

**Understanding the process of Repair in dissolving Business
to Business Relationships: An SME perspective**



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Declaration

**The author hereby declares that except where duly acknowledged,
this thesis is entirely her own work.**

Signed: _____

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Dedication

This thesis is dedicated to my grandparents Mary and Edward Murphy

Dyadic relationships are at once a peculiarly fragile and durable species of organisation, fragile in that the death of one member spells the end of the organisation and durable in that they are much harder to dismantle than to create (Georg Simmel, 1950)

Abstract

Understanding the process of Repair in dissolving Business to Business Relationships: An SME perspective

Despite considerable research examining the dissolution of business to business (B2B) relationships, studies exploring the repair of these relationships have been insufficiently explored empirically. To date most B2B dissolution research has focussed attention on the reasons why relationships end (Farrelly, 2010; Pressey & Selassie, 2007; Hocutt, 1998; Halinen, 1997; Keaveney, 1995; Perrien, Paradis & Richard, 1995), or other influencing factors (Olkkonen & Tuominen, 2006; Wang et al, 2004; Hallen & Johansen, 2004; Vaaland, 2004), or the processes of dissolution (Halinen & Tähtinen, 2002; Giller & Matear, 2001; Ping & Dwyer, 1992), or the strategies for disengagement (Pressey & Mathews, 2002; Alajoutisjarvi, Moller & Tähtinen, 2000; Baxter, 1979). However, there is scant attention given to the process of repair in troubled relationships and even less on the changes that take place to the state of the relationship (Dirks Lewicki & Zaheer, 2009). Moreover, the use of different types of strategies needed to repair the damage and the outcomes of the process have largely been ignored (Dirks et al, 2009; Salo, Tähtinen & Ulkiniemi, 2009). Thus, the research problem that emanated from the literature review which became the focus of this study was that there was very limited knowledge concerning the process of repair in B2B relationship dissolution.

From a process perspective, a deeper understanding of the state of the relationship and the actions and reactions from individual Owner Managers (OMs) is needed (Dirks et al, 2009; Salo et al, 2009; Tähtinen et al, 2007). By developing a unifying theoretical framework, the research aids the analysis of the broader problem of relationship repair (Dirks et al, 2009) and the process approach presented identifies the underlying actions and reactions that occur during the repair of these troubled relationships.

Using an interpretative philosophical position, a qualitative-methodological approach was designed (Creswell, 2007; Morgan & Smircich, 1980). The critical incident technique was adopted based upon interviews and reflective practice to explore the process of repair in greater detail from OM experiences in repaired or dissolved B2B relationships. The findings presented in this study illustrate the dynamic sub-processes inherent in repairing relationships in dissolution. The critical incident analysis supports the notion that the state of the relationship pre transgression coupled with the types of precipitating events that cause breakdown, have a large impact on the outcome of the repair process. Equally, the trajectory of the process is driven by the partners in the relationship as their reactions to dissatisfaction either push the relationship towards repair or initiate its dissolution. Since the research is concerned with understanding the process of repair in Irish SMEs, it draws upon the behavioural model of social exchange theory for its theoretical foundation.

From the study, a theoretical framework has been developed and a number of important theoretical and managerial contributions arise. For example, the findings clearly indicate that the state of the relationship pre transgression has an impact on the repair process of B2B relationships in SMEs. The implication of this is that at a strategic level, SME owner managers need to understand the state of their B2B relationships and to classify them into those that are strong relationships based on satisfaction, trust and commitment and those that are weak and prone to dissolution. At a micro-

level, in order to yield the most impact of OM involvement in relationship repair, the research provides practitioners with insight regarding the stages of the repair process including critical junctures that aid the process and its outcomes. The first point of reference is the understanding of the exact nature of precipitating events that cause breakdown, whether they were cognitive or behavioural. These events are highly contextualised within the pre state of the relationship and affect the trajectory of the process. The next critical turning point is the evaluation of these events and establishing a willingness to repair the damage which leads to a renegotiation of the relationship or its dissolution. This negotiation is underpinned by open communications, trust as a basis for repair and established interpersonal relationships. The output from the renegotiation process defines the types of strategies that are needed to repair cognitive or behavioural damage. Strategically OMs are also faced with situations where the outcomes of the repair process are either favourable where relations are strengthened or unfavourable where the relationship is still vulnerable to future dissolution.

In addition to these theoretical and managerial implications, the research has also provided a contribution to theory through the expansion of the B2B dissolution and repair literature. For example how the relationship characteristics and the nature of the precipitating events influence the outcome of the repair process answers calls for research in this area (Salo et al, 2009). More empirical knowledge has been gained in relation to the use of different repair strategies required including cognitive, restoring the social order and structures to avoid issues arising again in the future (Dirks et al, 2009). As the focus of the research has taken a broader view of relationship repair, more empirical knowledge has been examined at a deeper level to understand the dynamic nature of the phenomenon (Dirks et al, 2009). To the researcher's knowledge, this is the first attempt to capture the entire process from the beginning to its outcomes.

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List of Abbreviations

B2B: Business to Business

CIT: Critical Incident Technique

CSO: Central Statistics Office

IMP: International marketing and purchasing group

OM: Owner Manager

PET: Political economy framework

RTD: Resource dependency theory

SME: Small and Medium Sized Enterprises

SET: Social Exchange Theory

TCE: Transaction Cost Economics

Glossary of Terms

Attenuating Factors: Attenuating factors moderate the effect of predisposing factors and precipitating events on relationship dissolution. Attenuating factors are reasons identified by owner managers to try to repair a relationship during the process of dissolution (Tähtinen, 2001, p.57).

Critical Incident Technique: A qualitative interview procedure which facilitates the investigation of significant events identified by the respondent, the way they are managed and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual taking into account cognitive, affective and behavioural elements (Chill & Pittaway, 1998, p. 56).

Decline: Reduction in interaction between partners following a breakdown without actually withdrawing from the relationship.

Dissolution: Taking a business relationship view this term refers to the processes involved in dissolving B2B relationships.

Exit: A single actor's disengagement from relationship. Exit is formally separating, threatening to end or searching for alternatives

Interaction: Interaction is considered the basic building block for a relationship. Interaction involves a continuous process of exchange between two reciprocally committed partners (Ford, 1980). Through the process of interaction, activity links and social ties are created (Hakansson, 1982).

Inter-firm alliance/alliance: A voluntary arrangement among firms that exchange or share resources and engage in the co-development or provision of products, services or technologies (Gulati, 1995).

Interpersonal relationship: In this study's context, this term refers to the interpersonal relationship between individuals at the interface between two partnering organisations.

Inter-company: Negotiation with the partner company for improved performance following breakdown or to dissolve the relationship. At this stage the issues are out in the open.

Intra-Company: Owner Managers and senior directors consult internally, the various options available to them following a breakdown in business relationships.

Negotiations: Can be defined as *“the process whereby, in the face of resistance or disagreement, actors rearrange or change their distributions of rewards and obligations”* (Scanzoni, 1979, p. 7).

Owner Managers: SME company founders and owners who also undertake a number of management roles within the company due to its size.

Paradigm: A world view governing people’s thinking and action. It includes for example people’s values, judgements, norms, standards, frames of reference, perspectives, ideologies, myths, theories and so forth (Gummesson, 1991; Hill and McGowan, 1999).

Precipitating events: These events bring about change to a relationship and trigger actions towards dissolution. They can be sudden or part of a series of events that require reactions to change the negative state of the relationship (Halinen & Tähtinen, 2002, p.170). Precipitating events can occur during the relationship and during its dissolution and repair process.

Predisposing Factors: These factors already exist when companies enter a B2B relationship, making it more vulnerable to dissolution (Halinen & Tähtinen, 2002). Duck (1981) refers to these as internal risk factors. They are static, underlying and structure like and can affect managers actions unconsciously because they provide the basis for managers to interpret events as precipitating (Halinen & Tähtinen , 2002, p. 170).

Psychological contract: These involve open-ended, less specific agreements that establish and maintain a relationship. These contracts involve both economic and non-economic exchanges (MacNeil, 1980).

Qua persona behaviour and role behaviour: If an individual is sincere and trustworthy to ‘qua persona’ behaviour, this does not mean that the individual will act the same in their role context. Thus, even though individuals may rely on trust in their ‘qua persona’ behaviour, they may be unable to do so when acting on behalf of their organisation (Ring & Van de Ven, 1994, p. 96).

Reactivation: A relationship that may have ended but is recovered at a later date.

Relationship Governance: Governance has been defined as a “multidimensional phenomenon, encompassing the initiation, termination and ongoing relationship maintenance between a set of parties” (Heide, 1994, p.72). Moving from a transactional perspective to a relational one, this definition reflects a shift in perceiving organising as a related set of transactions between firms to perceiving organising as involving relationships between organisations.

Relational Norms: MacNeil’s (1980) states that inter-organisational exchanges are maintained through norms and that these norms are manifested differently in transactional exchange compared to relational exchange. As inter-organisational relationships become closer, relational norms evolve over time through interactions to govern the relationship (MacNeil, 1980; Blau, 1964). This study views norms as involving: mutuality, conflict resolution, relational focus and role integrity.

Relationship Marketing: Relationship building with both external and internal stakeholders in a company. This study involves relationships with both suppliers and customers (Morgan & Hunt, 1994).

Repair Strategies: Various Strategies agreed and implemented by companies to repair the elements of the B2B relationship that have broken down. It has been noted in the literature that different repair strategies will have different rates of success depending on the stage of dissolution they are applied to (Duck, 1984).

Response to Dissatisfaction: Once an event calls into question the state of the relationship, a challenge is needed where the offended party draws attention of the negative event to their partner (Ren & Gray, 2009). There are a number of reactions to dissatisfaction in business relationships including Exiting, voicing, Loyalty and neglect.

Small and Medium Sized Enterprises: A **Small Enterprise** is defined as: an enterprise that has fewer than 50 employees and has either an annual turnover and/or an annual Balance Sheet total not exceeding €10m. A **Medium Sized Enterprise** is defined as: an enterprise that has between 50 employees and 249 employees and has either an annual turnover not exceeding €50m or an annual Balance Sheet total not exceeding €43m (EU, 2009).

Social Exchange Theory: The interdependence of relationships between individuals in the process of social behaviour. SET postulates that exchange interactions involve economic and/or social outcomes. Positive economic and social outcomes increase the partner's trust of each other and commitment to maintaining the exchange relationship. These positive outcomes produce relational norms that govern the partner's business interactions (Lamb, Wittmann & Spekman, 2001, p. 5).

Strong Relationships: Partners in strong relationships are satisfied as their expectations are fulfilled during the course of interactions and past exchanges (Geyskens et al, 1999). These relationships have strong cooperation at interpersonal and B2B levels characterised by relational norms, mutual satisfaction, trust and commitment (Salo et al, 2009; Harris et al, 2003; Morgan & Hunt, 1994; Dwyer, Shurr and Oh, 1987). They learn how to work together thereby producing norms of behaviour in order to reach their goals (MacNeil, 1980; Heide & John, 1992).

Switching: A single actor replaces an existing relationship with a new one.

Termination: Deliberate and decided endings from a single actor's perspective (Tähtinen & Havila, 2013).

Weak Relationships: Weak relationships have predisposing factors that are unfavourable which make them more vulnerable to dissolution (Vaaland, 2004). Relational exchanges are characterised by suspicion so the levels of trust and commitment are much lower (Vaaland, 2003).

1 Chapter 1: Introduction

Small and medium-sized enterprises (hereafter SMEs) represent the backbone of the Irish economy comprising 99% of all firms (Department of Finance, 2012) and accounting for almost 70 percent of private sector employment. These numbers highlight the importance of domestic demand for sustaining and generating employment in the SME sector and the need to encourage SMEs to target new export markets (Department of Finance, 2012). Therefore, it is vital that all of the necessary policy supports are in place to assist the growth of these firms and encourage them to collaborate and compete internationally (CSO, 2011; Forfas, 2010; McGrath & O'Toole, 2010). During the past number of years substantial sums have been invested in SMEs by the European Union through financial assistance and advisory services to ensure their survival (OECD, 2006), yet evidence suggests that many SMEs still fail to grow (Muller et al, 2008). A strong SME sector is very important for the economic performance of a country (Devins et al, 2005; GEM report, 2008) and that importance is amplified in the economic uncertainty that has prevailed in Ireland since 2007.

SMEs are intrinsically different in terms of their structure, management processes and response to business issues that impact upon them (Kelliher & Henderson, 2006). Most notably, a distinguishing feature of SMEs is the centrality of the Owner Manager (hereafter OM) (Reijonen & Komppula, 2007) and the need for resources which has an impact on the development of their businesses and relationships (Ring & Van de Ven, 1994). Yet, factors highlighted by policy makers hindering the development and growth of SMEs include weak management capability, lack of funding, lack of innovation, poor access to information and costly administration regulations (Forfas, 2010). One dominant theme that consistently appears to emerge from reports on SMEs is the need to collaborate more frequently with external partners to develop resources and expand internationally (McGrath & O'Toole, 2011). A key goal for resource poor SMEs is to build relationships that are identified as key resource suppliers that can help the firm in its target markets (McGrath & O'Toole, 2011; Larson, 1992). Consequently, the traditional view of internally driven growth is replaced by the creative use of relationships to enhance revenue, gain information and technology and increase innovation (McAdam et al, 2004; Larson, 1992).

An analysis of Irish state reports by McGrath and O'Toole (2011) suggests that current Irish policy emphasises competitiveness as opposed to cooperation. This is in spite of the suggestion that that external relationships contribute to a firm's financial success, growth, adaptiveness and innovation (Ford et al, 2008; Larson, 1992). It seems then that in order to facilitate B2B relationships and the sharing of knowledge and resources to aid competitiveness both domestically and internationally, the importance of cooperation needs to be at the forefront of SME management development policy (Forfas, 2010). For SMEs this is vitally important and it is necessary to ensure that OMs are aware of the benefits of collaboration; learn how to collaborate and be willing to work with other firms (Ford et al, 2008; Hughes & Weiss, 2007).

This line of reasoning is consistent with the business to business (B2B) literature where there has been a consensus that when companies make a shift in emphasis on developing the right working relationships as opposed to defining the right business arrangement, they improve their chances for success considerably (Hughes and Weiss, 2007). Furthermore, due to the highly competitive nature of the SME sector, firms are directing their attention on developing long-term B2B relationships with their customers and suppliers.

However, managing such relationships is not an easy task. Despite the importance the literature assigns to collaboration, there is evidence to suggest that up to 60% of alliances fail so an understanding of managing, maintaining and repairing B2B relationships is vital (Hughes & Weiss, 2007; Van de Ven, 2004; Parkhe, 1998). Moreover, the main reasons cited for breakdown include; loss of trust, lack of communication and the inability of firms to resolve on-going disputes, rather than establishing well developed contracts as some would suggest (Hughes & Weiss, 2007; Scanzoni, 1979). When companies invest the time and effort in agreeing priorities, embracing differences and enabling collaborative behaviour, the relationship operates more successfully than if they concentrated their efforts on complex legal arrangements and business planning (Hughes & Weiss, 2007; Anderson & Narus, 2004; Dwyer, Shurr & Oh, 1987). Consequently, initial agreements will not be sufficient unless OMs continue to maintain and nurture their relationships (Salo et al, 2009).

As SMEs are resource poor (Forfas, 2010), the evidence presented above indicates that they cannot afford the costly consequences of dissolution of their valued relationships, so in a number of cases OMs want disputes resolved (Jap & Anderson, 2007; Tähtinen & Vaaland, 2006). However,

conducting a business relationship in dissolution is not an easy task for OMs where considerable investments are at risk of being lost if the relationship ends, in addition to the onerous task of finding new partners and developing new relationships (Salo et al, 2009). Thus, if a business relationship is breaking down and dissolution would cause severe damage, repair efforts are needed (Salo et al, 2009; Vidal, 2006; Tähtinen & Vaaland, 2006).

Nevertheless, the majority of B2B relationship research has focused on the positives of developing successful relationships and not on the negatives of managing them, resulting in less attention on conceptual development and empirical evidence related to problematic relationships facing dissolution (Holmlund & Hobbs, 2009). Although research has brought new insights to the dissolution of relationships (Ryan & Blois, 2010; Halinen & Tähtinen, 2002; Hocutt, 1998), the main purpose has not been on how dissolution could be countered (Dirks et al, 2009; Vidal, 2006). Few researchers have empirically examined the process by which dissolution can be avoided once the relationship breaks down (for exceptions see Salo et al, 2009; Tähtinen et al, 2007). Without this knowledge, OMs are not equipped with the know-how to manage dysfunctional relationships when the need arises (Dirks et al, 2009; Salo et al, 2009; Vidal, 2006). Verbalising this concept Van de Ven stated that *“the study of repair, forgiveness and reconstruction of relationships should be a high priority for organisation and management scholars and practitioners alike”* (cited in Vidal, 2006, p. 1). For current authors, such as Tähtinen et al (2007), this knowledge deficit has resulted in academics being unable to provide practitioners with the solutions needed to repair relationships on the brink of dissolution. Moreover, the study of repair will bring new knowledge to the overall understanding of the dynamics of B2B relationships (Vidal, 2006).

1.1 Research Rationale

A number of major literature paradigms have provided direction to this research study. Embarking on this journey, the researcher began by studying articles pertaining to relationship theories and governance of relational exchanges (Morgan & Hunt, 1994; Heide & John, 1992; Anderson & Narus, 1990; Dwyer Shurr & Oh, 1987; Fraizer, 1983). The majority of researchers have been interested in the formation and development of B2B relationships and the important criteria required to maintain and build them (Wilson, 1995; Ring & Van de Ven, 1994; Ping & Dwyer, 1992; Dwyer et al, 1987; Ford, 1980). However, despite the existence of certain criteria that enables relationships to grow into long term partnerships, only two models addressed the issue of

dissolving business relationships (Kanter, 1994; Dwyer et al, 1987) and only one included it as a last stage in their development model that needed further research (Dwyer et al, 1987).

This directed the researcher's attention from relationship formation and development towards a narrower focus on the dissolution of B2B relationships. Since the publication of the cited articles (above), dissolution of business relationships has been of academic interest and the amount of contributions has grown (see table 1.1). However, based on a recent categorisation on the level of growth that research on B2B dissolution has achieved (Havila & Tähtinen , 2011), there is still a need for further studies in the area, as it is the most understudied aspect of B2B relationships (Havila & Tähtinen , 2011; Johnston & Hausman, 2006). As illustrated in table 1.1, dissolution research is highly fragmented as researchers have explored a wide range of areas including; the reasons why relationships end (Farrelly, 2010; Pressey & Selassie, 2007; Hocutt, 1998; Halinen, 1997; Keaveney, 1995; Perrien et al, 1995), the processes of dissolution (Halinen & Tähtinen , 2002; Giller & Matear, 2001; Ping & Dwyer, 1992), the strategies for disengagement (Pressey & Mathews, 2002; Alajoutisjarvi, Moller & Tähtinen , 2000; Baxter, 1979) and different types of relationship endings (Pressey & Matthews, 2003). While significant information has accumulated, integration of findings across these areas has seldom been attempted due to the vast body of heterogeneous literature that currently exists (for examples see Havila & Tähtinen, 2011; Halinen & Tähtinen, 2002). What captured the researcher's attention during this narrower focus was that despite the acknowledgement that repair can happen during the course of dissolution, scant attention has been paid to this phenomenon within business dissolution research (Salo et al, 2009; Tähtinen & Vaaland, 2006; Vidal, 2006).

