is in both of our interests to keep the relationship alive. Talic is an honest and responsible business partner, who helps us develop our identity further, in the right direction” (Pivovara SB).

However, by developing corporate identity together with their business partners, this process starts to have an influence on a firm’s corporate reputation creation. In other words, while firm representatives are interacting with each other, they are influencing how others perceive their SME.

6.1.2. Corporate reputation creation

Corporate reputation describes how the company is being seen by its current and potential business partners. Oftentimes, it is an outcome of direct interaction with firm representatives, but it can also be created through word-of-mouth and references from third parties. These reputation-enhancing activities are usually related to one’s experience with the SME. Although informal in nature, and mostly uncontrollable, these aspects are greatly influencing a firm’s corporate brand.

“Ivy Commerce has no competitors. Actually, to be precise, there are only two distributors in our market, and the name of the second company I cannot even recall” (Vital).

“Mr Talic offers good products, fast delivery, reasonable prices, and you can expect to get what you ordered. With that, I would say that Ivy Commerce has a great reputation” (Pivovara SB).
“Transport Ltd is my reliable partner, and he offers a great service. I can count on him and would recommend him to anyone” (Ivy Commerce).

Based on empirical evidence, the reputations of SMEs are positive. This is an outcome of focusing on a network of business actors who collaborate closely and are focused on the development of long-term relationships. However, this should not be understood as a limitation but, instead, as an opportunity to gain more profound insights into the phenomena.

The analysis of empirical findings furthermore suggests that in the Croatian EM, SMEs are sometimes entering relationships with reliable and respected companies in order to strengthen their own reputation.

“Now, when we have a strong position in the market, we are the ones in charge. Potential business partners are approaching us because they understand our identity and appreciate our reputation, and with whom we are working with. By connecting with us, they are helping their companies to be recognized on the market as well” (Pivovara SB).

Besides seeking support, interactions between companies will not only influence their respective reputations but will also have an influence on how individuals understand and construct their own identities, thus denoting the core of INB, which is presented next.

6.1.3. Core of INB: Influencing network positions

The INB core is an intersection between identity and reputation creation processes. It is constructed through interpersonal interactions and serves as a place where internal perceptions of a corporate brand meet with the external ones. This denotes the place where co-creation of the corporate brand appears, which furthermore creates a base for achieving the desired network position.

The empirical findings showcase that success comes from mutually interdependent but loyal business partners, where each partner is reinforcing each other’s interests and respective corporate brands in the network.

“Although people in Croatia say that you should pay more attention to attracting new customers, I would disagree. In my opinion, you should pay more attention to the customers you already have! They are the ones who can help you reach your potential, recommend you to others and, together, with you build your brand on the market” (Pivovara SB).
The previous owner of Vital gave me advice on how to succeed in the Croatian market. He said:
Don’t forget to develop personal relationships with your business partners. And I follow his advice” (Vital).

“In my opinion, personal interactions and business relationships have the greatest importance for the success of small firms on the market” (Ivy Commerce).

Besides the importance of developing and maintaining long-term relationships, firm representatives have also come to the conclusion that, in order to succeed, it is no longer sufficient to focus on developing only their own identities and reputation. Instead, it is of crucial importance to go a step further and understand that business partners, through interactions, are influencing each other’s corporate brands. Understanding ‘how we see ourselves together’ can ultimately help in pursuing desired positions in a network of business actors.

“When you have a perfect relationship as we have with Mr Talic, you should just invest time to maintain it. Because he influences our identity and reputation in the market and we influence his. Also, our idea to start with the franchise market involves keeping our partners with us. As we grow and change position in the network, they all grow. So, anyone who takes Pivovara SB as a franchise, they must take Ivy Commerce as a supplier. That is our requirement in order to keep our brands strong” (Pivovara SB).

In order to summarize the findings of this study, Table 3 is presented next. It represents how corporate identity is perceived by its firm representatives; how corporate reputation is perceived by several others from a business network; and how companies see themselves together on the market, presenting the core of INB and the relational interdependence of SMEs in the EM. This, however, is all based on the notion of interactions between firm representatives, which is found in the core of INB processes.
Table 3. Summary of empirical findings