Table 1.1 Approaches to the study of B2B relationship dissolution and repair

Focus	Findings	Researchers
Factors leading to Dissolution	The majority of dissolution studies address the reasons for relationship breakdown (discussed in Chapter 3, p 58) These factors can be predisposing, where the seeds of dissolution are present when the relationships form initially or precipitating events that trigger the dissolution process.	Farrelly, 2010; Gedeon et al, 2008; Pressey & Selassie, 2007; Tidstrom & Ahman, 2006; Zang, 2006; Tuusjarvi & Blois, 2004; Ford & Havila, 2003; Tähtinen , 2003; Halinen & Tähtinen , 2002; Harrison, 2001; Havila & Salmi, 2000; Edvardsson & Strandvik, 2000; Gronhaug et al, 1999; Hocutt, 1998; Perrien et al, 1995; Keaveney, 1995; Michell et al, 1992; Buchanan & Michell, 1991; Duck, 1981, 1982; Doyle et al, 1980
Types of Relationship Ending	Certain relationships have a defined ending when projects finish while others are unplanned.	Akerlund, 2005; Michalski, 2004; Pressey & Matthews, 2003
Dissolution Process	Dissolution is a process rather than a single event. Dissatisfaction is present a long time before the relationship ends. Dissolution has different stages	Tidstrom & Ahman, 2006; Tähtinen , 2003; Halinen & Tähtinen , 2002; Coulter & Ligas, 2000; Tähtinen & Halinen-Kalia, 1997; Ping & Dwyer, 1992; Duck, 1984
Disengagement Strategies	Various communication strategies have been proposed to end relationships which can be direct or indirect	Baxter, 1979, 1982, 1983; Alajoutsijavi et al, 2000; Giller & Matear, 2001;
Switching Behaviour	Various reasons why companies switch partners	Yamanandram, 2006; Ellis, 2006; Panther & Farquhar, 2004; Colgate & Lang, 2001; Athanassopoulos, 2000; Stewart, 1998; Nielson, 1996; Heide & Weiss, 1995
Stress in Relationships	Critical incident mapping of episodes in a buyer seller relationship.	Holmlund & Strandvik, 2003.
Relationship Energy post dissolution	This study suggests that relationships can be reignited after they have dissolved due to interpersonal ties that exist between the companies	Havila & Wilkinson, 2002
Inter-Personal Relationships and Dissolution	Interpersonal relationships play a key role in influencing the trajectory of dissolution and repair	Gedeon et al, 2009; Harrison, 2004; Halinen & Salmi, 2001; Seabright et al, 1992.
Seller's willingness to end relationships	Relationship is dissolved by the seller as opposed to the buyer	Holmlund & Hobbs, 2009; Helm et al, 2006

Implicit in dissolution studies cited above is the logic of separating the reasons for relationship dissolution from factors influencing the process of dissolution (Havila & Tähtinen, 2010; Tähtinen& Halinen-Kalia, 1997). Researchers have shown that certain factors influence the state of the relationship which links back to its development (Halinen & Tähtinen, 2002). Furthermore, authors need to acknowledge the existence of these different factors as they influence how the process proceeds (Havila & Tähtinen, 2010; Dirks et al, 2009; Halinen & Tähtinen, 2002). While

past research on relationship dissolution has addressed these factors (Halinen & Tähtinen, 2002), they have been insufficiently explored in the repair literature (Dirks et al, 2009; Vaaland, 2004).

The next significant factor influential in guiding the study was the research of the Industrial Marketing and Purchasing (IMP) group, which consists of industrial marketing researchers from various countries studying buyer seller relationships (see Hakansson, 1982). The researchers associated with the IMP including Halinen & Tähtinen (2002) and Tähtinen & Halinen-Kalia, (1997) have primarily focussed on the process of dissolution but were the first to explicitly raise the question of repairing relationships. These studies emphasised that dissolution is a process rather than a single decision and the study of relationship dissolution is both temporally and contextually embedded (Halinen & Tähtinen, 2002). As such, the processes involved cannot be understood if the temporal dimension i.e. past, present and future and the levels of context e.g. individual firms and dyadic relationships are not included in analysis (Halinen & Tähtinen , 2002, p. 175). In addition, business dissolution research highlights' the importance of the actors and their activities and actions in driving these processes. Of note, and which heightened the researcher's interest, was that these actors, on the basis of their own evaluations, can halt the dissolution process by undertaking actions to repair the damage (Halinen & Tähtinen, 2002; Tähtinen, 2001). Although these models provided a valuable basis from which to study repair, they were limited as they considered repair during the early stages of the dissolution process and did not expand the understanding of the repair stage in their models (Halinen & Tähtinen, 2002; Tähtinen, 2001). Thus, the focus of the research shifted to a deeper understanding of the repair of B2B relationships during the dissolution process.

Taking into account the various limitations of business dissolution models, it was necessary to develop this line of thought further in order to understand the dynamics of repairing relationships. From that point of view, the researcher looked at influential studies emanating from the social psychology literature as a starting point. In particular, the work of Steve Duck (1982; 1984) and Baxter (1985) posited that as dissolution is a process, then the focus of repair should be to address the concerns and circumstances that are most prominent in partner's minds at each stage. The reason for this is that repair becomes important as soon as the relationship enters the breakdown stage so timing is extremely important (Duck, 1984). According to Duck (1984), different repair strategies have different rates of success depending on the stage of the dissolution process to which

they are applied. Simply put, depending on the severity of the events that cause breakdown and the state of the relationship, different repair strategies need to be applied (Dirks et al, 2009; Vidal, 2006). So far, these issues have been neglected in repair research. In the early stages of dissolution, repair is more focused on the cognitive, related to evaluation and decision making concerning the future viability of the relationship (Duck, 1984). In the later stages, repair strategies tend to be more emotional and focus on behavioural strategic choices (Giller & Matear, 2001). Current studies have not separated these issues in detail.

Nevertheless, as can be seen from Table 1.2, it would be misleading to suggest that extant literature has not examined the repair of B2B relationships. Recently, research on repairing relationships has emerged. Though few in number, these studies focus on the process of repair (see Salo et al, 2009; Tähtinen et al, 2007) or on the analysis of attenuating factors that motivate reasons to stay in the relationship (see Tähtinen & Vaaland, 2006; Vaaland & Tähtinen, 2003). Although research on service recovery exists, it is not suitable to business relationships as there is a tendency by researchers to focus on repair strategies for a particular conflictual episode (Gronroos, 1988) and the service providers response, rather than on the complex and dynamic processes involved in repairing B2B relationships (Salo et al, 2009; Tähtinen et al, 2007).

Table 1.2 Approaches to the study of repairing business relationships

Focus	Findings	Authors
Strategies for maintenance and repair from a breakdown	Various strategic options are presented to manage relational unrest such as concession making, contending, problem solving and withdrawal.	Good & Evans, 2001; Dant & Schul, 1992; Dindia & Baxter, 1984
Service Recovery	Recovery from specific service failures including a single actor and a single incident i.e. the service providers response and the customers evaluation.	Matilla, 2004; Weun et al, 2004; Hart et al, 2000
Analysis of Attenuating factors	Assesses key reasons why businesses choose to save a relationship that is in dissolution.	Tähtinen & Vaaland, 2006; Vaaland & Tähtinen, 2003
Process of Recovery	Repair models have been proposed where sub-processes exist. Duck's (1984) model suggests that there are different objectives depending on the stage of dissolution to which they are applied.	Dirks et al, 2009; Salo et al, 2009; Ren & Gray, 2009; Tähtinen et al, 2007; Tähtinen, 2003; Duck, 1984.
Responses to Dissatisfaction	When an event causes breakdown, there is a reaction from partners as they become dissatisfied with the relationship.	Hirschman, 1970; Rusbult et al, 1988; Ping, 1993, 1997, 1999; Hubbard et al., 2001; Johnston & Hausman, 2006; Blois, 2008; Ferguson & Johnston, 2010.

The studies conducted by Tähtinen & Vaaland (2006) and Vaaland (2004) resulted in the first model of B2B repair. These authors based their model on the analysis of the attenuating factors that inhibit or halt dissolution. While these studies highlight the importance of the evaluation of the relationship and the negative consequences of dissolution, they have not addressed the immediate reactions such as responses to dissatisfaction, following the breakdown and the subsequent actions to repair the relationship following the attenuating analysis (Vidal, 2006). Indeed the implications of emotional reactions have an impact on the subsequent repair processes as it takes place in the context of the state of the relationship (Dirks et al, 2009).

On review of the literature, the final group of studies that have provided significant influence and direction to this research include business relationship recovery models by Salo et al (2009) and Tähtinen et al (2007). Although these studies provide an excellent start with the inclusion of key sub processes of repair, they leave unanswered questions and have not captured the broader problem of B2B relationship repair (Dirks et al, 2009). Having examined the conceptual work of Dirks et al (2009), the researcher began asking questions including: How does the state of the relationship pre-transgression influence the repair process? What has been negatively affected by the events that caused dissolution? Are different repair strategies needed to repair different events? And, what is the state of the relationship post repair? Current repair models do not provide sufficient answers to these questions. Indeed, this knowledge deficit has important implications for both researchers and practitioners. Without an understanding of all the processes that occur in repairing relationships on a deeper level, academics will be unable to provide practitioners with advice on how to repair their most valued relationships.

As acknowledged by Salo et al (2009), there is still a lack of empirical understanding concerning how the state of the relationship and the events causing dissolution influence the outcome of the repair process. In addition, past research has not distinguished between different repair strategies which leave unanswered questions regarding the effects of various repair strategies during the process of dissolution (Ren & Gray, 2009; Duck, 1984). Indeed, the researcher has been unable to identify B2B studies that apply different repair strategies to different stages of dissolution.

Finally, research to date has produced contradictory findings on the effects of various repair strategies (Dirks et al, 2009; Ren & Gray, 2009). One would expect that a B2B relationship should return to a positive state following repair efforts. Studies to date have included the continuation of the relationship as a stage in their models (Salo et al, 2009; Tähtinen et al, 2007) yet, this outcome may not be the case. If repair is successful, relationships can return to normal or even strengthen (Vidal, 2006). However the repair may be unsuccessful, for example if the event has caused so much damage that the relationship is unable to return to pre state levels because the partner's negative perceptions have not changed. To date B2B research has failed to address this issue which is of particular interest to both researchers and practitioners (Dirks et al, 2009).

Thus, the research problem that emanated and became the focus of the study was that little is known about the dynamic processes of B2B relationship repair in dissolution, which is a fundamental but remarkably understudied problem in current B2B literature (Dirks et al, 2009; Salo et al, 2009; Tähtinen et al, 2007; Tähtinen & Vaaland, 2006). This research study provides a framework, which presents a deeper level of analysis on the sub-processes involved in repair. The conceptual theory domains provide the groundwork for this study, while empirical evidence in a B2B context is much more dynamic as several issues need to be addressed during the repair process. Specifically, evidence presents B2B relationships that have both positive and negative incidents throughout their existence.

This study makes a significant theoretical contribution by providing a greater understanding of the state of the relationship pre transgression and the nature of the events causing dissolution, which play a pivotal role in the success of repair efforts (Dirks et al, 2009; Gillespie & Dietz, 2009; Ren & Gray, 2009; Tähtinen et al, 2007). The research also addresses the role of the partners in driving the process and the lack of knowledge concerning different repair strategies required to address the objective of repair at each stage of the B2B dissolution process, whether it is early stage cognitive dissolution or later stage behavioural dissolution (Vidal, 2006; Giller & Matear, 2001; Duck, 1984). Finally the study addresses the outcomes of the repair process and the state of the relationship post repair efforts (Dirks et al, 2009).

1.2 Research Aim

The overarching aim of this research is *to explore all the actions and activities of individuals in repairing dissolving B2B relationships in the context of the state of their relationships in order to gain a complete understanding of the total process.*

1.2.1 Research Objectives

- To examine the state of the B2B relationships pre transgression and assess its impact on the repair process.
- To explore the actions and reactions of actors to precipitating events in the repair or dissolution of B2B relationships.
- To explore how SMEs evaluate and assess the reasons to repair B2B relationships.
- To identify important criteria in the renegotiation of the state of B2B relationship.
- To explore different repair strategies used to repair dissolving B2B relationships.
- To explore the outcome of the repair process on the state of the relationship.

1.3 Methodological Approach

The empirical research presented in this thesis utilizes an interpretative methodology focusing on the processes that occur during the repair of business to business relationships in dissolution. Similar to both Pettigrew (1997) and Orton (1997) this study adopts the view that interpretive research is a function of both inductive and deductive analyses, explicitly abductive. Twenty five in-depth open interviews were held with OMs and senior directors of SMEs across manufacturing and services industries. In total fifty critical incidents, related to their experiences of both repair and dissolution, were discussed during the interviews. The research design can be classified as exploratory. A detailed account of the underlying philosophy, research process and methodology of this research will be provided in chapter four and five.

1.4 Definition and Clarification of Key Concepts

As research pertaining to dissolution and repair derives from different theoretical strands and different backgrounds, it is not surprising that the literature is heterogeneous when it comes to describing such events (Tähtinen & Havila, 2013; Havila & Tähtinen, 2011). For the purposes of this study, it is important to clarify the concepts and terminology used in relation to these phenomena because it is impossible to research social phenomena without using concepts (Tähtinen & Havila, 2013, p.17).

For instance, past research has used various terms to describe dissolution including: termination, exit, ending, switching, disengagement and decline (Havila & Tähtinen, 2011; Halinen & Tähtinen, 2002). The central concepts most prominent in the literature are described in table 1.3 below:

Table 1.3 Terminology related to dissolution

Terminology	Explanation
Dissolution	Refers to ending processes
Ending	General concept referring to all kinds of endings
Exit	A single actors disengagement from relationships
Decline	Reduction in interaction without actually withdrawing
Termination	Deliberate and decided endings
Switching	Replacing a relationship with a new one

Source: (Havila & Tähtinen, 2013; Havila & Tähtinen, 2011)

When these concepts are applied, they are used to define a process with a temporal dimension or to define an outcome with a static viewpoint (Tähtinen & Havila, 2013). It is important to distinguish between these two applications as business relationships are dynamic involving partner's actions and reactions. This recent review of the literature concerning the definitions used in B2B dissolution research has provided some direction in this regard (Tähtinen & Havila, 2013). The concepts used can be viewed from a single actor's perspective or a business relationship view. A single actor's perspective is one of action rather than interaction and involves exiting, terminating or switching. From a business relationship level, concepts are used as a process or an outcome but this involves interaction between both partners in the context of the state of the relationship (Hakansson & Johanson, 1992).

For the purposes of this study and taking a business relationship view, a dissolving relationship is a process and a dissolved relationship is an outcome or natural conclusion to the business relationship. Taking this into consideration, the repair process is not just a single decision and the process starts a long time before the relationship dissolves. It also means that it can possibly continue after the businesses have broken resource ties and activity links (Havila & Wilkinson, 2002). Therefore the term dissolution will be used throughout this thesis as a central concept to understand the processes of B2B relationship repair in dissolving relationships.

As the repair literature is relatively new, concepts are emerging. However the terms repair and recovery have been used interchangeably in the reviewed studies to date (see table 1.4).

Table 1.4 Terminology and definitions related to repair

Terminology	Explanation
Repair	Repair occurs when a transgression causes the positive state that constitute the relationship to disappear and/or negative state to arise, as perceived by one or both parties, and activities by one or both parties substantively return the relationship to a positive state (Dirks et al, 2009, p. 69)
Restore	No definition but the term has been used in conceptualisation papers (Vidal, 2006)
Recovery	All the actions the actors undertake to change a problematic relationship into a beneficial one (Salo et al, 2009, p. 621)
Reactivation	A relationship that may have ended but is recovered at a later date (Havila & Wilkinson, 2003)

In this study, repair is viewed as an overall concept to take a holistic view of the phenomenon and a deeper understanding of the sub processes. The researcher proposes the following definitions in table 1.5

Table 1.5 Terminology used in research study

Terminology	Explanation
Repair	Repairing the state of the relationship after events cause disruption to interactions and exchanges; through negotiations and committed actions, the relationship state returns to normal or is strengthened.
Restore	The relationship is restored without any trace of the breakdown
Recovery	The activities undertaken by actors during the process of repair
Reactivation	The relationship is reactivated after dissolution has taken place.

1.5 Thesis Structure

This thesis comprises of seven chapters, the first one being the present chapter which provides an overview of the SME sector and its importance to the growth, development and sustainability of the Irish economy. There are substantial developments in this sector, where SMEs are provided with governmental support to grow both nationally and internationally. Policies are in place to ensure these businesses have a chance of survival but more effort and policies are needed to develop management's capability in relation to maintaining and building long term partnerships with other businesses. The chapter also outlines the research rationale for the project including a discussion of the gap in the extant literature. The research aims and objectives associated with the project are also provided followed by an outline of the adopted methodology. The chapter concludes with an outline of the thesis structure.

In the second chapter, key theoretical principles relating to why firms engage in exchange are explored. Four theoretical streams relevant to B2B relationships are critiqued from both the economic and behavioural disciplines where they emerged. Economic based theories cover Agency Theory, transaction cost economics and resource dependency theories of the firm. Behavioural based theories include Social Exchange Theory (SET) and the interaction approach. The main body of this chapter concerns the justification of the use of SET as a sound theoretical basis for the understanding of the repair process of B2B relationships in dissolution. SET underlies the set of norms that govern B2B exchange relationships as well as emphasizing the importance of trust and commitment in relationships. Using SET as a basis, the interaction approach was developed from the work of the European Industrial Marketing and Purchasing (IMP) group (Hakansson, 1982) that provide key insights into relational dynamics.

Chapter three examines the relationship development literature which critiques the means through which close relationships are developed. A key stream of research on relationship dissolution is discussed as well as introducing the emerging literature on relationship repair (Dirks et al, 2009; Salo et al, 2009; Tähtinen et al, 2009) which provided a framework of this study. The core argument here is that repairing relationships is a dynamic process involving a series of processes driven by the OMs of each organisation.

Chapter four outlines the philosophical and methodological foundations that guided the study. Here philosophical assumptions are detailed outlining the researcher's philosophical stance. The research strategy and design are justified including the reasons for adopting this approach. This chapter introduces the critical incident technique and the sampling criteria for SMEs and participants. Data management and analysis are then outlined including the thematic approach taken to identify the process steps in the overall repair framework. This chapter also addresses the issues relating to the research legitimization; credibility, transferability, dependability and confirmability (Lincoln & Guba, 2008).

Chapter five presents the empirical findings from fifty critical incidents of repair and dissolution in SME's B2B relationships. An overview of the companies is provided followed by a narrative of the findings documented under six key processes within the repair framework identified from the critical incidents. Here, various themes and illustrations within each process are presented which provide the building blocks for the development of the framework.

Chapter six provides a detailed discussion of the empirical findings in light of the extant literature. Here the processes of repair are discussed in detail across all fifty SME's critical incidents. This allowed the researcher to identify the key insights/influencers present in each process. The detailed examination of each process helped to understand the phenomenon in greater depth in order to ascertain their impact on the advancement or abandonment of the repair process.

In conclusion, chapter seven presents the main research conclusions and implications of the study based upon theoretical and empirical findings. This study is the first attempt at providing a holistic view of the entire process starting with the state of the relationship pre transgression. It details the dynamic processes that lead to the repair of B2B relationships. The examination of these processes allows for the identification of the key influences on repair, more detailed understanding of the renegotiation of the state of the relationship and the identification of different repair strategies used to repair the cognitive and behavioural breakdown. Finally the research identifies different outcomes of the repair process. The chapter concludes with directions for future research.

2 Chapter 2: Theoretical Foundation of Research Study

2.1 Introduction

Challenging and changing market needs have led to an increase in B2B relationships as a means to drive growth as opposed to vertically integrating (Ford et al, 2003; Larson, 1992). While some of these relationships have been successful, others have failed because managing such exchanges can be a complex process of execution, negotiation and renegotiation (Ring & Van de Ven, 1994; Dwyer et al, 1987). The question becomes important then as to how these relationships are governed? Over the years a number of theoretical perspectives have been drawn upon to provide different perspectives on interactions and processes in B2B relationships (Barringer & Harrison, 2000). In essence, most can be conceptualised on a continuum ranging from an economic rational at one end to a behavioural one at the other (Barringer & Harrison, 2000). Theories grounded with a strong economic rational include agency theory, transaction cost economics and resource dependence while behavioural based theories include the paradigm of political economy theory and social exchange theory.

B2B relationships need to be conceptualised to include both rational and emotional forces (Tähtinen & Blois, 2011; Bagozzi, 2006). By examining relationship dissolution literature, a vast number of studies have their roots in the interaction and network approach (Tähtinen & Halinen Kalia, 2002; Young & Denize, 1995; Rosson, 1986) and relationship marketing literature (Giller & Matear, Perrien et al, 1995). Other dissolution studies have applied economic theories such as transaction cost analysis (Greenberg, Greenberg & Antonucci, 2008; Ping, 1993; Hirschmann, 1975), distributive justice (Gassenheimer, Houston & Davis, 1998) and social exchange theory (Dwyer et al, 1987). Concerning relationship repair, only one study refers to sociology as a theoretical foundation (Simmel, 1950). In order to fully understand the dynamic nature of relationship repair and dissolution, it is important to have a basic appreciation of these theoretical perspectives. According to Brannick and Roche (1997), theoretical assumptions must be explored so that they can be adapted and amended to the conditions of the day. Each theory is now examined in relation to the current study starting with the economic theories.

Agency theory is primarily focused on the development of a contract between a principle and an agent related to the reduction of risk and uncertainty governing the relationship (Donaldson & O'Toole, 2000; Eisenhardt, 1989). This can span across several areas of business both internally

and externally and involves co-operative behaviour between both parties although each individual will have different objectives and different attitudes towards risk outcomes (Eisenhardt, 1989; Jensen & Meckling, 1976). Thus, the focus of the theory is determining the most effective and efficient contract governing the relationship given assumptions about people, organisations and information (Eisenhardt, 1989).

Agency theory could contribute to the study of repair in dissolution by explaining the type and level of interaction between partners. For example agency theory could be used to 1) examine co-operative behaviour of individuals with different goals and the conflict that arises because of this, 2) control the levels of self-interest versus organizational goals through co-alignment of incentives 3) assume that individuals are rational and share information and 4) assess risk and managing uncertainty in relationships (Donaldson & O'Toole, 2000; Bergen, Dutta & Walker, 1992). However, the theory is limited in its scope to study the dissolution and repair of collaborative relationships where interactions and exchanges are disrupted. Its narrow focus ignores the complex nature of individuals and organisations to deal with such issues and cannot allow for the dynamic nature of relationships and transactions (Donaldson & O'Toole, 2007). Marketing relationships are affected by a variety of human motives and relational dynamics (Bergen, Dutta & Walker, 1992) so as a theoretical foundation agency theory is not suitable for understanding repair of B2B relationships in dissolution.

The next economic exchange paradigm is transaction cost economics (hereafter TCE) which assigns governance structures to relationships on the basis of asset specificity, uncertainty and frequency of transactions (Williamson, 1985; 1975). TCE matches these levels of assets to governance structures such as formal hierarchal structures within a firm, to a market based system between firms and also to hybrid forms such as alliances and cooperative relationships representing intermediate governance positions (Husted, 1994; Williamson, 1985). For this study, in dissolution situations and based upon TCE, managers will select the least costly of these alternatives as their main concern is efficiency (Williamson, 1985). In terms of behaviour, it assumes that agents are opportunistic ('self-interest seeking with guile') and are subject to bounded rationality (Williamson, 1988). The result of these behavioural assumptions leads to incomplete contracting and contractual hazards-costs (Williamson, 1988). Thus the transaction is the unit of analysis and economizing on costs is the main premise of economic institutions (Chiles & McMackin, 1996).

As TCE is grounded in economic organisation and institutional control, it does not allow for the complexities present in social contexts including human actions and motivation (Perrow, 1985) which are present in dissolution and repair situations.

TCE is unsuitable as a theoretical foundation as it concentrates on hierarchies and markets with little attention given to hybrid forms, repeated transactions, relational transactions and the dynamics of trust and equity in firm dyads (Ring & Van De Ven, 1992). The theory makes narrow assumptions of human behaviour and has limited capability to formalise the process through which attitudes change and can only explain minimal levels of cooperation (Ghoshal & Moran, 1996). TCE is limited in explaining the repair of B2B relationships as it emphasises short term economic costs and benefits from a narrow economic and financial perspective (Larson, 1992). One cannot underestimate the repertoire of behaviours that a firm has built up over time. Reputation, trust and cooperation are central to a successful relationship where all parties realise their investments (Zajac & Olsen, 1993). As the theory limits the use of social control and leads to the use of rational controls, it has not been applied to this research study.

The third economic based theory is resource dependence theory (hereafter RDT). Not all firms will possess the resources internally to carry out their activities so they enter into inter-firm relationships to make use of another party's resources (Donaldson & O'Toole, 2000; Mitchell & Singh, 1996; Pfeffer & Salancik, 1978). According to RDT, the ability to acquire and manage such external resources is paramount to an organisations survival (Pfeffer & Salancik, 1978) and in order to acquire such resources, a firm must interact with their social environment which also brings with it inter-firm dependence (Pfeffer & Salancik, 1978; Heide & John, 1992; Barringer & Harrison, 2000). Organisations will adapt their structures and behaviours accordingly to exert power or control over the firm with whom it depends on for resources (Hallen et al, 1991; Barringer & Harrison, 2000; Pfeffer & Salancik, 1978). If dependence is high on the external organization, the focus for management is controlling the level of power exercised by the external partner whilst gaining control of much needed resources for the focal firm (Barringer & Harrison, 2000; Pfeffer & Salancik, 1978). Thus, reducing dependence and gaining power is the premise of RDT (Heide & John, 1988).

While RDT is useful in explaining various inter-firm relationships, it is confined to one reason why firms enter such relationships and that is to gain valuable resources (Barringer & Harrison,

2000; Donaldson & O'Toole, 2000). In relation to the study of dissolution and repair, SME's capabilities could be viewed as a resource that partners require to develop their business model. The relationship could be viewed as a bridging strategy to secure access to resources such as development or consultancy and thus the partner could reduce dependence through coordination with the SME. According to RDT, this strategy increases organisational effectiveness and performance. While the theory could contribute to the understanding of interactions between the firms by conceptualising them as a resource, it tends to focus on exploiting firm resources and is inherently competitive rather than cooperative. The theory does not attempt to examine the social ties and collaboration that can be formed in B2B relationships as it is concerned with protecting the focal firm and as such is not suitable for this study.

Moving along the continuum towards a behavioural based perspective on B2B relationships is the paradigm of political economy theory, which utilises the economic basis of TCE within the context of their social and political environment. The reason for this is to understand how power and control affect cooperative behaviour between partners (Dwyer & Welsh, 1985; Frazier, 1983). The contribution of this theory to understanding relationship dissolution and repair is that it integrates internal and external processes, the structure of both firms and the external environment into a framework for understanding the interplay between socio-political and economic forces (Ping & Dwyer, 1992; Dwyer & Welsh, 1985). It also provides an understanding of the impact these forces have on the structure of the relationship and the interaction of the partners (Ping & Dwyer, 1992; Stern & Reve, 1980). While this theory has been applied to the study of dissolution in channel relationships (Ping & Dwyer, 1992), its perspective is quite comprehensive and lacks clear operational definitions, so proved inappropriate when pursuing an understanding of the problem of relationship repair in dissolution due to the dynamic processes involved.

As the aim of this research study is to explore the process of repair in dissolving B2B relationships through the examination of the actions and reactions of OMs in the context of the state of their relationships pre transgression, the underlying theory underpinning this research is Social Exchange Theory (hereafter, SET). Indeed, there is a long lineage of relationship development and dissolution research studies utilising social exchange theory as a theoretical basis (Ring & Van De Ven, 1994; Dwyer et al, 1987; Ford, 1980). The logic underpinning SET is that it attempts to study B2B relationships from the dyadic perspective, concentrating on the social structure of the

relationship rather than the transaction (Cook & Emerson, 1978; Blau, 1964; Thibaut & Kelley, 1959; Homans, 1958). Within SET, exchange and cooperation have a social dimension as well as an economic dimension (Blau, 1964). There are key differences between economic theories and SET. The most crucial difference is unspecified obligations (Blau, 1964). The exact nature of returns is not always specified. Over a series of interactions, a social order is built to such an extent that feelings of personal obligation, gratitude and trust exist to sustain the relationship, which do not exist in pure economic exchanges (Blau, 1964). The reestablishment of this social order following a breakdown is what is required of successful repair processes (Salo et al, 2009). In the next section a review of the literature on SET is presented followed by its application to the research study.

2.2 Social Exchange Theory

SET is a social exchange process and social behavioural process that has both economic and social outcomes for firms (Blau, 1964). One of the oldest contributors to the development of SET is Homans (1958) who stated that “any interaction between persons is an exchange of goods, ‘material and non-material’ (Homans 1958, p.597). The underlying assumption in SET is that exchange in any relationship has to be reciprocated (Blau, 1964; Gouldner, 1960; Homans, 1958). Actors enter into an exchange with an economic motive of obtaining some kind of reward. It acknowledges that firms will cooperate insofar as they believe it is in their best interest. For the relationship to continue, individuals who receive benefits are obligated to reciprocate either economically or socially (Blau, 1964). This need for reciprocation acts as a starting point for social interaction (Blau, 1964) and in a B2B relationship context these exchanges are viewed as a series of interactions which encourage tangible and intangible outcomes over time. *“What one party receives from the other requires some return, so that giving and receiving are mutually contingent”* (Gouldner, 1960, p.169). Positive social and economic exchanges increase each partner’s trust in the other and commitment is developed to the point of making on-going investments to maintain the relationship (Lambe et al, 2001).

According to MacNeil (1980), relationships must demonstrate a social matrix whereby goals have been expressed, communication has occurred and mechanisms for enforcing expectations exist. Hence, some elements of social exchange underlie all transactions (Dwyer et al, 1987) from which relational interdependence and a relational contract develops (Dwyer et al, 1987; MacNeil, 1980).

Researchers have shown that control mechanisms used in relational exchange include norms or personal relations which can be an effective form of governance (Wilson, 1995; Morgan & Hunt, 1994; Anderson & Narus, 1990; Dwyer et al, 1987). In the course of interactions between firms, social norms develop to the extent that both parties work to maintain a long term relationship and avoid self-interested behaviour (Gundlach et al, 1995). Social norms play a key governance role in relationship development (MacNeil, 1980). They help to reduce uncertainty as the accepted and expected rules of behaviour increase efficiency of relationships (Lambe et al, 2001). Common contract norms for relational exchange include role integrity, conflict resolution, mutuality, planning and flexibility (MacNeil, 1980). While detailed planning of contracts can play a role in some exchanges, non-contractual relationships are also significant (Macaulay, 1963) and disputes are often settled without legal sanctions where businesses rely on the relationship to settle as opposed to the law (Macaulay, 1963). Essentially, the emphasis on relational contracting is based upon the social, embedded exchange between actors *'to the process of projecting exchange into the future'* (MacNeil, 1980, p.4). As the critical governance mechanism is relational exchange, functional relational exchange requires a functional relationship between the partners which unilaterally leads to a successful relationship (Lamb et al, 2001; Anderson & Narus, 1990; Dwyer et al, 1987). Such relationships provide a governance mechanism built on the foundation of trust, commitment and exchange norms that replace formal contracts (Gundlack & Murphy, 1993; Heide & John, 1992).

Companies enter into relationships and maintain existing ones because they have expectations regarding the outcomes of exchanges with their partners (Blau, 1964; Homans, 1958). Economic rewards are important but for SMEs there are also rewards including reputation building, social recognition, respect, and the pursuit of personal ambitions that are even more important (Blau, 1968). When businesses form relationships, they undertake a series of interactions that result in economic, information, product/service and social exchange (Hakansson, 1979). If these interactions are positive, firms anticipate that future interactions and outcomes will be positive as well (Lambe et al, 2001; Kelley & Thibaut, 1978).

SET posits that all human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives (Thibaut & Kelley, 1959). Assessing the relationship benefits determines relationship commitment as actors will remain in the relationship as long as there is

value to be had (Blau, 1964; Homans, 1958). In managing relationships with other firms, SMEs have to spend considerable resources. These costs need to be assessed against the benefits gained from remaining in the relationship (Dwyer et al, 1987). By assessing the costs and rewards, economic and social, associated with an exchange, actors will continue relationships given the level of outcomes they have experienced (Dwyer et al, 1987; Anderson & Narus, 1984; Thibaut & Kelly, 1959). Thibaut & Kelly (1959) developed two concepts concerning the comparison of rewards in an exchange relationship against those of an alternative arrangement including comparison level (CL) and comparison level of alternatives (CLalt). Comparison level represents the social and economic benefit standard that a firm feels is deserved in the relationship and is compared to the outcomes that it receives from the relationship. If the outcome is positive then they will be satisfied with the relationship. CLalt is the overall benefit available from the best possible alternative business relationship. If a company's relationship outcomes exceed CLalt, the firm will have a degree of dependence on the relationship because it has more rewards than other alternatives in the market (Lambe et al, 2001; Thibaut & Kelley, 1959). In this case the company will maintain the relationship. However, if an alternative supplier can provide greater benefits, the company can switch partners (Thibaut & Kelley, 1959). An important facet of SET however, is that actors view the outcomes of the relationship differently. One might be motivated by economic benefits and the other by the social rewards gained. As a result when the relationship develops over time, there is a lot more at stake to switching to another exchange partner (Dwyer et al, 1987). In this case, firms assess their outcomes by looking at past interactions and anticipated future relations. If they are dependent on the partner but also trust them to deliver economic returns in the future, they will be willing to accept current outcomes for future benefits. Actors re-evaluate current economic losses by taking into account future social benefits. This process can be referred to as a transformation of the relationship where 'partners consider their existing interdependence to reconcile social and economic outcomes' (Lambe et al, 2001). As Kelley (1983) notes; *'transformations serve to reduce interpersonal conflict of interest, provide compromise solutions that are readily agreed upon, make possible better given outcomes, reduce intrapersonal uncertainty and facilitate interpersonal coordination'* (p. 12).

Researchers in sociology and organisation theory have emphasised the importance of trust in social and economic exchange. Cooperation, obligation and personal ties in economic exchanges provide the basis for trust in functional relationships over time (Bradach & Eccles, 1989). As social

exchange is governed to a large extent by social obligations as opposed to contracts, a person must trust the other to return a benefit received (Morgan & Hunt, 1994; Blau, 1968). Mutual reciprocation through exchanges and interactions in business relationships develops trust (Lambe et al, 2001; Houston & Gassenheimer, 1987). Thus, the social bonds that develop make trust a powerful control mechanism for governing relationships (Gulati, 1995; Bradach & Eccles, 1989) and can also act as a substitute for hierarchical contracts (Heide, 1994; Bradach & Eccles, 1989; MacNeil, 1980; Macaulay, 1963).

Ganesan (1994) believes that trust is necessary for a long term orientation as it allows partners to focus on present and future exchanges because they believe that each partner will act fairly and equitably (Doney & Cannon, 1997; Ganesan, 1994; Anderson & Narus, 1990). As exchange relationships are embedded in a social context, trust can mitigate opportunistic behaviour (Anderson, 1995), reduce conflict and enhance satisfaction (Anderson & Narus, 1990). Unlike formal economic exchanges where benefits are explicitly stated, benefits are rarely stated in social exchange but rely on fulfilment of obligations. If expectations are met, then individuals are willing to maintain relations (Homans, 1961). Trust influences relationship commitment and creates higher levels of cooperation (Nooteboom, Berger & Noorderhaven, 1997; Morgan & Hunt, 1994) and satisfaction (Anderson & Narus, 1990). When the need arises, relationships based on trust have the ability to make adaptations and changes through problems within the relationship itself or from the environment from which the relationship is embedded in. These adaptations allow the relationship to survive in the long term (Doz, 1996) and allow for flexibility in negotiations and renegotiations of the social exchange relationships.

Along with trust and closely related to this research study is commitment which is the other most important element in SET (Gundlach, Acrol & Mentzer, 1995; Morgan & Hunt, 1994; Anderson & Weitz, 1989, 1992; Dwyer et al, 1987). Commitment is related to mutuality and forsaking of others and represents the most developed bond in the relationship (Tuominen & Kettunen, 2003; Wilson, 1995; Anderson and Weitz, 1992; Hardwick & Ford, 1986). Partners show their willingness and desire to continue the relationship by making considerable economic and personal investments to maintain it (Wilson, 1995; Morgan & Hunt, 1994; Anderson & Weitz, 1992; Dwyer et al, 1987). In committed relationships partners are more likely to sacrifice short term rewards in the belief that long term gains will be had (Halinen, 1994). The reciprocal nature of the exchange

allows for actors to demonstrate their trustworthiness which also shows their commitment by not choosing alternative partners which further engenders trust (Cook & Emerson, 1978; Blau, 1964). Hence, mutual commitment from both partners is important to achieve valuable outcomes for all (Morgan & Hunt, 1994). The level of commitment influences the strength of the relationship and in turn has been found to be one of the key criteria to reduce the propensity to leave relationships so is important in the study of relationship repair during dissolution (Tuominen & Kettunen, 2003; Morgan & Hunt, 1994).

Despite the existence of trust and commitment, within any exchange relationship both partners are in some way or other dependent on the other party for rewards (Lamb, Whittman & Spekman, 2001; Blau, 1969; Thibaut & Kelley, 1959). Unlike resource dependence theory, within SET, dependence balancing (Emerson, 1962) is important to curtail the coercive use of power in exchanges. As a consequence of dependence, imbalances of obligations incurred in social transactions can produce differences of power (Blau, 1969; Emerson, 1962) and power imbalance causes exchange relationships to be unstable. However, effectiveness can be increased by reducing power and managerial imbalances and through the frequency of interactions both past and present (Bucklin & Sengupta, 1993). For example, as relationships develop over time, norms of equity and justice constrain the use of power (Cook et al, 1983; Cook & Emerson, 1978). In some instances power can exist but is not exercised by either partner. Thus, the use of power with fairness and moderation earns respect, whereas the coercive use of power leads to disapproval and dissatisfaction (Blau, 1969).

2.3 A Social Exchange view of Relationship Repair during Dissolution

Granovetter (1985) suggests that views of exchange as purely economic or purely social represent an under socialised and over socialised view of human action respectively. Economic theories do not allow for the ability of experienced personal relations to discourage misconduct (Granovetter, 1985). Relationships are embedded in a social structure (Granovetter 1985) and when this social structure dominates the relationship governance is social.

Taking SET as the theoretical foundation, the present study considers a B2B relationship as an interaction process between two firms conducted by OMs and senior directors representing their companies (Ford et al, 2008; Hakansson, 1982). These relationships are thus shaped by social phenomena at micro level (individual) and macro level (firm), creating structures that influence

processes (Tähtinen & Blois, 2011). Inherent within social exchange theory is the assumption that action and context are inseparably intertwined (Boddy et al, 2000). The action consists of events and sequences of actions between partners. Within the social psychology literature, influence in social exchange is depicted as the behaviour of one person being contingent on the behaviour of another person (Ford et al, 2008; Halinen & Tähtinen, 2002; Weick, 1979). Organisations act and react to the actions of the other. Thus, actions drive the process of exchange and the object of study should be the actions of individuals (Ford et al, 2009; Homans, 1979). While both economic and social ties exist to regulate interaction between partners, it is the actions of individuals which shape interactions and form inter-personal relationships (Gedeon, Ferne & Poole, 2009; Ford et al, 2008; Halinen & Tähtinen, 2002; Lamb et al, 2001). However, social exchange cannot rely solely on partner actions which are embedded in context. According to the interaction literature, the process of exchange is influenced by the characteristics of both individuals and organisations and the state of the relationship (Alexsson, 2010; Ford et al, 2003; Hakansson, 1982). Thus, context refers to the antecedents that give the social process form and meaning such as the existence of trust and commitment (Pettigrew, 1997). In essence, the goal is to understand and explain the problems in relationships in their contextual settings and to comprehend the meaning that the OMs attach to these difficult situations (Tähtinen & Blois, 2011; Easterby Smith et al, 1991). With respect to differences between partners, B2B relationships can break down. In these instances the social order is called into question partners rely on trust, commitment and open communication to return the relationship to pre state levels of closeness (Dirks et al, 2009; Salo et al, 2009). Thus, for this study, the process of repair of B2B relationships in dissolution is viewed as the activities and actions by the partners to return the relationship to pre state levels of exchange. This study examines the important processes that occur in the interactions between partners at a micro-level during the dissolution and repair of their B2B relationships.

3 Chapter 3: Business to Business Relationship Dissolution and Repair

3.1 Introduction

To date the majority of research studies on Business to Business (B2B) relationships have focused on the development of sustainable, long term relationships and the criteria important to maintain them (Wilson, 1995; Morgan & Hunt, 1994; Dwyer et al, 1987). While these studies have provided a deeper understanding of the stages of B2B relationship development, they neglect the complexities of managing such entities over time (Ryan & O'Malley, 2006; Dabholkar, Wesley, Johnson & Cathey, 1994). Indeed, there is an increasing realisation that precipitating events and predisposing factors can change the state of the relationship (Dirks et al, 2009; Salo et al, 2009; Halinen & Tähtinen , 2002) so research is needed to understand the underlying dynamic processes at work following such events (Ryan & O'Malley, 2006).

Research has shown that companies in B2B relationships are influenced by negative events that affect on-going exchanges, but that the strength of these relationships is tested by the partner's ability to manage these issues (Driver, Tabores, Shapiro, Nahm and Gottman, 2003). However, relationship dissolution and repair has received less attention in B2B literature (Tähtinen & Halinen-Kaila, 2002) and while the number of studies related to dissolution has increased since the call for research on the phenomenon some time ago (Dwyer et al, 1987), there is still a need to explore the causes and opportunities of relationship endings (Beloucif, Donaldson & Waddell, 2005; Havila & Tähtinen, 2011). Even though research suggests that relationships can be saved during the process of dissolution (Salo et al, 2009; Halinen & Tähtinen, 2002; Duck, 1982), there is a clear absence of research related to the repair of relationships in dissolution (Dirks et al, 2009). Managers need to understand functional and well as dysfunctional relations (Halinen & Havila, 2004) as they will not have the complete picture of the effectiveness of relationships without the knowledge of why and how they go wrong (Pressey & Selassie, 2007; Halinen & Havila, 2004).