|                          | Corporate Identity                                                                 | Corporate Reputation | Core of INB                                                                 | Network Positions                                                                 |
|--------------------------|------------------------------------------------------------------------------------|----------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| **Ivy Commerce**         | Although the firm identity changed during the merger, the SME remains strong and    |                      | The success comes from mutually interdependent business partners, where each partner is reinforcing each other’s interests and respective corporate brands in the network. | Ivy Commerce is positioned as the best distributor in its business network. It has a strong position that is maintained through strong business partnerships. |
|                          | recognized, based on Mr Talic’s identity in the network.                           |                      |                                                                             |                                                                                  |
| **Transport Ltd**        | Since it is a small company, corporate identity is connected to the identity of    |                      |                                                                             |                                                                                  |
|                          | the founder. He is responsible and loyal to his business partners.                 |                      |                                                                             |                                                                                  |
|                          | Transport Ltd is connected with Ivy Commerce which gives his SME a recognition on  |                      |                                                                             |                                                                                  |
|                          | the market and a positive reputation.                                              |                      |                                                                             |                                                                                  |
| **Pivovara SB**          | The unique identity is created from the Pivovara SB project, which gives an SME    | Positive reputation | They have realized that having a smaller buy loyal number of partners can push the company further than anything else. By communicating and improving themselves, together with partners, they are the winners in the marketplace. |                                                                                  |
|                          | an attractive storyline and provides the name that is distinctive and different.    | on the market based  |                                                                             |                                                                                  |
|                          |                                                                                 | on being the only    |                                                                             |                                                                                  |
|                          |                                                                                 | company offering its services. |                                                                             |                                                                                  |
|                          |                                                                                 | “We are lucky that our partners are loyal and our competitors did not manage to understand the concept of our business and copy us.” |                                                                                  |
| **Vital**                | Strong identity based on being in the market for 20 years with the same brand,    | Recognized in the   | Focusing on long-term relationships, development of close personal contacts and mutual collaboration in regards to improving the corporate branding of both partners. |                                                                                  |
|                          | constantly improving it.                                                          | market as a responsible partner, ready to adapt to business partners’ needs. |                                                                             |                                                                                  |
|                          |                                                                                        |                      |                                                                             |                                                                                  |

“We have a great innovative project that positioned us perfectly on the market. In order to keep our position, we carefully choose our business partners and make them grow with us.”

“We are stronger together! Our business relationship has helped us build our individual network positions. But even more importantly, it helped us position ourselves together, as business partners, on the market.”
7. Discussion and conclusions

This study is one of the first empirical studies on INB. It offers insights into the role of firm representatives in INB processes for a fast-changing, emerging business market and answers the question of how can individuals, as representatives of SMEs, ensure a successful INB in an EM? As such, the study provides theoretical and managerial implications, as well as future research suggestions, which are all presented below.

7.1. Theoretical implications

By introducing and examining INB in the EM context, the study contributes to relatively novel literature on INB (Koporcic and Halinen, 2018; Koporcic and Törnroos, 2019a, 2019b) as well as to marketing literature and business studies on fast-changing EMs (Burgess and Steenkamp, 2013; Kalafatis et al., 2000; Wright et al., 2005). Answering the call for empirical research on INB by Koporcic and Halinen (2018), the study introduced the INB analytical model, consisting of the identity and reputation creation through the INB core, which ultimately, has an influence on the firm’s network position. The findings show that long-term relationship and close interpersonal collaboration with ‘the right’ business partners form the key for SME survival on the market, in which companies are willing to give up short-term profit for long-term mutual benefit. Thus, companies are moving beyond the traditional economic transactional relationships (Chell and Baines, 2000), into relationships where trust and commitment are being built and friendships cherished through INB processes.

Focusing on the INB processes of SMEs offers further theoretical implications, directed towards the network literature of the IMP Group. Although the findings of studies conducted by Ciabuschi et al. (2012), Gadde et al. (2012), La Rocca et al. (2013), and Guercini et al. (2014), report that the development of strong relationships, capable of overcoming liabilities and implementing solutions, is due to the close interactions between individuals involved in these relationships, these studies neglect the role and potential of branding processes. By proposing the INB framework, the study acknowledges the importance of firm representatives and their interactions with business partners, which furthermore, has an influence on the creation of corporate identities and reputation, i.e., branding processes. In addition, these branding processes are often created as an outcome of face-to-face interactions, or by word-of-mouth and recommendations from business partners. Therefore, they are implemented as part of networking. These findings suggest that the INB process is complex, non-linear, and
unfolding over time, precisely because of the social nature and dynamics of interpersonal interactions, thus corresponding to the previous studies on INB (see, e.g., Koporcic and Halinen, 2018; Koporcic and Törnroos, 2019a, 2019b; Koporcic and Ivanova-Gongne, 2019).

Moreover, the paper corresponds to the findings from business relationship studies in the EM context that argue about the importance of personalized business contacts for overcoming uncertainties in fast-changing business markets (see, e.g., Salmi and Mattsson, 2015; Koporcic and Ivanova-Gongne, 2019). In addition, it has been demonstrated that recommendations and business connections can create a base for deeper interactions between partners, thus corresponding to the study conducted by Håkansson and Snehota (2006). Finally, the paper contributes to the conceptualization of corporate brand identity co-creation, presented by Iglesias et al. (2019). In their study, the authors argue that co-creation of identity occurs not only inside of a focal firm but also through interaction between multiple business partners. 