Repair becomes necessary when expectations differ concerning relationship outcomes (Vaaland, 2004), when partners are not fulfilling obligations or when the relationship is not moving in the direction the partners would like it to (Duck, 1984). As these imply dissatisfaction between partners, maintenance efforts alone will not suffice to repair the damage as the actors involved must have a full understanding of the issues they face in addition to addressing the main problems associated with breakdown (Dirks et al, 2009; Yanamandram & White, 2006; Tähtinen & Vaaland,

2005; Hart, 1990). Partners can withdraw from a relationship at any time but it is most serious when it has reached the committed (Dwyer et al, 1987) or long term stage of development (Ford, 1980). At this stage, repair is difficult and lengthy (Vidal, 2006). Currently, repair studies that exist are few in number and authors have suggested that more research is needed concerning the effects of the dissolution characteristics on the relationship and the reasons for breakdown of the repair process (Salo et al, 2009; Tähtinen et al, 2007). There are also a small number of studies related to the analysis of attenuating factors that inhibit dissolution (Tähtinen & Vaaland, 2006; Vaaland & Tähtinen, 2003). In order to address the gap in B2B relationship dissolution literature, this study draws on social psychology, B2B dissolution and repair literature and social exchange theory to examine in detail the sub processes involved in repairing relationships that is driven by the actors involved.

This chapter begins with a literature discussion of the criteria influencing the state of B2B relationships. Next the dissolution literature is discussed as repair can be initiated at any stage of the dissolution process. Following this, the repair literature is critiqued, highlighting the key strategies and processes that currently exist. This study takes the view that the process of dissolution and repair is impacted by the state of the relationship before the dissolution process begins and is largely driven by the actions and reactions of owner managers (OMs) throughout the process.

3.2 Business to Business Relationships

A business relationship is a connection between individual firms that can assume many forms and has the potential and mutual agreement to continue working together (Kanter, 2000). When partners are involved in exchanges, they give and receive value which differentiates exchange from other forms of need satisfaction (Gronroos, 1994; Houston & Gassenheimer, 1987; Bagozzi, 1975). Value comes from not only the expectations about the offer itself but from experiences of interacting with other partners and the behaviours displayed in the course of interaction (Houston & Gassenheimer, 1987; Bagozzi, 1975).

The processes involved in the creation and repair of exchange relationships cannot be separated from human and organisational needs (Bagozzi, 1975). Successful relationships depend on the ability of senior directors to create and maintain comfortable personal relationships that they can draw upon if conflict develops (Kanter, 2000; Webster, 1992; Dwyer et al, 1987; Bagozzi 1975).

Different exchange characteristics and contexts require different relationship marketing techniques (Jackson, 1985; Moller and Halinen, 1999). Indeed, relational exchanges require transfers of value between firms; they are long term, need extensive investment, planning, collaboration, communication and trust (Kanter, 2000; Dwyer et al, 1987). Both economic and social outcomes are derived as partners are engaged in social exchange (MacNeil, 1980; Dwyer et al, 1987; Gundlach & Murphy, 1993).

Relational exchange and social exchange have provided the basis for which researchers developed models outlining the stages in relationship development. It is important to discuss these models as they provide an understanding of the state of the relationship and the antecedent conditions and processes for buyer-seller exchanges to take place (Wilson, 1995; Kanter, 1994; Larson, 1992; Dwyer et al, 1987; Ford, 1980). These stage models focus on the progression of change in buyer seller relationships that evolve over time through gradual commitments (Batonda & Perry, 2003; Donaldson & O'Toole, 2000; Kanter, 1994). The models share many characteristics such as the incremental stages and development of trust and commitment, although some of them have a different number of stages and are built on different criteria (Batonda & Perry, 2003). A key strength of these models is that they are based on literature from many sources such as social exchange theory (Scanzoni, 1979); relational contracting (MacNeil, 1980) and organisational theory (Pfeffer & Salancik, 1978). A review of the literature highlights the following stages of relationship development and relational exchange (see table 3.1 below).

Table 3.1 Stages of Relationship development

Stages	Experience	Researchers
Researching	<ul style="list-style-type: none"> • Evaluation based on experience, reputation of firm and personal past relationships. • Positioning to increase attractiveness. • Assessing appropriate partners. • Discovering and learning compatibilities. 	Wilson, 1995; Kanter, 1994; Larson, 1992; Ford, 1980; Dwyer et al, 1987.
Exploring	<ul style="list-style-type: none"> • Communicating and negotiating expected outcomes. • Initial planning of objectives. • Trial and testing goal compatibility. • Integrity and performance important. • Norm development. • Power and justice. • Developing trust. • Begin to reciprocate. 	Ford, 1980; Dwyer et al, 1987; Larson, 1992; Kanter, 1994; Wilson, 1995.
Committing	<ul style="list-style-type: none"> • Making adaptations to meet needs. • Joint planning. • Increased interdependence. • Trust and joint satisfaction lead to more risk taking. • If outcomes are exceeded, the motivation to maintain the relationship increases. 	Ford, 1980; Dwyer et al, 1987; Kanter, 1994; Wilson, 1995.
Value Creating	<ul style="list-style-type: none"> • Better coordination of efforts through social bonding leads to more cost effective ways of doing business. 	Wilson, 1995
Sustaining	<ul style="list-style-type: none"> • Partners pledge to continue the relationship. • Institutionalised behaviour. • Mutual change and long term commitment to maintain the relationship. • Economic and social integration. 	Ford, 1980; Dwyer et al, 1987; Kanter, 1994; Wilson, 1995.
Dissolution	<ul style="list-style-type: none"> • Costs of continuation outweigh the benefits. • Dissolution initiated unilaterally 	Kanter, 1994; Dwyer et al, 1987

Source: adapted from Ford, 1980; Dwyer et al, 1987; Larson, 1992; Kanter, 1994; Wilson, 1995; Batonda & Perry, 2003

These models have limitations, that is, although they provide knowledge on how dyadic relationships develop, they neglect the broader framework of how relationships develop, evolve and dissolve over time (Batonda & Perry, 2003; Ring & Van de Ven, 1994). The assumption that the models evolve sequentially is uncertain, as it is difficult to predict because they are influenced by the interaction between individuals (Jap & Anderson, 2007; Ford et al, 1996; Larson, 1992). Dissolution only features in two models (Dwyer et al, 1987; Duck, 1984) and is largely neglected throughout the discussions of relationship development and management. Dwyer et al's (1987) model leaves unexplained the process of dissolution. Furthermore, there is no mention of how a relationship recovers from such processes, given that dissolution poses such a serious threat to relations (Duck, 1982).

From a social exchange perspective, early interactions and exchanges determine whether a relationship will grow, fade away, remain the same, or dissolve (Wilson, 1995). As partners reach the committed stage, conflict is more likely to arise (Frazier, 1999; Scanzoni, 1979) but at later stages, dissolution is also more costly (Scanzoni, 1979, p. 91) and individuals are faced with various decisions which need to be evaluated.

Ring & Van de Ven (1994) provide an explanation for processes that occur within the stage models focusing on the behaviour of the individuals representing each organisation. The development of B2B relationships is cyclical and not sequential, and there exists a balance between formal and informal processes of managing interactions (Ring & Van de Ven, 1994). These models provide 'richer explanations' of relationship development as they attempt to capture interaction in dynamic terms regarding past, present and future relation (Halinen, 1997, p.7). This is particularly important in the understanding of *'the processes occurring in relationships and events in the context of relationships'* (Halinen, 1997, p.7). In business interactions, companies evaluate the outcomes they receive from the relationship compared to other potential exchange partners (Dwyer et al, 1987). If their expectations are fulfilled, further interactions and exchanges take place which is a key driver for the development of the relationship i.e. the more interactions they have, the more likely they will form relationship bonds (Dwyer et al, 1987; Ford et al, 1980). In the course of interactions, managers make judgments regarding their satisfaction with their partner's behaviour and performance (Arino et al, 2005). These are due to the expectations they have regarding such behaviours. Indeed these judgments are constantly updated as managers learn to collaborate at both individual and organisational levels (Kanter, 1994; Ring & Van de Ven, 1994).

Therefore, cooperative B2B relationships are viewed as a repeated 'sequence of negotiation, commitment and execution stages which are assessed in terms of 'efficiency and equity' over time (Ring & Van de Ven, 1994, p. 97). This is where stage models differ from cyclical models, in particular when a relationship breaks down (Jap & Anderson, 2007). In stage models, when a relationship is in trouble it is considered a liability so will most likely end up dissolving whereas in cyclical models, there are cycles of negotiation, commitment an execution after transgressions occur (Jap & Anderson, 2007). The relationship between partners is continuously shaped as they make adaptations to changing situations (Doz, 1996; Ring & Van de Ven, 1994; Lui & Lu, 1992). When economic transactions are embedded in personal relationships the need for formalized

contracts is reduced because the risk of opportunism is diminished (Granovetter, 1985). Accordingly, past friendships and personal ties enable these informal agreements to occur (Macaulay, 1963; Bradach & Eccles, 1989).

As highlighted above, a number of criteria exist that are vital to the development and preservation of business relationships namely: the development of norms, satisfaction, trust, commitment, interpersonal relationships, communication and dependence. These are now discussed in relation to their influence on the state of the relationship.

3.2.1 Development of Norms

Cooperative relationships require the development of norms to facilitate behaviour (Jap & Anderson, 2007; MacNeil, 1980). Through interaction and negotiation in the early stages, companies show their priorities and subsequently agree goals and aspirations for the relationship. This facilitates the development of norms (Jap & Anderson, 2007) which are the rules by which values are operationalized within interactions and exchanges (Wilson, 1995). Communication emerges incrementally as interactions increase between partners over time (Ring & Van de Ven, 1994). This process allows companies to understand each other's ways of working within their business industry environment (Arino et al, 2005; Doz, 1996; Weick, 1979). These rules control and coordinate behaviour by defining what actions are appropriate in exchanges (Larson, 1992).

This level of interaction leads to the development of psychological contracts between firms (Ring & Van de Ven, 1994; MacNeil, 1980) which include information sharing, the nature of tasks to be performed and work roles (Arino et al, 2005; Ring & Van de Ven, 1994). These unwritten norms of behaviour and expectations between organisations are often not articulated by the individuals involved (Larson, 1992; Kotter, 1973) and even when contracts do exist, they are rarely used in disputes (Macaulay, 1963). The norms of exchange impose obligations on the parties but can be ignored at risk of damaging a firm's reputation and personal friendships (Larson, 1992; Bradach & Eccles, 1989; Macaulay, 1963). This notion was developed further by MacNeil (1980), who advocated the idea that relationship preservation is paramount once agreed rules of behaviour are established (Bradach & Eccles, 1989). In terms of relationship governance, and appropriate to the current study, are two norms that are considered vital; harmonizing conflict within the relationship and preserving the relationship (MacNeil, 1980). Indeed, a strong relationship can resolve conflict

because it is governed by a broader set of social norms and a willingness to continue the relationship for both economic and social reasons (Sabel & Zeitlin, 1985; MacNeil, 1980).

3.2.2 Ability to Perform and Satisfaction

Early exchanges are important to drive satisfaction in business relationships as it is widely accepted that a strong predictor of behavioural decisions such as repurchasing and loyalty leads to satisfaction within the relationship (Ravald & Gronroos, 1996; Liljander & Strandvik, 1995). When past performance has been consistently satisfactory, companies have more confidence in their business partner's ability to deliver expected outcomes (Beloucif, Donaldson & Waddell, 2006; Ganesan, 1994). Individuals make comparisons between performance and expectations (Parasuraman, Zeithaml & Berry, 1988) so when they undertake evaluations regarding their business partners, they are assessing not only the satisfaction with the level of performance received (cognitive) but also the satisfaction with behaviours that accompany the performance (affective) (Ulaga & Eggert, 2006; Woo & Ennew, 2003; Geyskens et al, 1999)

If satisfaction has been consistent, then partners are willing to commit to the relationship in the long-term (Harris & O'Malley, 2000; Ganesan, 1994; Rusbult et al, 1991; Anderson & Narus, 1990). Favourable outcomes provide confidence that firms are not being taken advantage of and both parties are respectful of each other's welfare (Harris & O'Malley, 2000; Ganesan, 1994). In contrast, anger and resentment is present in relationships where parties feel that they are being taken advantage of and are receiving inequitable returns (Ganesan, 1994).

In B2B relationships, overall relationship satisfaction can make an exchange relationship more valuable (Ulaga & Eggert, 2006; Hocutt, 1998; Ping, 1997; Dwyer et al, 1987; Frazier, 1983) because it increases morale and cooperation between partners (Ganesan, 1994; Hunt & Nevin, 1974). Ping (1993) suggested two types of satisfaction in B2B relationships; event and overall satisfaction. It is important to distinguish between the two as dissatisfaction with an event triggers a reaction whereas the overall level of satisfaction in the relationship determines which reaction will be pursued (Storbacka, Strandvik & Gronroos, 1994; Ping, 1993, 1997). For instance, as overall relationship satisfaction increases, a firm should respond positively to relationship problems and constructively make attempts to continue the relationship (Ping, 1997; Rusbult et al, 1991; Hirschman, 1970). As the level of satisfaction increases, partners become more loyal to the association and start to trust partners and make commitments in order to preserve future relations

(Steffel & Ellis, 2009; Wilson, 1995; Gundlach et al, 1995; Morgan & Hunt, 1994; Anderson & Weitz, 1989; Dwyer et al, 1987).

3.2.3 Trust

The evolution of relational exchanges is facilitated by interpersonal trust (Ring & Van de Ven, 1992; Bradach & Eccles, 1989) which serves as a powerful governance mechanism (Bradach & Eccles, 1989). Trust is critical in relationship models and has assumed a key role in building expectations for future cooperation and planning between firms (Ulaga & Eggert, 2006; Arino et al, 2005; McEvily et al, 2003; Dwyer et al, 1987; Morgan & Hunt, 1994; Wilson, 1995). Trust is a psychological state (Rousseau et al, 1998), a positive attitude (Robinson, 1996) and an individual level concept (Zaheer et al, 1998). The economic relevance of trust is that it reduces the specification and monitoring of contracts, provides incentives for cooperation and reduces uncertainty (Greenberg, Greenberg & Antonucci, 2008; Hill, 1990). There are many definitions of trust in the business to business literature, some of which are considered in table 3.2 (below);

Table 3.2 Definitions of trust in the B2B literature

Definition	Author	Finding	Empirical or conceptual
<i>The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.</i>	Mayer et al, 1995, p 712	Cooperation, obligation and personal ties in economic exchanges provide the basis for trust.	Empirical
<i>Trust is the mutual confidence that no party to an exchange will exploit another's vulnerabilities</i>	Dyer & Chu, 2000, p 260	Strong support for a process based perspective. supplier trust is highly correlated with stable and consistent buyer processes/routines that represent credible commitments toward long term interactions	Empirical
<i>A firm's belief that another company will perform activities resulting in positive outcomes for the firm and not take actions that would result in negative outcomes for the company.</i>	Anderson & Narus, 1990, p 45	Cooperation positively affects trust and functionality of conflict; trust positively influences firm satisfaction with the exchange relationship.	Empirical
<i>The belief that a party's word or promise is reliable and a party will fulfil his/her obligations in an exchange relationship</i>	Schurr & Ozanne, 1985, p 940	A sellers expected trustworthiness combined with toughness in bargaining leads to higher levels of buyer-seller cooperation.	Empirical

Taking these definitions into consideration, for the purposes of this research certain characteristics can be inferred including;

1) Risk

With regard to B2B relationships, in uncertain environments the risk of opportunism is always present (Nguyen & Liem, 2013). By trusting a business partner, companies take risks concerning future behaviour (Nooteboom, 2002; Zaheer et al, 1998). A high level of trust can reduce the perception of risk and encourage partners to invest in the future of the relationship (Jiang et al, 2011).

2) Vulnerability

A willingness to be vulnerable in uncertainty and interdependence is viewed as a critical attribute in any relationship (Jap & Anderson, 2007; Rousseau et al, 1998; Kumar, Scheer & Steenkamp, 1995; Barney & Hansen, 1994; Gundlach & Cadotte, 1994). Trust is therefore a context based concept; actors are vulnerable in business situations as they are placing confidence (trust) in another partner to deliver on expectations and not take advantage of the relationship (Wilson, Straus & McEvily, 2006; Dyer & Chu, 2000; Doney & Cannon, 1997).

3) Expectation

Expectation is based on the credibility of the other party's competency or expertise in fulfilling their obligations (Nguyen & Liem, 2013). Much of the research on trust in B2B relationships is based on two accepted bases of trust: Credibility, where performance can be relied upon (Doney & Cannon, 1997; Ganesan, 1994), and benevolence, where the individual is concerned about the other partner's best interests through their actions (Greenberg, Greenberg and Antonucci, 2008; Nooteboom et al, 1998; Doney & Cannon, 1997; Ganesan, 1994). By demonstrating benevolence, honest communications and putting in extra effort the manager gains trust (Jap & Anderson, 2007; Jap, 2001; Cravens, 1995), thereby building on partner credibility.

4) Confidence

Trust is the confidence that a firm's partner will not act opportunistically and will not take advantage of a firm's vulnerability (Das & Teng, 1998; Mayer et al, 1995). Consistency of past

behaviours and repeated interactions engenders expectations that future interactions will be favourable (Gulati & Sytch, 2008; Parkhe, 1998; Anderson & Weitz, 1989). In addition a firm has confidence in the partner's capability because they have delivered to or beyond expectations in previous exchanges and can be relied upon to perform in the future (Jiang, Henneberg & Naude, 2011).

While these characteristics form the basis of trust, different types of trust (table 3.3) reflect different reasons partners can have confidence that their needs will be met and they will not be taken advantage of (Barney & Hansen, 1994).

Table 3.3 Types of Trust

Types of Trust	Explanation	Researchers	School
Strong form trust	Norms of behaviour require partners to behave in a trustworthy manner, because values and behaviours have been developed through exchanges.	Seppanen et al, 2007; Barney & Hansen, 1994	Behavioural
Semi-strong or mid form Trust	Economic sanctions are in place to avoid opportunism however, trust can emerge as parties have confidence that their vulnerabilities will not be exploited.	Barney & Hansen, 1994; Ganesan, 1994; Granovetter, 1985.	Economic
Weak form trust	No Vulnerabilities. Limited opportunities for self-interest behaviour. Does not depend on contracts as a form of governance. Highly competitive commodity markets. This can be trust between representatives of collaborating firms.	Nguyen & Liem, 2013; Adobor, 2005; Zaheer et al, 1998; Barney & Hansen, 1994; Zucker, 1986	Economic

Source: adapted from Nguyen & Liem, 2013; Barney & Hansen, 1994

In business relationships at least some level of trust exists to support exchanges (Dirks et al, 2009). This level varies according to the mechanisms partners have in place to facilitate trust and collaboration. Trust is generally slow and difficult to develop, yet it is easy to damage. Indeed behavioural discrepancies need to be resolved quickly and amicably (Parkhe, 1998) to ensure the relationship is sustained. Therefore, it is important for managers to contain trust and maintain positive exchanges.

Zucker (1987) has shown that organisation founders can have an impact on the culture of firms and senior level involvement is paramount to the success of relationships (Parkhe, 1998). If these individuals are themselves trustworthy, they create a culture of trustworthiness within their

organisations (Barney & Hansen, 1994). However specific individuals that are directly involved in exchanges have the most influence on the maintenance of trust. Thus, there are benefits to having a strong trusting relationship including; less costs drafting contracts (Gulati, 1995; Barney & Hansen, 1994), reduced transaction costs (Ganesan, 1994; Barney & Hansen, 1994; Noordewier, John & Nevin, 1990), reduced search costs (Gulati,1995) and reduced risk of opportunistic behaviour (Ganesan, 1994). Trust creates higher levels of cooperation (Morgan & Hunt, 1994; Nooteboom, Berger & Noorderhaven, 1997), increases satisfaction (Anderson & Narus, 1990) and encourages commitment (Morgan & Hunt, 1994).

3.2.3.1 Interpersonal relationships and trust

It is important to understand the role of interpersonal connections in economic exchanges (Gulati, 1995; Ring & Van de Ven, 1989; Granovetter, 1985). Trust emerges because partners believe that they have a lot to lose both economically and socially if they act opportunistically (Gulati, 1995; Barney & Hansen, 1994; Bradach & Eccles, 1989). Partners who are embedded in social networks put those relationships at risk by acting opportunistically, leading to significant social costs such as loss of reputation (Granovetter, 1985; Bradach & Eccles, 1989). Past behaviours lead to a positive reputation, which is a key asset companies possess (Parkhe, 1998; Barney & Hansen, 1994). For instance, a favourable reputation is transferable across firms and enhances the credibility and trust of the firm (Ganesan, 1994). As it takes a considerable amount of time and investment to develop a company's reputation, partners are reluctant to jeopardise this by acting opportunistically (Doney & Cannon, 1997).

Furthermore, collaboration is facilitated by the flow of information available within the relationship (Arino & de la Torre, 1998). This information provides the basis for developing interpersonal trust with positive or negative interactions leading to an expansion or contraction of trust over time (Doney & Cannon, 1997). Interpersonal trust facilitates individuals in their on-going interactions with companies and helps them resolve conflicts that arise during the course of these interactions (Arino et al, 2005; Kanter, 1994; Ring & Van de Ven, 1994).

If inter-personal trust is strong, then partners do not tend to monitor the company's behaviour through formal legal structures (Ring & Van de Ven, 1994). Moreover, personal attributes such as dependability, honesty and fairness, foster feelings of trust (Gundlach & Murphy, 1993). In contrast when trust is weak; attitudes, communication and bargaining behaviours are less

favourable (Dwyer et al, 1987; Shurr & Ozanne, 1985). Indeed untrustworthy behaviour can lead to costly sanctions that exceed the benefits that this behaviour can provide.

Developing long term orientation is determined by the level of trust in partner's relationships (Jiang, Henneberg & Naude, 2011; Ganesan, 1994). Trust allows partners to focus on present and future exchanges as they believe that each partner will act fairly and equitably (Anderson & Narus, 1989; Ganesan, 1994; Doney & Cannon, 1997). By making considerable investments in trust creating activities, better buyer-seller bonds are formed (Jap & Anderson, 2007; Doney & Cannon, 1997; Ganesan, 1994).

As relationships evolve over time, both formal and informal agreements and commitments exist. Informal processes are essential in the development of successful, interpersonal trust based exchange relationships (Arino et al, 2005; Ring & Van de Ven, 1994; Larson, 1992) as this integration forms the foundation for creating future value between firms (Kanter, 1994). Formal role relationships and expectations become socially embedded through socialization, adaptation and expected norms (Macaulay, 1963). *Qua persona* behaviour supplements role behaviour as inter-personal relationships are strong and informal agreements exist (Ring & Van de Ven, 1994). This provides the basis for the resolution of conflicts should they arise and in some cases can substitute formal contracts when trust exists (Ring & Van de Ven, 1994). When people change and move organisations, this degree of informality is lost as new people tend to adopt formal procedures, so the need arises to form new interpersonal relationships all over again (Ring & Van de Ven, 1994).

3.2.4 Commitment

Relationship commitment implies that, a firm that accepts the values in an exchange relationship is willing to make an effort in that relationship (Ping, 1999; Scheer & Stern, 1992; Anderson & Weitz, 1989). Commitment is closely related to mutuality and forsaking of others (Gundlach, Acrol & Mentzer, 1995, p. 79; Wilson, 1995; Dwyer et al, 1987). Partners show their willingness and desire to continue the relationship by making considerable economic and personal investments to maintain it (Wilson, 1995; Morgan & Hunt, 1994; Anderson & Weitz, 1992; Moorman et al, 1992; Dwyer et al, 1987). Commitments exist only when the relationship is considered important as partners believe it will bring future benefits and valuable outcomes to the exchange (Wilson, 1995; Morgan & Hunt, 1994; Anderson & Weitz, 1992; Hardwick & Ford, 1986). Important to this

research study, commitment levels have been found to be the strongest predictor of voluntary decisions to remain in a relationship (Rusbult & Farrell, 1983).

In order to understand commitment, three measurable criteria are important (see table 3.4); inputs, durability and consistency (Ping, 1999; Dwyer et al, 1987). These criteria are important to help us understand the reasons why partners stay in relationships when they are in trouble (Rusbult & Buunk, 1993).

Table 3.4: Commitment criteria

Criteria	Explanation	Researchers
Attitudinal commitment inputs	Economic investments; High levels of communication; Social and financial resources where a party demonstrates that they are interested in exchanges by undertaking activities that the other party values.	Gundlach, 1995; Dwyer et al, 1987; MacNeil, 1980; Blau, 1964
Durability behavioural commitment	Common understanding of the effectiveness of future exchange; Bilateral exchange of human and physical assets communicates the credibility of commitment where there is willingness to exert effort on behalf of the relationship with a desire to remain in it.	Anderson & Weitz, 1992; Dwyer et al, 1987; MacNeil, 1980
Consistency	Engage resources to actively maintain social bonds; Mutual goals; Confidence on exchange effectiveness; An attitudinal component: the long term intentions of the parties.	Gundlach et al, 1995; Dwyer et al, 1987

Source: adapted from Dwyer et al, 1987

Inputs include the level of investments in the relationship, including economic and social inputs (Gundlach, 1995). By undertaking high levels of communication, OMs are able to demonstrate that they understand their partners business (Dwyer et al, 1997; Blau, 1964). Durable commitments influence and develop commitment over time and relational norms play a key role in this process (Gundlach et al, 1995). Partners invest time and resources in the relationship to maintain and preserve its future (Dwyer et al, 1987; MacNeil, 1980). Consistency involves commitment that goes beyond evaluations of costs and benefits. Negotiation and conflict are part of exchanges where working through problems becomes vital (Gundlach & Murphy, 1993). Morgan & Hunt (1994) found that commitment and trust are key mediating criteria and therefore are vital to understanding the development and evolution of business relationships. Commitment generates cooperation, engenders acquiescence and reduces the tendency to leave relationships (Hocutt, 1998; Morgan & Hunt, 1994).

In summary, there are five major precursors of relationship' commitment and trust:

1. Relationship dissolution costs or expected economic losses from dissolution influence commitment (Dwyer et al, 1987; Morgan & Hunt, 1994).
2. Relationship benefits or partners who deliver superior value influence commitment (Morgan & Hunt, 1994).
3. When exchange partners share values, they will be more committed to the relationship (Morgan & Hunt, 1994).
4. Communication influences trust and indirectly influences commitment (Anderson & Narus, 1990).
5. Opportunistic behaviour decreases trust and indirectly influences commitment (Morgan & Hunt, 1994).

Commitment and cooperation are inextricably linked. The way partners interact during cooperation is important for relationship success (Ring & Van de Ven, 1994; Lui & Lu, 2002) as '*cooperative IORs (inter-organisational relationships) are socially contrived mechanisms for collective action, which are continually shaped by actions of the parties involved*' (Ring & Van de Ven, 1994, p. 96).

A final criterion is important to highlight as part of understanding the evolution of relationships in an SME context. Power/ dependence balancing becomes important for some of the SME's valued relationships and so warrants further discussion.

3.2.5 Power/Dependence

Power has been a much studied variable in marketing channel literature (Frazier, 1999) and is defined as the ability of one partner to evoke a change in another party's behaviour to their advantage (Gaski & Nevin, 1985). Power can be associated with authoritative control (Weitz & Jap, 1995) thus Party A's power over B is determined by B's dependence on A for valued resources (Emerson, 1962). The long term effects of power can be detrimental and can lead to dissatisfaction on the part of the dependent party (Morgan & Hunt, 1994; Anderson & Weitz, 1989). Thus, imbalanced B2B relationships are less cooperative and have greater conflict (Dwyer et al, 1987;

Anderson & Weitz, 1989). However, with the realisation that long-term relationships are beneficial, organisations are relying less on power as a coordination mechanism (Frazier, 1999; Gundlach, Achrol & Mentzer, 1995). When there is a high level of dependence between companies, interdependence is high in magnitude and symmetric in approach. In these relationships, bonds are strong where trust and commitment has been developed and company goals are understood by each party (Frazier, 1999; Lusch & Brown, 1996; Kumar, Scheer & Steenkamp, 1995b; Gundlach & Cadotte, 1994).

When one organisation is highly dependent on a relationship and the other firm has low dependence, there is high asymmetry (Frazier, 1999, p. 227). This asymmetrical dependence makes relationships unstable and can lead to dissolution over time (Heide, 1994; Anderson and Weitz, 1989). One way to reduce an imbalance is to take a long-term view and make specific investments to achieve mutual dependence (Kumar, Scheer & Steenkamp, 1995a; Ganesan, 1994; Anderson & Weitz, 1992; Frazier & Summers, 1986). These investments act as pledges in the relationship and have a positive effect on long term commitment (Anderson & Weitz, 1992; Ganesan, 1994). Joint dependence encourages more involvement and improves the flow of information (Gulati & Sych, 2008). If managed well, dependence can create value in an exchange and increase the overall value to be shared (Gulati & Sych, 2008). Even firms with greater advantages of power, can still develop productive relationships rather than putting pressure on the other firm to deliver (Ganesan, 1993; Frazier & Summers, 1986).

Nevertheless, it is important to assess the possession of power and the use of power in relationships (Gaski & Nevin, 1985; Donaldson & O'Toole 2002). Power can be used as a reward or punishment mechanism (Fontenot & Wilson, 1997). Partners taking a long-term view have access to and the ability to use power, but do not exercise it. This view is supported in a study of channel relationship satisfaction by Gaski & Nevin (1985) where the exercise of power has a negative impact on satisfaction and conflict rather than the presence of power. Indeed Frazier (1999) defines power as a potential for influence in B2B exchanges; as this provides a separation between the possession, application and effects of power (Frazier, 1999; Frazier & Antia, 1995; Frazier, 1983b).

The criteria in the B2B relationship literature discussed above helps us to understand how business relationships can develop into quality lasting relationships that have the strength to withstand

pressures from within the relationship and from external forces (Ulaga & Eggert, 2006; Davies & Price, 1999). This helps us identify both strong and weak relationships that exist in SMEs.

3.2.6 Relationship Strength

Relationship strength means that the organisation is able to rely on another firm's integrity and has confidence in any future interactions because past performance has been satisfactory (Wong & Sohal, 2002; Crosby et al, 1990). Relationship quality (Crosby et al, 1990; Crosby & Stephens, 1987) and overall satisfaction (Cronin & Taylor, 1992) can influence a manager's intention to remain in relationships so these criteria are crucial in managing the propensity to leave a relationship in dissolution (Ulaga & Eggert, 2006; Hennig-Thurau et al, 2002). Individual characteristics and relational and ethical selling behaviours, such as; proactive efforts and interaction frequency have a positive effect on relationship strength (Leuthesser, 1997; Lagace et al, 1991; Crosby et al, 1990) which in turn encourages conflict resolution when changes to the relationship are needed (Arino et al, 2005). Relationship quality based on trust and commitment can be expected to influence relationship strength which facilitates the resolution of conflicts (Barry et al, 2008; Storbacka et al, 1994); while trust, communications, affective commitment and relational bonds also contribute to relationship strength (Barry, Dion & Johnson, 2008; Smith, 1998b).

The behaviours associated with relationship strength include; reduced searching for alternative partners, and a willingness to invest in the relationship which implies that there is a motivation to continue a relationship as it will yield future returns (Barry et al, 2008; Gundlach et al, 1995). Throughout the development of B2B relationships, there is always the possibility of dissolution (Dwyer et al, 1987; Kanter 1994; Ring & Van de Ven, 1994) however, the management of the dissolution process is contingent on the state of the relationship before the dissolution process begins (Dirks et al, 2009; Halinen & Tähtinen , 2002). The processes of relationship formation and development can also be influenced by events that occur within the B2B relationship and its context over time (Halinen, 1997). When researchers look at events that unfold within relationships, they are capturing the process of relationship development and its association with the context of the relationship and its dynamics (Halinen, 1997).

3.3 Critical Events in Relationship Development

An event is a happening that takes place in time, which influences the content and process of relationships. Events can occur at individual, dyadic or network levels (Halinen & Tähtinen, 2002; Halinen, 1997). Taking the lead from Halinen (1997), there are major and minor events which can be classified according to their impact on exchanges and interactions. This research adopts the ‘critical incident’ technique for those events that change the state of the relationship. Critical incidents cause uncertainty concerning the preservation and continuity of relationships (Edvardsson, 1984) and as such force OMs to demonstrate commitment to the relationship. One such critical event is the threat of B2B dissolution (Halinen & Tähtinen, 2002; Ford, 1982).

3.4 Business to Business Dissolution

When significant imbalances exist in, negotiation, commitment and execution, the propensity to leave the relationship increases (Ring & Van de Ven, 1994). A B2B relationship can dissolve at any stage of relationship development, although it is easier in the initial stages as the costs of exiting are generally lower (Jap & Anderson, 2007; Vidal, 2006). At later stages when great investments have been made, it is much more economically and psychologically damaging to dissolve the relationship (Ring & Van de Ven, 1994; Dwyer et al, 1987).

Relationship dissolution is understood as a situation where at least *‘one partner no longer views the relationship as continuing or the interdependence has critically decreased’* (Tähtinen , 2002, p. 46). Researchers from the IMP group have analysed relationships in terms of activity links, resource ties and actors bonds. These researchers consider a relationship to be dissolved *“when all activity links, resource ties, and actor bonds are lost”* (Tähtinen & Halinen-Kalia, 1997, p. 560). Although personal bonds remain, both parties perceive the relationship has ended which is considered to be the final phase of the dissolution process (Rosson, 1986).

Within some B2B relationships, dissolution does not pose an issue for companies who have better alternatives that can satisfy their needs (Scanzoni, 1979; Kelly & Thibaut, 1959). However, in strong relationships that have developed personal bonds over repeated economic transactions, the commitment to the relationship is greater and therefore parties are more likely to remain in such relationships (Ring & Van de Ven, 1994). In these cases, there are social–psychological motivations for continuing exchanges, as well as financial considerations (Seabright, Leventhal & Fichman, 1989).

As both formal and informal contractual arrangements exist, when conflict arises between organisations (Ring & Van de Ven, 1994) it can be; dysfunctional causing relationships to be destructive or functional where parties are willing to negotiate changes to improve conditions (Fontenot & Wilson, 1997). In functional conflict, parties are willing to put in relationship-enhancing activities to encourage cooperation and reduce tension (Dwyer et al, 1987). Functional breakdown can also lead to more efficient and effective ways of working (Anderson & Narus, 1990). However, if conflict is not managed properly or is dysfunctional in nature, it has lasting consequences on the relationship and repair is very difficult when issues go unresolved (Anderson & Weitz, 1992).

The dissolution of buyer-seller relationships has been the least studied aspect of relationship management (Dwyer et al, 1987). A key theme throughout the literature is that dissolution is considered to be a process rather than a single event, where the final decision to end the relationship follows a long period of dissatisfaction (Duck, 1982; Mitchell, 1980). Relationship characteristics such as satisfaction, trust and commitment are lower in dissolution (Jap & Anderson, 2007). However, it is not the existence of conflict that generally causes dissolution, but how it is managed that leads to ending (Rosson, 1986) or continuation (Vidal, 2006). Few researchers have been devoted to the study of the process by which ending can be avoided once the relationship has entered the dissolution process (Salo et al, 2009; Tähtinen & Vaaland, 2006; Vidal, 2006). Therefore, it is important to study the process and actions that are required to stop the dissolution process and repair a troubled relationship (Vidal, 2006; Van de Ven, 2004). More precisely, it is of value to understand the reasons why a relationship has entered dissolution and what strategies can be used to restore the declining exchange dynamics (Vidal, 2006).

Research examining dissolution contributes to the understanding of the process of repair. Specifically, the reasons for breakdown influence the trajectory of dissolution and repair (Havila & Tähtinen, 2010). The first of these studies relate to the reasons why relationships break down, which are important as they have an impact on the decision to dissolve or continue and repair an unsatisfactory relationship (Tähtinen & Halinen-Kalia, 1997, 1998; Keaveney, 1995; Perrien, Paradis & Richard, 1995). Indeed, most research on the dissolution of business relationship has focused on these reasons (Havila & Tähtinen, 2010).

3.4.1 The Factors influencing Dissolution

In the B2B literature, Halinen & Tähtinen (2002) propose a categorisation of influencing factors on the dissolution of relationships. These factors can be classified into; predisposing factors, precipitating events and attenuating factors (see 3.5.1.2 for a discussion of attenuating factors). The ending process is influenced by predisposing factors, advanced by precipitating events and indirectly affected by attenuating factors (Vaaland & Purchase, 2005). Notably, none of the factors act on their own, but influence managers' actions and decisions (Halinen & Tähtinen, 2002).

3.4.1.1 Predisposing Factors

The first category, predisposing factors exist before the relationship starts and have the potential to cause ending. This indicates that history has an impact on relationship dissolution (Seabright et al, 1992). Predisposing factors are underlying factors that exist such as dissimilarities between the companies or cultural differences that can make the relationship more vulnerable to dissolution in the beginning (Olkkonen & Tuominen, 2006; Vaaland et al, 2004; Halinen & Tähtinen, 2002). Thus, at a dyadic level, cultural distance is an important factor in explaining why relationships breakdown (Pressey & Qui, 2007; Vaaland et al, 2004). Predisposing factors can be related to such things as the nature and task of the relationship i.e. if the relationship is highly complex (Tähtinen, 2001; Vaaland & Hakansson, 2000), the companies involved, different expectations concerning the relationship or to the network that the relationship is embedded in (Tornroos, 2004; Halinen & Tähtinen, 2002). Certain characteristics of a company such as poor economic performance or lack of competence can also make them prone to dissolution (Gassenheimer et al, 1998; Duck, 1981). In addition, differences in size between the organisations can cause issues concerning power and dependence (Bennet, 1999).

As predisposing factors are less visible, they can provide a certain amount of risk concerning the development of the relationship and should be recognised by business partners (Halinen & Tähtinen, 2002; Tähtinen & Halinen-Kalia, 1997). Warning signs are evident to partners but sometimes are not recognised (Hallen & Johanson, 2004; Gronhaug et al, 1999) so a relationship can fade away if a partner does not recognise an on-going change towards dissolution. Moreover, a poor choice of partner can also be referred to as a predisposing factor which can lead to an inability to establish mutual expectations and goals, therefore leading to mismatches in resources and needs (Arino and Doz, 2000; Halinen, 1997). Goal incompatibilities, domain issues and

differences in perception lead to dissatisfaction within the relationship and are considered to be the main sources of relationship breakdown (Farrelly, 2010; Heffernan & Poole, 2004; Stern & Heskett, 1969). Indeed, early signs have been detected in business relationship studies where external, organisational and relational challenges provided signs of a future dissolution (Tidstrom & Ahman, 2006; Hallen & Johanson, 2004).

The existence of predisposing factors contributes to the lack of development of trust, commitment and effective communication, particularly in the early stages of relationship development (Heffernan & Poole, 2004). Low levels of internal commitment, no win/ win situations and the inability to establish roles and responsibilities weakens the relationship, which has implications for future exchanges (Hallen & Johanson, 2004; Heffernan & Poole, 2004). Weak interdependence and lack of mutual knowledge in relationships leaves partners open to dissolution at any stage of the relationship and, if ignored, they can come as a surprise to most companies (Hallen & Johanson, 2004).

Evident in the above review is that the seeds for ending relationships can be traced back to the processes that lead to their formation and growth in the first instance. At a relationship level, when interpersonal relationships do not supplement role relationships, the likelihood for conflict is present (Ring & van de Ven, 1994). Role specialists tend to therefore have different views on the management of B2B relationships and in conflict situations can make matters worse for the parties trying to resolve disputes (Ring & Rands, 1989). The next category of factors relate to events that trigger or advance breakdown during interactions and exchanges between partners and their environment (Halinen & Tähtinen, 2002; Tähtinen, 2001; Duck, 1982).

3.4.1.2 Precipitating Events

Precipitating events are the second category of events that ‘trigger’ B2B relationship conflict and move it towards dissolution. These events can happen during the course of the relationship or they can be sudden, leading to an immediate break-up (Halinen et al, 1999). In B2B relationships the study of precipitating events has shown that these events have a major effect on B2B relationships (Pressey & Selassie, 2007; Halinen, 1997), as they deviate from the norm and trigger perceptual and or behavioural attention (Holmlund & Strandvik, 1999b). However, it is the way the partners react to these events that is the primary issue (Vaaland & Purchase, 2005; Havila & Salmi, 2000). An important feature of the literature on relationship dissolution is that one event alone does not

cause dissolution (Pressey & Selassie, 2007). They have a long term effect when there is an accumulation of events that represent hidden weaknesses in the relationship to begin with (Holmlund & Strandvik, 2003). Therefore, if companies do not make attempts to change the relationship in order to repair it dissolution is more likely (Hallen & Johanson, 2004).

In the context of B2B relationships, a holistic relational view towards an analysis of these events is required (Holmlund & Strandvik, 1999) as they affect satisfaction and dissatisfaction in exchanges (Tikkanen et al, 2000). This view is supported by studies on mergers and acquisitions (Havila & Salmi, 2000) and in supply chain relationships (Gedeon et al, 2008). Similar to predisposing factors, precipitating events are related to the company, the relationship and the network (Gedeon, Ferne & Poole, 2008; Halinen & Tähtinen, 2002). Pressures from any of these can accelerate the relationship towards dissolution (see table 3.5 overleaf).