However, this study differs from the findings of Iglesias et al. (2019), by presenting a broader perspective on the co-creation phenomenon, in which co-creation of identity is followed by co-creation of the reputation, and vice-versa, as one cannot exist without the other.

7.2. Managerial implications

Concerning practical implications, the greatest challenge for managers is to identify and choose ‘the right’ business partners who will then have a positive effect on the creation of the firm’s identity, as well as its reputation. This is especially relevant for SMEs in an EM context. Contrary to large multinational firms who have financial capabilities for branding departments and recruitment of brand managers, SMEs in EMs should deliberately create long-term relationships with crucial business partners, throughout which branding will become an inherent part of networking. This is supported by previous research, which argues that business relationships are often founded and reputation created through social interactions between managing directors (see, e.g., Guercini et al., 2014). Word-of-mouth is crucial for SMEs that have limited financial resources and, accordingly, do not use traditional marketing and branding strategies. It is, instead, through close and strong business relationships that SMEs receive help with their branding efforts as well as with the creation of network positions in a business market.

Moreover, INB can also be understood as an ongoing relational process that should be maintained and developed over time. Managers should be aware of ‘what others think of them’, i.e., how potential and current business partners see the firm and its corporate brand (i.e., what brand means for different business actors in the network). Thus, managers should be careful
when communicating the firm’s corporate brand to its current and potential business partners. When discrepancies of identity-reputation appear, they should be harmonized through closer interactions with crucial business partners.

Since the INB is defined as the process of corporate identity and reputation creation that SMEs use to influence their network positions, it is possible to conclude that those actions, since executed by individuals, are both purposefully planned and organically created (Koporcic and Halinen, 2018). In addition, from the INB perspective, in which individuals play the leading role, it is important to note that identity and reputation are co-created and influenced by more than a single actor. The core of INB processes thus shows that firm representatives are simultaneously building their own and partner’s corporate identity while influencing the creation of an individual and joint reputation in the network. In other words, when firm representatives meet, their interactions will have an influence on how they perceive themselves, how they perceive other companies, and also, how they see themselves together. This, in turn, will have a bearing on the creation of firm positions of each company in a business network. Only when companies see themselves together, as loyal partners, they can use the full potential of INB. As can be concluded from the findings of this study, corporate branding activities correspond to networking and are executed through individuals, who represent their companies and interact with other representatives. Thus, the main research question of the study – how can individuals, as representatives of SMEs, ensure a successful INB in an EM – can be answered by understanding INB processes and the importance of interpersonal interactions for corporate identity and reputation creation.

In addition, an individual can be part of numerous networks of professionals (the same as a firm that can be part of different networks – as described in Axelsson, 2010). However, while empirically investigating INB, the conclusion has been made that ‘networks of professionals’ is an inconsistent term, considering the reality of SMEs in EMs. The findings show that individuals were connected to their professional network peers, and new connections were created through recommendations between those networks. However, other social connections, including private relationships, as well as family and friends, can also play an essential role in a firm’s network development. Some of these relationships are merely professional, while the most important professional relationships often develop into friendships. A similar discussion has been made by O’Donnell (2014). In his study, he partly agrees with the previous literature, which argues that relationships between SMEs are personal and informal (Biggerio, 2001), as
opposed to organizational. Moreover, he claims that the relationship between individuals should also be understood as both informal and formal, which the findings of this study confirm.

7.3. Future research suggestions

Besides its implications, the study has several limitations that provide further areas for research. First, even though the research was longitudinal, only four companies from the Croatian EM were investigated, indicating that the findings might lack generalizability. Thus, further research is necessary in order to examine the importance of INB for SMEs in different markets. Secondly, this study is presented in a positive light, but, as Koporcic and Halinen (2018, p. 400) argue: “This, however, does not mean that INB is always positive. Instead, interpersonal interactions can also weaken, or even destroy the identity and reputation of a company, implying its positive and negative effects on corporate branding.”

More research is also needed in order to understand whether usage of personal contacts in INB is culturally specific (see, e.g., Koporcic and Ivanova-Gongne, 2019; Guercini et al., 2014), or whether it is a prerequisite of the mere concept of INB. Moreover, it could be beneficial to examine the potential reasons why some firms acquire more benefits from INB than others, and what can be done in order to achieve the maximum benefits from those processes (similar notion in O’Donnell, 2014).

Finally, it would be interesting to conduct a study in a business-to-consumer market, to examine how the interpersonal interaction with final customers would influence identity and reputation creation, as well as the network position of the SME.

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