Table 3.5 Precipitating Events

Precipitating Events	Individual/ Relationship or Network	Cognitive/ Behavioural	Researchers
Performance and service delivery failures	Company	Cognitive	Farrelly, 2010; Salo et al, 2009; Beloucif et al, 2006; Helm, 2004; Arino, 2001; Bennet, 1999; Keaveney, 1995; Michell et al, 1992; Doyle et al, 1980.
Product or service quality	Company	Cognitive	Salo et al, 2009; Helm, 2004; Bennet, 1999; Keaveney, 1995.
Lack of revenue from relationship. All efforts one sided	Relationship	Cognitive	Farrelly, 2010; Holmlund & Hobbs, 2009; Beloucif et al, 2006; Harrison, 2004; Helm, 2004.
Change in company policy and structure	Company	Cognitive	Gedeon, Ferne & Poole, 2008; Perrien et al, 2005; Harrison, 2004; Perrien et al, 1995; Michell et al, 1992, Buchanan & Mitchell, 1991; Doyle et al, 1980.
Changes in company personnel and different personnel involvement in the relationship	Company	Cognitive	Gedeon, Ferne & Poole, 2008; Pressey & Selassie, 2007; Mitchell et al, 1992; Doyle et al, 1980.
Changes in company management	Company	Cognitive	Pressey & Selassie, 2007; Mitchell et al, 1992.
Company size, one party too powerful	Company	Behavioural	Bennet, 1999.
Different commercial objectives	Relationship	Cognitive	Farrelly, 2010; Clacomb & Frankwick, 2005; Tuusjarvi & Blois, 2004; Vaaland, 2004; Bennet, 1999; Serapio & Cascio, 1996.
Product adaptations outside normal tasks; too time consuming	Relationship	Cognitive	Helm, 2004; Bennet, 1999.
Network events outside the relationship i.e. third party failure	Network	Cognitive	Tähtinen et al, 2007; Hallen & Johanson, 2004; Tornroos, 2004; Ford & Havila, 2003; Halinen & Tähtinen, 2002; Halinen, 1999.
Economic environment	Network	Cognitive	Tähtinen et al, 2007; Bennet, 1999.
End customer wanted to deal directly with manufacturer thereby changing network structure	Network	Behavioural	Halinen & Tähtinen, 2002.
Individual characteristics such as poor personal relationships due to difficult individuals	Individual	Behavioural	Gedeon et al, 2009; Pressey & Selassie, 2007; Purinton et al, 2007; Anderson & Kumar, 2006; Reid et al, 2004; Perrien et al, 1995.
Unwillingness to solve product and service failures	Relationship	Behavioural	Smith, 2002; Keaveney, 1995.
Breakdown of inter-personal relationship	Relationship	Behavioural	Gedeon et al, 2009.
Breaking the rules of the relationship	Relationship	Behavioural	Holmlund-Rytkonen & Strandvik, 2005; Harrison, 2004; Smith, 2002; Worthington & Horne, 1995.
Ethical issues	Relationship	Behavioural	Keaveney, 1995; Worthington & Horne, 1995.
Lack of communication	Relationship	Behavioural	Farrelly, 2010; Salo et al, 2009; Hallen & Johanson, 2004; Heffernan & Poole, 2004.
Withdrawal of reciprocal normative actions	Relationship	Behavioural	Smith, 2002.
Taking advantage of resources	Relationship	Behavioural	Tornroos, 2004; Smith, 2002.
Lack of commitment	Relationship	Behavioural	Farrelly, 2010; Harris & O'Malley, 2003; Heffernan & Poole, 2004.
Negative emotional outburst(s) following request to change relationship	Relationship	Behavioural	Gedeon, Ferne & Poole, 2009; Anderson & Kumar, 2006; Harrison, 2004; Edwardsson & Strandvik, 2000; Lewis, 1999.
Lack of reciprocity and fairness	Relationship	Behavioural	Wang, Kayande & Jap, 2010; Tuusjarvi & Blois, 2004.
Reputation damage	Relationship	Behavioural	Jensen, 2006; Arino et al, 2005; Worthington & Horne, 1995.
Significant breach of contract	Relationship	Behavioural	Serapio & Cascio, 1996; Worthington & Horne, 1995

Source: adapted from Havila & Tähtinen, 2011

At company and individual levels, performance failures and individual transactions have been found to result in dissolution (Bennet, 1999; Keaveney, 1995; Michell et al, 1992; Doyle et al, 1980). Changes in the offer related to organisational norms and policies can also lead to dissolution compared to the widely held view that competitive offerings cause dissolution (Perrien et al, 1995). Furthermore, changes in competitive conditions and strategic direction influence changes in the relationship (Larson, 1992).

On a relationship level, misinterpretation and inability to agree on shared benefits and fairness were found to increase disputes (Tuusjarvi & Blois, 2004; Bennet, 1999). Strong negative interpersonal emotions held by individuals or between organisations can also lead to dissolution (Andersen & Kumar, 2006). Even among top managers, lack of personal chemistry can lead to suspicion and distrust.

Network precipitating events such as the economic environment and changes to end customer requirements can have a negative effect on on-going relations (Tähtinen et al, 2007; Hallen & Johanson, 2004; Tornroos, 2004).

As highlighted in table 3.5, different events break different aspects of the relationship from norms of behaviour to product/ service quality. These events can be cognitive or behavioural in nature. The important point is that in order to repair the relationship, repair strategies need to be directed to re-establishing ways of working in addition to restoring the status of the business partners which have been affected by these events (Ren & Gray, 2009). The literature highlights that different strategies are required to target different events otherwise they will not be effective to repair the elements of the relationship that have broken down (Ren & Gray, 2009; Duck, 1984).

At this point it is important to understand the process of dissolution as precipitating events start the dissolution process. A review of the literature shows that repair becomes necessary as soon as the relationship breaks down (Duck, 1984), so research pertaining to repair is not complete without considering the stages of the dissolution process.

3.4.2 Understanding the Process of Dissolution

Theory development on the stages of dissolution has been thus far influenced by social psychology models of personal relationship dissolution (Lee, 1984; Baxter, 1982; Duck, 1982) channel dissolution (Ping & Dwyer, 1992) and B2B relationships (Halinen & Tähtinen, 2002).

As stated previously, relationship dissolution should not be seen as an event but an extended process with affective, behavioural, cognitive and social aspects (Lee, 1984; Duck, 1982). Decline and growth are not viewed as a reversal of each other as both contain the same assessment and evaluation processes (Duck, 1982). During the course of relationship development, partners are evaluating and readjusting their relationships just as they are in dissolution (Duck, 1982). These studies have shown that the dissolution of a relationship is a process rather than a single decision and a relationship can be repaired during this process as a result of the actions and behaviours of the individuals involved (Halinen & Tähtinen , 2002). A discussion of these stage models is now presented (see table 3.6) as identified in the social psychology and B2B literature.

Table 3.6 The stages of dissolution

Stages	Explanation	Researchers
Breakdown	Chronic dissatisfaction. Negative view of the benefits of the relationship. Episodic dissatisfaction from role breakdowns adds to overall dissatisfaction. Relational norms deteriorate. The individual decides what action/ response they should take.	Tähtinen, 2003; Halinen & Tähtinen, 2002; Tähtinen, 2001; Ping & Dwyer, 1992; Lee, 1984; Duck, 1982.
Intracompany	Individual seeks a consensus among the internal firm's managers on a set of remedial measures including termination. The decision to terminate is constrained by extrinsic or structural commitment. If these are high, the partner abstains from termination	Halinen & Tähtinen, 2002; Tähtinen, 2001; Ping & Dwyer, 1992; Duck, 1982.
Intercompany	The focal and partner firm assess the status of the relationship and jointly develop a set of remedial measures, or terminates the relationship. The relationship needs to be readjusted.	Halinen & Tähtinen, 2002; Ping & Dwyer, 1992; Lee, 1984; Duck, 1982.
Restoration	Both companies have the opportunity to repair the relationship. If this proceeds and is successful, dissolution ends here.	Tähtinen, 2003; Tähtinen & Halinen, 2002; Alajoutsijarvi et al, 2001.
Public	Both firms communicate with outsiders. This can happen before, during or after the intercompany stage.	Halinen & Tähtinen, 2002; Ping & Dwyer, 1992; Duck, 1982.
Aftermath Stage	Partners develop an ex post account of the dissolution.	Halinen & Tähtinen, 2002; Ping & Dwyer, 1992; Lee, 1984; Duck, 1982.

Source: adapted from Halinen & Tähtinen, 2002; Ping & Dwyer, 1992; Lee, 1984; Duck, 1982.

The dissolution process is described by dividing it into five stages, with an aftermath stage included post dissolution. These are the activities taken and the decisions made by the actors at each stage (table 3.6). Although social psychology and B2B models have presented the process in stages (Lee, 1984; Duck, 1982), it is not always the case that the dissolution process passes through these stages in order, in fact the advancement can go in several different ways, depending on the reactions and actions of each partner (Halinen & Tähtinen , 2002; Tähtinen , 2002). Nevertheless, the stages are

a useful way of breaking down a complex process into manageable accounts of dissolution over time.

Some dissolution models have presented a restoration stage as a turning point in the process (Alajoutsijari et al, 2000; Giller & Matear, 2000; Lee, 1984). Although the business models discussed above provide a firm basis for analysis, they neglect the role of dispute resolution mechanisms throughout the dissolution process, which leaves a significant imbalance in the literature (Salo et al, 2009; Dirks et al, 2009). Researchers need to explore and validate techniques to prevent dissolution and to promote repair of relationships where partners wish it (Vidal, 2006; Duck, 1982). The repair stage proposed in Tähtinen's (2003) model has not been expanded in any great depth to give an understanding of the strategies or the actions of repairing relationships. It is also implied that repair can only be achieved in the early stages of the dissolution process and not at the later stages of the process (Vidal, 2006).

3.5 Business to Business Relationship Repair

B2B and social psychology relationship dissolution models propose repair as a stage that represents a turning point in the relationship (Tähtinen, 2003; Lee, 1984). Repair strategies stop decline and help the relationship to continue and shape its future direction (Tähtinen & Vaaland, 2006; Lee, 1984). However, success depends on both parties' willingness to take positive actions to repair a broken relationship. Social psychology research, through the works of Duck (1984), Baxter (1985) and Lee (1984), goes further and provides a model of repairing personal relationships linked to the dissolution process (see table 3.7).

Table 3.7 Repair model

Stage	Objectives for Repair	Suggested Repair strategies	Comment
Breakdown	<ul style="list-style-type: none"> • Reduce tensions in interactions • Improve communication • Increase commitment 	<ul style="list-style-type: none"> • Positive behaviours towards partners • Open communication techniques • Process: Readjust relationship • Make adaptations 	<ul style="list-style-type: none"> • These strategies are most likely to be effective when both partners desire it and when the breakdown has not reached high levels of dissatisfaction.
Intra Company	<ul style="list-style-type: none"> • Focus on the positives of the relationship • Strike a balanced view of partners' behaviour 	<ul style="list-style-type: none"> • Cost/ Benefit analysis. • Adjust attitudes towards the partner • Re-evaluate relationship internally 	<ul style="list-style-type: none"> • Need to focus on the positives to try and personally work out the problems through adjustment of behaviour.
Inter Company	<ul style="list-style-type: none"> • Focus on the future of the relationship 	<ul style="list-style-type: none"> • Changes in the actual relationship. It centres on relational roles. • Involves the creation of new patterns of activity and new ways of working. 	<ul style="list-style-type: none"> • Mutual desire to repair the relationship is required after considering the future of the relationship.
Public	<ul style="list-style-type: none"> • Consult others and gain their support for helping the relationship • Obtain help to understand the problem(s) 	<ul style="list-style-type: none"> • Intervention via teamwork • Reconstruction of the relationship using the influence of outsiders • Different social support is needed at different stages • More distant kinds of support - networks are usually consulted as they are more objective and uncommitted 	<ul style="list-style-type: none"> • This stage focuses on two issues; the individual needs and the network/ social consequences • Handling the wider consequences of the troubled relationship and minimising the disruption to the network.
Aftermath	<ul style="list-style-type: none"> • To create an acceptable account of the dissolved relationship and save reputation. 	<ul style="list-style-type: none"> • Create acceptable stories from both sides 	<ul style="list-style-type: none"> • Need to end relationship as amicably as possible; this may lead to future relations with the person or organisation.

(Adapted from: Duck, 1984)

Duck (1984) suggests that repair has different goals at different stages of the process of dissolution. Indeed repair strategies have different rates of success depending on the stage of dissolution they are applied to. Specifically, different stages are susceptible to repair strategies and not to others. In other words, if certain strategies are not applied in time, they cannot work the further the relationship declines towards dissolution (Vidal, 2006; Duck, 1984). Problems occur in greater and lesser degrees during the stages of dissolution (Duck, 1984). Rather than presenting repair as a stage within dissolution, Duck's (1984) repair model (see table 3.7) looks at each stage and applies the objectives of repair during dissolution.

At the breakdown stage when dissatisfaction has reached a discontinuity threshold (Sheridan, 1985), each business partner's reactions are no longer moderated by norms. Instead they revert to protecting their own interests (Ping & Dwyer, 1992). A partner can try to restore equity in the relationship if they perceive that inequity exists or they will move to the intracompany stage where the breakdown is discussed within the organisation. This is an important stage as there are internal differences regarding the objectives of staying with the current partner (Ping & Dwyer, 1992). During these discussions, the partner is assessing the relationship from their own perspective. This self-interest influences greater consideration of the partner's structural and intrinsic commitment (Ping & Dwyer, 1992; Ping, 1990; Johnson, 1982) such as the availability of alternatives; the amount of irretrievable investments and any other switching costs (Guiltinan, 1989). These considerations determine the nature of the partners' response to dissatisfaction (Halinen & Tähtinen, 2002).

Once a business partner communicates their intent to exit a relationship to the other company, the dyadic or inter-company stage commences (Halinen & Tähtinen, 2002; Ping & Dwyer, 1992; Duck, 1982). Alajoutsijarvi et al (2000) believe that this stage is a critical turning point in the dissolution process. It is at this stage that both partners have the opportunity to express their intentions and discuss the future of the relationship. This stage is where strategies are agreed with the company to improve the partner's performance, dissolve the relationship, reduce equity and look for alternatives, or return to the intrapersonal stage as the company decides to stay in the relationship due to high commitments (Ping & Dwyer, 1992). At the intercompany stage the role performance and norm violations have reached such a point that repairing commitment immediately is difficult (Halinen & Tähtinen, 2002; Ping & Dwyer, 1992). However, there are attempts at this stage to negotiate an improved performance and readjust the relationship (Halinen & Tähtinen, 2002). The outcome depends on communication and negotiation and the party's motivation towards the future of the relationship (Halinen & Tähtinen, 2002). This can be influenced by the perceptions of fairness, the degree of harmony, and the communication strategies adopted (Gassenheimer et al, 1998).

The image of the firms to the outside 'world' also needs to be considered. At the public stage, the aim is to maintain reputation within the marketplace and change public attitudes towards the firms (Ping & Dwyer, 1992). It is preferred by managers to blame the external environment rather than

internal failings. Thus, Tähtinen & Halinen-Kalia (1997) include a network stage to understand the influencing capabilities of other parties to potentially restore the relationship (Tähtinen & Halinen-Kalia, 1997; Duck, 1984). Network actors apply pressure on the person wishing to dissolve the relationship, which can lead to halting the dissolution process.

At the aftermath stage, the parties create internal and external accounts of the dissolution (Halinen & Tähtinen, 2002; Ping & Dwyer, 1992). These accounts usually differ between companies, as each seeks to preserve their own company image. Sense making has been added to the aftermath stage as the actors can reflect on the process to learn from the experience and create accounts of the ending (Tähtinen, 2002). In some instances, relationship energy exists in the form of social bonds even after resource ties and activity links have been broken (Havila & Wilkinson, 2002).

A key point here is that there is a threshold at each phase because the tension/ conflict levels rise as the partner moves from one phase to the next (Lee, 1984; Baxter, 1982; Duck, 1982). The form of the relationship changes due to relational deterioration so the emphasis of the early stages of the model is a cognitive one, focused on evaluation and decision-making (Halinen & Tähtinen, 2002). In relation to repair, these stages are about the smoothing out of relationship processes and changing the way things are done. In the later stages, managers are faced with behavioural strategic choices about the best ways for managing the growing intent to dissolve the relationship (Giller & Matear, 2001) so repair here is about readjusting each company's views of one another.

Different repair strategies are required from the first stages of the dissolving process to the more advanced stages (Vidal, 2006). Where one partner is detached in the initial stages, communication is used, whereas network strategies, outside support and external interventions would be more suited to behavioural repair at the later stages (Vidal, 2006; Duck, 1984).

Whatever strategies are chosen will depend on the analysis of factors that led to dissolution in the first instance, and on the dissolving stage (Lee, 1984). Duck (1984) believes that repair will be most effective when it takes into account the concerns and issues most prominent in the relationship at each stage. It is important that both partners understand each other's perception of the trouble the relationship is in (Vaaland & Tähtinen, 2003). The repairing process cannot progress if either party is confused regarding the reasons for breakdown. Repair must include the

reestablishment of positives in the relationship and the actions required to reduce tension (Vidal, 2006; Vaaland & Tähtinen, 2003).

In the study of B2B relationships there is a multi-level of individuals involved within and external to the relationship as well as taking the time dimension into consideration, so Duck's (1984) model is deficient in that regard. However Lee's (1984) work highlights that "*there is strong evidence that the parameters of termination are related to distinct conditions in the dyad prior to, and following break-up*" (p.67). It seems necessary then that if repair is to be understood, a holistic framework is needed to understand the broader problem of relationship repair in B2B relationships (Dirks et al, 2009).

3.5.1 Business to Business Repair Processes

Hirschman (1970) posited that relationships can be repaired, although he warned that a full recovery from a bad breakdown lags repair efforts. In essence relationship repair is a long-term project (Ping, 1999). The most important aspect of Duck's (1984) work relates to the cognitive and behavioural elements of repair. A key point here is that the strategies and process that are required to repair cognitive and behavioural relationship breakdown are different. In B2B relationship literature, Tähtinen's dissolution model (2002) presents repair strategies in the restoration stage such as reorganising activities, group discussions, extended deadlines, adapting software, changing personnel and the establishment of a resolution group. Whilst these were undertaken, the relationship still ended indicating that the timing of such activities came too late in the dissolution process.

Before a review of the various types of repair strategies, a discussion of the current B2B repair models is needed. In their model of triadic relationship restoration, Salo et al (2009) explore the changes in the atmosphere of the relationship. The relationship atmosphere and repair strategies are closely related where repair actions improve the atmosphere, which aid in the discussion and resolution of problems (Salo et al, 2009). The role of the actor is explored as their actions shape the direction of the process towards dissolution or repair. Their model includes three sub-processes; 1) voicing the concerns where the actors bring the issues out into the open, 2) analysing the relationship where there is a decision to either recover or end the relationship, and 3) normalizing the relationship where committed efforts are made and investments are made to recover the relationship (Salo et al, 2009). This model builds on the work of Tähtinen et al (2007),

but takes a deeper look at the sub process and applies a triadic view. Other repair models include the analysis and understanding of attenuating factors (Tähtinen et al, 2007; Tähtinen and Vaaland, 2003) but leave the actual process of repair unexplored.

Conceptual models such as that proposed by Dirks et al (2009) further divide the process into stages where relationship repair is viewed as a temporal process (fig, 3.1);

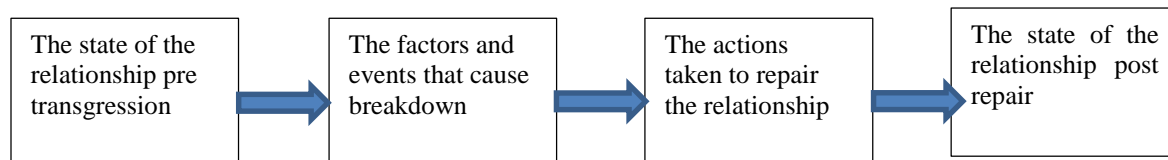


Figure 3.1 Relationship repair as a temporal process (Dirks et al, 2009)

The key here is that previous studies tend to focus on only one of these stages, without understanding the influences of the state of the relationship pre transgression and how the relationship changes as a result of such transgression (Dirks et al, 2009). Events can cause one or several elements of the relationship to break down and the actions taken to repair these elements can lead to different outcomes of the repair process (Dirks et al, 2009).

This research attempts to address gaps in current B2B research through the understanding of repair during the process of dissolution. As Duck (1984) points out, repair in early stage dissolution involves the restoration of the cognitive elements, whereas later stages includes the repair of behavioural elements of the relationship. In attempting to address this gap a holistic conceptual framework is required (Dirks et al, 2009) which provides a broader view of the phenomenon. Furthermore, an examination of the dynamics of relationship repair is required because the process is largely driven by the actors involved (Halinen & Tähtinen, 2002). Due to the dynamic nature of the phenomenon, various sub-processes have been proposed following relationship breakdown. These are important to understand because they are driven by the actions and reactions of managers.

3.5.1.1 Sub-processes in relationship repair

In the dissolution and repair literature there are certain sub processes that have an influence on the advancement of repair. The importance of managerial actions undertaken during the stages of dissolution have been highlighted throughout business dissolution literature and therefore warrant discussion as part of understanding dissolution and repair (Halinen & Salmi, 2001). Indeed Halinen

& Tähtinen (2002) note that how the dissolution process advances is a result of the evaluations and decisions of managers, who can restore the relationship as much as dissolve it.

3.5.1.1.1 Responses to dissatisfaction

Once an event calls into question the state of the relationship, a challenge is needed where the offended party draws attention of the negative event to their partner (Ren & Gray, 2009). There are a number of reactions to decline and dissatisfaction in business relationships. Studies have distinguished between four categories of responses depending on their constructive or destructive nature (Hirschman, 1970). Strategies such as voicing and loyalty (Hirschman, 1970) are constructive and offer more opportunities to repair the relationship, whereas neglect and exiting (Rusbult, 1982; Hirschman, 1970) are more destructive responses thereby pushing the relationship towards ending. Rather than assuming that the relationship is on the road to dissolution, the exit-voice-loyalty and neglect approach deals with reactions to problems at whatever point they emerge (Ping & Dwyer, 1992).

Hirschman's (1970) framework suggests that customers will behave in one of three ways to dissatisfaction in a relationship. They can Exit – Formally separating, threatening to end or searching for alternatives. They can use Voice – Actively and constructively trying to improve conditions, discussing and solving problems, seeking help from a third party, or trying to adapt. They can show Loyalty – doing nothing while waiting for conditions to improve, giving public and private support for the relationship. Later, Rusbult (1982) identified Neglect as a fourth response, where the partner allows the relationship to disintegrate as they are not motivated to continue it. It can be proposed then that the potential for repair becomes weaker as the exit option is pursued (Vidal, 2006).

Provided management attention is focused on the task or problem, voice can have a resolving effect (Alajoutsijarvi et al, 2001; Hirschman, 1970). However, managers must be given time to respond to the issues that have been raised. The constructive use of voice has been found to help avoid the actions from reoccurring and to improve understanding among partners of each other's motives (Hibbard et al, 2001). In strong working relationships based on trust and commitment, it is found that in the face of conflict, constructive responses are increased as opposed to aggression (Hibbard et al, 2001; Dant and Schul, 1992; Anderson and Narus, 1990). This suggests that, the decision to

communicate and voice is influenced by the state of the relationship pre transgression (Halinen & Tähtinen, 2002).

If loyal behaviour is displayed, the likelihood is that the use of voice will increase, and exit will be avoided. Indeed, an individual who is heavily attached to an organisation may attempt to exert influence, especially when faced with difficulties (Hirschman, 1970). Loyalty helps to balance things by increasing the cost of exit (Hirschman, 1970). It can be the result of a rational evaluation of a situation, and coming to a conclusion that individuals are prepared to take a chance on things improving rather than looking for an alternative (Ping, 1993; Hirschman, 1970). Johnston & Hausman (2006) believe that loyalty is tested when relationships are in trouble, as it is then that they either take the cooperative approach or revert to self-interest behaviour. Hibbard et al (2001) express loyalty as taking a 'dutiful engagement stance towards the relationship' and relabelled loyalty as 'passive acceptance' (p. 46). If individuals believe that there is value in the relationship they are more likely to be loyal (Plank & Newell, 2007), while the strongest form of loyalty can be compared to the highest commitment in that the individual is willing to forego all others, even when there are alternatives available.

With the exception of Blois (2008), Hirschman's (1970) framework has seen limited adaptation in B2B relationship contexts, but can be used to capture dissatisfied business customer response behaviour (Ferguson & Johnston, 2010). The important thing to understand is that a business partner is not as passive to dissatisfaction-response behaviour as a supplier of consumer goods (Hibbard et al 2001), and in some instances the exit option proves more financially viable than remaining in the relationship (Blois, 2008, p. 9). In B2B markets there is much more to lose by a dissolving relationship and therefore a number of factors can moderate these responses (Ferguson & Johnston, 2010) including the level of expertise, communication, dependence (Hansen et al, 1996), the intensity of destructive acts, and the partners' attributions regarding the motivation behind the act (Hibbard et al, 2001). Again, this highlights the importance of the state of the relationship pre transgression and the nature and effect of the precipitating events on the decision to repair dissolving relationships (Dirks et al, 2009).

In relation to repair, it is argued that there can be a link between responses to dissatisfaction and the propensity to restore a relationship. Both voice and loyalty can be said to increase repair potential. An important part of these behavioural acts is that for repair to advance, the offended

business partner must highlight their dissatisfaction to the other firm. Equally, the organisation who has caused relationship transgression must 1) acknowledge that they committed an act that caused their partner to take offence, and 2) be willing to repair the damage and remove any negative perceptions the partner has of them (Ren & Gray, 2009).

Whatever the strategy employed, it is perceived that in a business relationship, dissolution communication must be handled with greater consideration and attention to the outcomes throughout the process and post ending. The effects on business partners themselves must be taken into consideration as well as the effect on the network partners (Ryan & Blois, 2010).

3.5.1.1.2 Evaluation of the relationship and analysis of attenuating factors

When partners are considering whether or not to repair their relationship, they undertake an evaluation of the relationship internally to assess if it is worth continuing (Mattila et al, 2002). As discussed in section 3.4.1, certain factors affect dissolution. The third category to influence dissolution is attenuating factors. Actors evaluate these in order to assess if the relationship is worth continuing following a breakdown. Attenuating events are thought to moderate the effect of predisposing factors and precipitating events (Halinen & Tähtinen, 2002). If the motivation to restore the relationship is high following an assessment of these attenuating factors, greater efforts are put in place to repair rather than dissolve the relationship.

Although a number of studies have looked at increasing switching costs as a means to maintaining and repairing a relationship, it is believed that these are not enough to repair a relationship that has entered the dissolution process (Tähtinen & Vaaland, 2006). Indeed, a categorisation of attenuating factors (described in table 3.8 below) has been developed which can be analysed as part of the process of dissolution and repair (Tähtinen & Vaaland, 2006). If managers perceive these attenuating factors as important or strong, they will try to save the relationship or at the very least, halt its decline.

Table 3.8 Attenuating factors

Factor	Motivation to repair	Loss	Researchers
Lost relational investments	Relational investments made in developing bonds in the relationship will be lost; both economic and social loses on an individual and/ or company level.	Future relational benefits lost. Bonds of trust and commitment. Knowledge and technological bonds. Social and personal bonds.	Young & Denize, 1995; Hocutt, 1998; Ping, 1994; Nielson, 1996; Seabright et al, 1992; Tähtinen, 2001; Storbacka et al, 1994; Levinger, 1979.
Dissolution process costs	Cost of ending can be high and internal functions can be disrupted i.e. legal costs and the costs of ending production and transferring employees could be substantial.	Time, effort and negotiations. Production. Legal battles.	Barry et al, 2008; Ping, 1993; Vaaland, 2002; Gassenheimer et al, 1998; Gronhaug & Gilly, 1991.
Possible sanctions for future business	The partner or the network can impose sanctions leading to loss of reputation and referrals.	Social Pressure. Negative word of mouth. Network pressure. Reputation.	Helm et al, 2006; Alajoutsijarvi et al, 2000; Tähtinen, 2001.
Network limitations	Few alternative partners.	Lack of alternatives. Weak substitutes.	Ping, 1993; Stewart, 1998.
Set up Costs	The costs of finding a new partner and establishing new relational investments.	Setting up a new relationship including search costs and new development costs.	Heide & John, 1990; Weiss & Anderson, 1992; Dwyer et al 1987; Gronhaug & Gilly, 1991.

Source: adapted from Tähtinen & Vaaland, 2006, p. 16

Firstly, relational investments made including the development of social and personal bonds, commitment and trust can have a significant attenuating effect (Gedeon et al, 2009; Beloucif et al, 2006; Abdul-Muhmin, 2005; Tähtinen & Vaaland, 2006; Seabright et al, 1992; Ping, 1997). Considerable costs on both sides may have been incurred in the development of the relationship and these will be lost in dissolution. Furthermore, good personal relationships on both sides make the partner more reluctant to leave when they experience negative events (Coulter & Ligas, 2000; Jones et al, 2000). Relationship value and satisfaction is also lost in the process of relationship dissolution (Halinen & Tähtinen, 2002; Neilson, 1996; Ping, 1993) as well as personal bonds established between individuals and teams (Tähtinen, 2001). Kanter (1994) contends that interpersonal relationships provide an important infrastructure for collaboration noting that “*many strong interpersonal relationships help resolve conflicts even before they escalate*” (p.160). Any need for renegotiation of terms and joint problem solving can also be facilitated by interpersonal relationships (Gedeon et al, 2009; Adobor, 2006; Arino et al, 2005; Halinen & Salmi, 2002; Ford, 1998; Uzzi, 1996).

Secondly the time and effort it takes to end the relationship can impose dissolution costs for both partners (Vaaland, 2002). Legal contracts, negotiations, ending production and knowledge transfer costs are all perceived as having a moderating effect on a partner's willingness to dissolve a relationship (Tähtinen & Vaaland, 2006).

The loss of future business is a third factor to be considered when entering the dissolution process. Possible future contributions of a customer can be a main reason not to dissolve relationships (Helm et al, 2006). Not only does dissolution affect the dyadic relationship but also affects all other links to it, including network links (Tähtinen, 2003). A relationship ending can hamper the reputation of both companies. In a network context, it can lead other members to put pressure on the relationship and the partners within it (Alajoutsijarvi, 2000; Felmler, Sprecher & Bassin, 1990). At a personal level, future business is also affected as the partners encounter each other again in other business settings (Tähtinen & Vaaland, 2006; Tähtinen, 2001).

Fourth, a lack of alternative partners decreases the manager's willingness to end a business relationship (Tähtinen & Vaaland, 2006; Vaaland & Tähtinen, 2003; Stewart, 1998). In high technology markets, it was found that uncertainty generated by rapid technological change restricted the tendency to switch vendors (Heide & Weiss, 1995).

Finally, when the relationship has ended, partners are faced with the costs of setting up a new relationship including set up and development costs. New ways of working will take time and effort to establish.

While the literature pertaining to the analysis of attenuating factors highlights the reasons why firms should continue their relationships (Tähtinen, 2003; Tähtinen & Vaaland, 2006), they neglect the process of repair and/or the strategies that are required to save the relationship and only look at the different perceptions of precipitating events.

3.5.1.1.3 Imbalance of intent to dissolve

Following the evaluation and analysis, if the desire to exit is not mutual, the party disengaging will be more direct in disclosing their intentions towards the relationship (Davis, 1978). If the partner wishes to continue the relationship, they use self-disclosure as a means to communicate the value of the relationship to the partner in persuading them to cease the dissolution. In this instance, self-disclosure can potentially open up options to restore the relationship through increasing

communication (Baxter, 1983; 1979). Although these communication models have been put forward to identify disengagement strategies that can be used to end a relationship in a positive manner (Alajoutsijarvi et al, 2000), they are not directly concerned with the repair of a relationship and concentrate on the inter-company stage only. They do however provide an understanding of the constructive attempts to communicate dissatisfaction in relationships and can raise the level of motivation to repair (Vidal, 2006). Part of this motivation is the need to re-establish social exchange. To do this, managers must renegotiate the state of their relationships and agree appropriate repair strategies

3.5.1.1.4 Negotiations in repairing relationships

Negotiations can be defined as *“the process whereby, in the face of resistance or disagreement, actors rearrange or change their distributions of rewards and obligations”* (Scanzoni, 1979, p. 7).

Negotiations and renegotiation of the social order is a way of overcoming indifference in B2B relationships (Ren & Gray, 2009). Relationships cannot repair without the existence of bilateral communication of goals, issues and priorities as this improves coordination by realigning expectations (Steffel & Ellis, 2009; Anderson & Weitz, 1992; Dwyer et al, 1987). Communication encourages trusting behaviour among partners (Anderson & Weitz, 1989) and helps in sharing goals and expectations as well as solving issues and disputes that arise (Aulakh, 1996; Moorman, Deshpande and Zaltman, 1993). Past communication is important in building trust (Nguyen & Rose, 2009; Anderson & Narus, 1990) so communication strategies are critical to partnership success because communication quality, information sharing and joint planning are high in strong relationships (Mohr & Spekman, 1994; Mohr & Nevin, 1990).

The repair process of B2B relationships' is complex and involves discussions regarding a number of issues and possible trade-offs in reaching agreements on the most appropriate repair strategies. Different negotiation tactics are conducted on the basis of the evaluation of the relationships (Matila et al, 2002). Destructive mechanisms resolve in the short term but have consequences on future interactions (Mohr & Spekman, 1994). In contrast, partners in strong relationships prefer to use productive problem solving approaches as they understand their mutual interdependence (Mohr & Spekman, 1994). These strategies bring issues and grievances out into the open, increase interdependence and cultivate a win-win solution for both partners (Gundlack & Cadotte, 1994).

Therefore, time and effort should be invested in giving and receiving valuable information which, in the long-term, results in better performance and a greater level of commitment to the relationship (Salo et al, 2009; Steffel & Ellis, 2009; Anderson & Narus, 1992; Mohr & Nevin, 1990; Anderson & Weitz, 1989). In relation to conflict situations, the manner in which conflicts are resolved has an impact on the continuation of the relationship post dispute (Mohr & Spekman, 1994). Open communications in joint problem solving, where parties are able to share their grievances, has an influence on relationship repair (Mohr & Spekman, 1994; Anderson & Narus, 1990). In contrast, aggressive behaviour and smoothing over problems does little to resolve conflicts in the long term and they tend to inflate the problems further (Mohr & Spekman, 1994). Therefore, open communication is an important component of problem solving and repair (Salo et al, 2009; Zhang, Griffith & Cavusgil, 2006; Bantham, 2003; Hibbard, Kumar and Stern, 2001).

In negotiation situations it has been argued that face-to-face communication helps shape the other partner's interpretation of events (Goffman, 1971). Open communication is considered an active behaviour in response to dissatisfaction (Salo et al, 2009; Purinton et al, 2007) Until companies meet and face each other they will not know the real extent of the problems or indeed get to the root of such problems (Weick, 1988). Thus, open dialogues are used as a way of letting the other party know how they really feel about the breakdown of the relationship. Discussions also help companies explain and provide justifications for their actions (Ren & Gray, 2009). They allow partners to get accurate views of what happened and what their options are (Weick, 1988). Thus, bringing the company individuals together provides a way of altering manager's expectations and helps create a shared understanding that helps the relationship to move forward (Weick et al, 2005).

When a relationship is in trouble, managers are searching for explanations that are appropriate to the issues, but at the same time they are trying to protect each other's self-esteem and the company's reputation (Weick, 1995). The use of face-to-face meetings is a way of restoring balance and involves creating new perceptions and beliefs regarding the partners or the reinforcement of existing beliefs (Weick, 1995). The rationale for this approach is to reduce negative effect, and to prevent problems from escalating any further (Dirks et al, 2009; Weick, 1998). When entering negotiations, managers need to know their own expectations and goals but they also need to understand those of their partner (Weick, 1995). This helps them agree on future

exchange behaviour. Indeed for negotiations to be successful, these views have to be expressed clearly and openly (Weick, 1995; Peterson, 1983).

Through bargaining and renegotiation at the B2B level, different perceptions are used to form a balanced view of the situation. Previous evaluations a company has understood have to change as a result of understanding their partner's evaluation of the issues. These intercommunicative processes allow individuals to make adaptations to each other's values and in turn create positive outcomes for both companies (Mattila, 2001). Companies attribute the cause of the trouble to themselves, their partners and in some cases the external network (Scheer & Stern, 1992). Taking these into consideration, different responses are undertaken when negotiating the future of a relationship. During the course of negotiations, if companies attribute blame to partners at a behavioural level they tend to respond in a destructive manner leading to further breakdown (Hibbard, Kumar & Stern, 2001). Whereas if attributions increase, they respond with a more constructive discussion with the intention of avoiding these issues in the future (Hibbard et al, 2001).

The inter-organisational models of relationship repair propose that three dimensions are important when repairing relationships; open communication, trust and commitment as these encourage the motivation to repair a relationship (Vaaland, 2004; Tähtinen, 2002; Hocutt, 1998; Morgan & Hunt, 1994). These dimensions must be rebuilt as part of the process of repair (Salo et al, 2009) and it is this reestablishment of the social order that makes the process longer to complete. Partners have to be prepared for managing change as well as repairing the stability of the relationship (Vaaland, 2004).

The models of repair that have been identified within the B2B literature go some way to understand this (Salo et al, 2009) although still leave the question as to how the state of the relationship and the reasons for relationship breakdown affect different repair strategies chosen and the outcomes of the repair process (Dirks et al, 2009). In order to understand repair, Dirks et al (2009) propose a process of repair (detailed in Table 3.9 below) that is linked to the repair of cognitive, behavioural and structural elements of relationship breakdown which is taken across a number of studies including trust repair (Gillespie & Dietz, 2009; Rhee & Valdaz, 2009), restoring positive exchange (Ren & Gray, 2009; Tomlinson et al, 2004) and the reducing negative effect (Shapiro, 1991). They believe that researchers need to take into account the relationship between two or more of these

elements of the repair process (Dirks et al, 2009). This process includes; attributional, social equilibrium and structural repair processes.

Table 3.9 Repair Process

	Perspective	Assumption	Repair Strategies	Authors
Attributional	Breakdown of trust through attribution process	Shape the negative perceptions of negative events	External explanation, altruistic account apologies	Ren & Gray, 2009; Tomlinson & Mayer, 2009; Shapiro, 1991.
Social equilibrium	Breakdown leads to a disruption of the social order. Repair involves social processes to restore balance	Restore balance in inter-personal relationships	Penance, punishment and apologies	Ren & Gray, 2009; Reb et al, 2006.
Structural repair	Breakdown leads to negative exchanges and repair involves the implementation of structural processes	The relationship is maintained as long as it is profitable	Legal and social structures	Gillespie & Dietz, 2009; Sitkin & Roth, 1993.

Source: adapted from Dirks et al, 2009

The attributional process focusses on repairing the cognitive aspects of the relationship where parties are questioning each other. Repair needs to offset the negative state of the relationship so efforts are directed towards reducing negative perceptions of the events and of the partner company (Gillespie & Dietz, 2009). The party must see that the company who caused the breakdown understands their actions and is truly sorry for them (Tomlinson & Mayer, 2009). Apologies and external accounts are ways of repairing the relationship at this stage of the process (Gillespie & Dietz, 2009; Ren & Gray, 2009).

Attributional processes are more focused on the cognitive aspects of relationship breakdown so when there is damage to the social elements of the relationship, different approaches to repair need to be adopted to restore the social order and re-establish norms of behaviour between the companies (Ren & Gray, 2009; Reb et al, 2006). Strategies such as compensation, punishment and apologies are used to restore balance (Ren & Gray, 2009).

Finally a structural repair process is proposed which focusses on the introduction of systems and incentives to protect future exchanges (Dirks et al, 2009). These controls can be legal or social (Sitkin & Roth, 1993). A deeper examination of the repair strategies is required to understand their impact on the repair process.

3.5.1.1.5 Repair strategies

When actors are motivated by a desire to repair the relationship, they initiate a set of strategies or actions directed towards the reduction of dissatisfaction in the relationship and restoring it to pre state levels (Dirks et al, 2009; Salo et al, 2009; Duck, 1984). In the examination of repair of relationships during dissolution, cognitive, behavioural and structural issues have been explored by various researchers who have identified that the nature of the reason for breakdown has a significant bearing on the types of repair strategies used to save the relationship (Gillespie & Dietz, 2009; Ren & Gray, 2009; Hibbert et al, 2004; Duck, 1984). As highlighted in the discussion on precipitating events (pg. 45) these reasons can be related to the party involved if they value the relationship and have integrity or whether they relate to the party's ability and competence to deliver on expectations (Ren & Gray, 2009). Those events that are related to the behavioural aspects are harder to resolve so different strategies are needed to repair the damage (Duck, 1984). At inter-company level, effective repair depends on the reestablishment of the social order. That is, past norms of behaviour are re-established and both parties recommit to them (Ren & Gray, 2009). This is in contrast to those events that are related to a firm's competence and ability which tend to involve repair strategies that address cognitive trust (Tomlinson & Mayer, 2009). Some of the strategies of repair can be used for both cognitive and behavioural relationship breakdown. However researchers have noted that the timing of such strategies is important to ensure successful outcomes of the process (Ren & Gray, 2009; Duck, 1984).

Table 3.10 Repair strategies

Repair Strategies	Cognitive/ Behavioural	Explanation	Researchers
Readjust relationship internally	Cognitive	Make internal adaptation to processes	Duck, 1984
Apologies	Cognitive/Behavioural	Signals responsibility taking. The partner can show regret for the act and reassure their partner that it will not happen again. They can also demonstrate that this is not a true reflection of the company	Ren & Gray, 2009; Goffman, 1967
Explanations/Accepting blame	Cognitive/ Behavioural	Partners deny, reduce or explain their behaviour. Partners can attribute blame to external factors or reiterate that they did not act in self-interest	Ren & Gray, 2009; Tomlinson & Mayer, 2009
Third party intervention	Behavioural	Broader network is used to help repair the relationship	Duck, 1984
Penance/Compensation	Behavioural	Needed when the events has disrupted the partners goals and objectives. The partner needs to compensate the firm for losses and absorb the costs themselves	Ren & Gray, 2009

Source: Adapted from Dirks et al, 2009

Whatever the repair action applied, it is argued that the state of the relationship and the type of events leading to breakdown has a significant effect on repair strategies chosen, since they initiate the conflict and effect what gets damaged (Ren & Gray, 2009).

The final part of the repair process, which is largely ignored to date, is the effect of repair actions on the state of the relationship post implementation. Research to date has proposed the continuation of the relationship to pre state levels (Salo et al, 2009; Tähtinen et al, 2007). However, as different actions are applied, different outcomes may emerge as a result of such efforts.

3.5.2 Outcomes of Repair

Ren & Gray (2009) suggest that effective repair involves four important components;

- 1) The partners are satisfied with the repair actions offered by their business partner;
- 2) The business partner agrees to recommit to the norms of behaviour that guide the relationship;
- 3) The relationship returns to pre state levels before the events causing dissolution (Ren & Gray, 2009; Scanzoni, 1979);
- 4) There is a desire and willingness to continue business exchanges in the future (Ren & Gray, 2009; Scanzoni, 1979).

Relationship repair occurs when there is a renegotiation of the social order and when companies perceive that new and fair exchanges have been resumed (Scanzoni, 1979). Repair is effective when the offending party has been able to renegotiate the state of the relationship in a fair manner so that the offended party is happier with the outcome and less resistant to future interactions (Scanzoni, 1979). When conflict is repaired commitment can be strengthened (Blau, 1964; Coser, 1956). It is suggested that repair can generate interdependence as trust and mutual gains have been built throughout the course of renegotiation (Scanzoni, 1979).

If a certain level of personal bonding exists between individuals in both organisations, relationships can continue (Andersen & Kumar, 2006). Affective trust has been described as deeper and longer lasting than cognitive trust which is more fragile. Thus, repair of relationships is dependent on the positive affective states between individuals (Andersen & Kumar, 2006).

When relationships have been severely damaged, managers carry over some of the baggage from the dissolution process and doubt their partner's commitment (Jap & Anderson, 2007; Anderson & Weitz, 1992). Declining relationships can linger for a long time with neither side initiating ending (Jap & Anderson, 2007), which is related to the idiosyncratic investments involved. Although firms have cooled their relationships, they can try to re-establish the relationships at a later date (Andersen & Kumar, 2006). Negative emotions can dissolve over time so it is easier at that stage to renegotiate the state of the relationship, especially when inter-personal relationships have been good to begin with (Havila & Wilkinson, 2002).

3.6 Conclusion

There has been a considerable interest in the study of successful B2B relationships but when it comes to the dissolution and repair of such relationships, little is known on their effects and outcomes. As these studies have derived from different fields of research, it appears disjointed when it comes to gaining an overall view of the repair phenomenon. Therefore, it is beneficial to combine this valuable research into a holistic framework that captures repair from the moment the trouble begins between firms through to the repair strategies undertaken when in repair mode. Furthermore, the research lacks an understanding of the outcomes of repair. It is the intention of this research to fill this gap in the literature from an SME perspective.

4 Chapter 4: Philosophical and Methodological Foundations

4.1 Introduction

This chapter discusses and outlines the philosophical and methodological stance of this study in relation to other philosophical approaches in social science and repair strategies during the stages of dissolution. It begins with a discussion regarding philosophical approaches to be considered in social science, which provides background to the adopted research philosophy and methodology for this research. In developing a philosophical perspective, all social science researchers make implicit or explicit assumptions regarding the social world and how it is to be investigated. These assumptions are related to a philosophy of science and a theory of society (Cresswell, 2007; Burrell & Morgan, 1979) and are classified into ontological, epistemological, human nature and methodological stances adopted by the researcher.

Therefore, an understanding and review of philosophy is important as it helps to clarify the research design and provides alternatives to the researcher which in turn gives them confidence in choosing the appropriate methodology to meet their research objectives (Holden & Lynch, 2004; Easterby-Smith, Thorp & Lowe, 1991, 2002). This study of relationship repair, a relatively new research phenomenon, can be said to adopt an interpretative methodological strategy incorporating a subjective position. The methodology is then reviewed in consideration of the aims and objectives set out in this research (Pettigrew, 1997) to ensure that the data collected conforms to credibility, dependability and transferability criteria (Lincoln & Guba, 1995). Finally to ensure that the research method is consistent with these objectives, the research design is also presented.

4.2 Philosophical Stance of the Study

Based on the need to understand the nature of science and the nature of society, Burrell and Morgan (1979) presented two dimensions and four paradigms as bases for methodological assumptions which influence and guide social researchers. They define our views of the social world based on different meta-theoretical assumptions with regard to the nature of science and society (Easterby-Smith et al, 2002; Burrell & Morgan, 1979). Developing a philosophical perspective requires the researcher to make assumptions concerning these two dimensions. Regarding the nature of society, assumptions can be made in terms of a regulation-radical change dimension. A regulatory view of society is concerned with social order, consensus, social integration and cohesion whereas a radical view is concerned with radical change, modes of domination and disrupting the status quo (Burrell

& Morgan, 1979). As this study relates to the process of repairing B2B relationships, it is concerned with social order and cohesion so it adopts a regulatory view as opposed to a radical view of society.

The other dimension, science, involves either a subjective or an objective approach to research and these are two opposing polar perspectives in relation to the various ontological (reality), epistemological (knowledge), human nature (pre-determined or not) and methodological standpoints which exemplify research approaches to social science (Easterby-Smith et al, 2002; Smith, 1983; Burrell & Morgan, 1979). Whatever their sociological persuasion, the researcher will find that these assumptions are consequential to each other whereby ontology affects the epistemological persuasion which in turn affects their view of human nature. The choice of methodology then follows from these assumptions (Cresswell, 2007; Holden & Lynch, 2004). This chronology is exemplified in figure 4.1 (overleaf).

The objectivists argue that the methods used in the natural sciences can be used in the social sciences. They believe that the social world consists of phenomena which is real, useful, certain, precise, organic, and that knowledge exists in the description of the existence of the phenomena (Collis & Hussey, 2009). The social science researcher taking a subjectivist viewpoint should not seek external causes and laws to explain behaviour, but seek an understanding of the different meanings people attribute to their experiences (Collis & Hussey, 2009; Easterby-Smith et al, 1991). The main difference between these polar opposites is their assumptions regarding social reality and how it is used in the investigation of their research topic. As the process of repair is a dynamic and complex social phenomenon, the methodology seeks to understand and describe the meaning of the process as experienced by the Owner Managers (OMs). Their actions and reactions to events shape the process and it is this that the researcher is attempting to unfold (Collis & Hussey, 2009; Strauss & Corbin, 1998). As this study is concerned with gaining a deeper understanding of OM's experiences of dissolution and repair and in particular how they repair their B2B relationships in dissolution, it lends itself to the subjective approach.

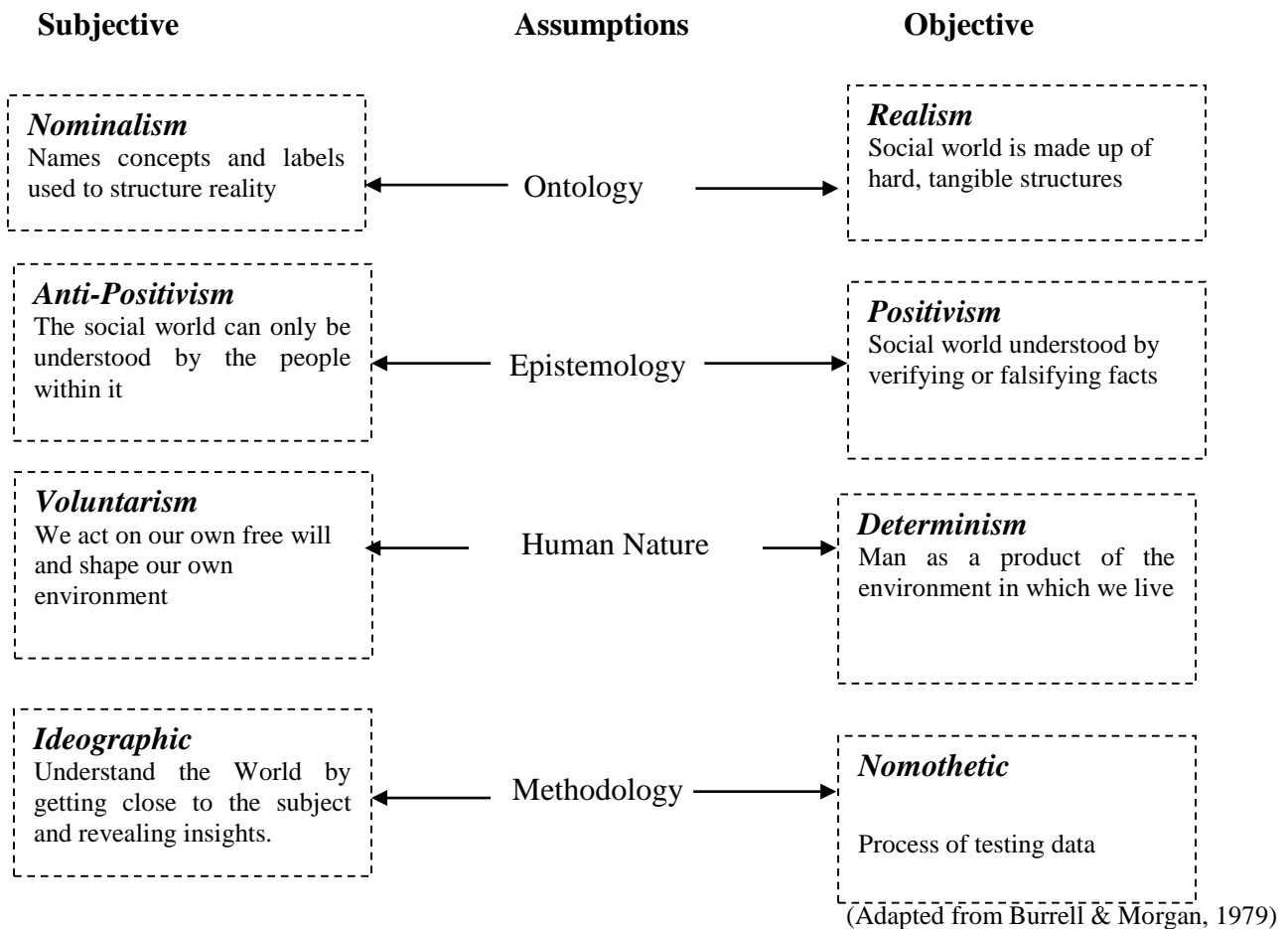


Figure 4.1 The subjective-objective dimension

As depicted in Figure 4.1 (pg. 89) the interpretative researcher approaches social science from a nominalist, anti-positivist, voluntarist and ideographic stance where social reality is shaped by those within it (Tähtinen et al, 2007; Burrell & Morgan, 1979). Interpretative researchers search for the source of social reality by probing human consciousness and subjectivity to uncover the meaning of social life (Tähtinen et al, 2007; Burrell & Morgan, 1979).

On the other hand the objectivist holds the view that the social world is hard and real independent of cognitive efforts of individuals (Easterby-Smith et al, 2002; Gill & Johnson, 1997). It involves the identification of relevant generalisations concerning the event and testing ideas and theories already formulated (Brannick & Roche, 1997). Researchers in this paradigm view the social world from the sociology of regulation taking a positivist view of science. The positivist approaches social science from a realism, determinism, positivist and nomothetic stance (fig, 4.1, p 89) viewing the social world objectively with descriptions that underlie the society of regulation

(Morgan & Smircich, 1980). The relationship between man and society is determined by the external forces in which he is located (Easterby-Smith et al, 1991).

Both the interpretivist (subjective) and functionalist (Objective) approach are appropriate for understanding the social world in organisational research (Morgan & Smircich, 1980); however as illustrated in Figure 4.1 their assumptions are polar opposites. The choice of methodology must align to the different assumptions regarding how knowledge can be accumulated (Morgan & Smircich, 1980). Therefore the social scientist must make assumptions about the social world and how it can be understood, which involves a discussion regarding the philosophical assumptions; ontology, epistemology and human nature (Denzin & Lincoln, 2008). As our current understanding of B2B relationship repair is limited, more knowledge is needed to explain the broader phenomenon in different contexts (Dirks et al, 2009; Mason, 2002).

From an ontological perspective, assumptions concerning the phenomena to be investigated is about the nature of reality (Cresswell, 2007), whether it is a product of one's mind or external to the person (Burrell & Morgan, 1979, p. 1). Ontology questions the form and nature of reality (Guba & Lincoln, 1994). This is a core assumption as our view of reality affects all other assumptions (Holden & Lynch, 2004). The opposing viewpoints within ontology are realism and nominalism, where the realist believes that the social world is external to us (Baker, 2003). It is not created by us and is made up of hard, tangible structures (Gill & Johnson, 1997). In opposition, the nominalist position assumes that the social world is made up of names, concepts and labels and is shaped by the individuals in it (Cresswell, 2007; Burrell & Morgan, 1979) and the nature of reality exists within the individual (Baker, 2003). The nature of this research is to understand and make sense of the complex dynamic process of relationship dissolution and repair where the researcher uses themes and quotes from participants to provide evidence of different perspectives (Cresswell, 2007). The advancement of the process of dissolution and repair is a result of the actions and reactions of the individuals within B2B relationships and therefore this study is taking a nominalist stance which provides the most suitable approach to the research objectives (Cresswell, 2007; Halinen & Tähtinen, 2002).

Epistemology refers to the nature of knowledge and how an individual approaches the World and subsequently communicates this knowledge to others (Burrell & Morgan, 1979). The questions asked concern the acquisition, understanding and communication of knowledge about the social

world, whether it is hard, ‘real’ and can be expressed in tangible form or whether it is soft, subjective and based on human experiences (Burrell & Morgan, 1979). These polarised views relate to whether knowledge can be acquired (positivist) or personally experienced (interpretivist) (Easterby-Smith et al, 1997). The positivist gains knowledge from the outside through the identification of causal relationships between elements that have been developed through hypotheses (Morgan & Smircich, 1980). It involves testing theories which adds to existing knowledge by sorting out what is true or false (Brannick & Roche, 1997). The anti-positivist or interpretivist believes that knowledge is gained only through direct experience with the phenomenon from the inside (Burrell & Morgan, 1979; Morgan & Smircich, 1980). Otherwise referred to as phenomenology (Cresswell, 2007; Patton, 1990), it involves interpreting meanings from the social actors (Brannick & Roche, 1997) and understanding their experiences in context-specific settings (Cresswell, 2007; Patton, 1990). For this study, the researcher conducted interviews in the field to get to know the participants and gain knowledge of their experiences in their own settings (Cresswell, 2007; Guba & Lincoln, 1988). Respondents directly involved in B2B relationships provided detailed accounts of experiences of relationship dissolution and repair which helped to explain the phenomenon from their perspective (Tähtinen et al, 2007). A summary of the opposing epistemological viewpoints of positivism and interpretivism are provided in Table 4.1.

Table 4.1 Opposing Epistemological Viewpoints

	Positivism	Interpretism
The Observer	Must be independent	Is part of what is being observed
Human Interests	Should be irrelevant	Are the main drivers of science
Explanations	Must demonstrate causality	Aim to increase general understanding of situation
Research progresses through	Hypotheses and deductions	Gathering rich data from which ideas are induced
Concepts	Need to be defined so that they can be measured	Should incorporate stakeholder perspectives
Unit of analysis	Should be reduced to simplest forms	May include the complexity of whole situations
Generalisation through	Statistical probability	Theoretical abstraction
Sampling requires	Large numbers selected randomly	Small numbers of cases chosen for specific reasons.

(Source: Easterby-Smith et al, 2008)

The relatively newness of the study of B2B repair meant that not all themes could be predetermined, which required the researcher to make sense of the data as it emerged (Kaplan &

Maxwell, 1994). Indeed the complex dynamic processes involved in repair requires more empirical support as few studies have been conducted to date so theory is emerging (Salo et al, 2009; Tähtinen et al, 2007). Also needed is an understanding of how the OMs responded to such events in their B2B relationships because they are underpinned by interpersonal relationships.

As people are the object of inquiry, assumptions about human nature are related to how human beings respond to their environment. The extreme views on the continuum are deterministic and voluntarism. A deterministic view is that humans are shaped by their environment (Morgan & Smircich, 1980; Burrell & Morgan, 1979) whereas voluntarism contends that human beings have the ability to shape their own environment through their own free will, the controller as opposed to the controlled (De Burca, 1995). In order to illustrate these extreme views, Morgan & Smircich (1980) provide a typology for thinking about the way in which social scientists view human nature and their environment (as illustrated in figure 4.1, p.89). As the researcher moves along the subjective-objective continuum, the nature of what constitutes adequate knowledge changes (Morgan & Smircich, 1980). Understanding the role OMs play in the process of relationship dissolution and repair is extremely important as they drive the process (Halinen & Tähtinen, 2002). Research to date has emphasised that managers determine the trajectory of the process based on their evaluation of the events and B2B relationships (Tähtinen & Vaaland, 2006, Halinen & Tähtinen, 2002). Following these evaluations they make decisions on the best way to repair their B2B relationships and are therefore shaping the process of repair.

4.2.1 Thesis Philosophical Stance

As this study draws from social psychology (Baxter, 1985; Duck, 1984; Lee, 1984) and B2B dissolution and repair models (Salo et al, 2009; Tähtinen et al, 2007), it is assumed that partners in an B2B relationship will respond to dissatisfaction in varying degrees, which in turn shapes the process of dissolution and repair. This research focuses on the interpretivist paradigm as it is orientated towards obtaining an understanding of the subjectively created social world from the point of view of the partners within it. In terms of ontology this study shares the view that the social world implies that B2B relationships change as a result of mutual adjustment through human interaction and exchanges. Reality is embedded in a social world of subjective meanings where actions and reactions in the dissolution and repair of relationships are accepted as appropriate behaviour. This research is seeking an explanation within the frame of reference of the actor as

opposed to the researcher (Burrell & Morgan, 1979). The meanings OMs ascribed to relationship dissolution and repair were explored in depth within the SME's own environment (Cresswell, 2007).

From the discussion of philosophical perspectives above, the study's ontological stance can be described as nominalist as the actions and reactions to relationship breakdown are shaped by the individuals in it (Baker, 2003; Burrell & Morgan, 1979). From an epistemological perspective, this study is based on the assumption that knowledge is subjective based on gaining insights and understanding of the experiences of SME OMs, therefore it is interpretative in nature. Human Nature is considered to be voluntaristic where structures evolve and change through human interaction and where the partners are controlling their own outcomes.

4.2.2 Methodological Approach

The three assumptions (ontology, epistemology and human nature) described above have direct implications on the nature of methodology to be employed (Brannick & Roche, 1997; Burrell & Morgan, 1979). The objectivist would tend to search for regularities and relationships between elements identified in the social world whereas, the subjectivist attempts to understand how an individual creates, interprets and adapts their world by obtaining knowledge about their personal experiences (Burrell & Morgan, 1979). The opposing views associated with methodology are nomothetic and ideographic (Burrell & Morgan, 1979) reflecting different interests (Gill & Johnson, 1997). The nomothetic approach involves rigorous testing of hypotheses and will analyse data using quantitative techniques. The ideographic approach on the other hand gets close to the subject under investigation. It involves the exploration and analysis of subjective accounts of individual experiences (Burrell & Morgan, 1979). As this research is exploring the dissolution and repair of B2B relationships, a sample of SMEs were examined where Owner Managers (OMs) gave their experiences of relationships that dissolved and relationships that repaired. The researcher conducted interviews on site (at the OMs workplace) in order to get close to the respondents, thereby seeking to understand what happened and interpret the phenomena from the meanings OMs brought to them (Collis & Hussey, 2007; Tähtinen et al, 2007; Denzin & Lincoln, 2005).

4.3 Overall Research Strategy

Planning and designing research is paramount if the research aim is to be fulfilled (Churchill 1999). As such, a research strategy which details the process is necessary to ensure that the research undertaken is directly related to the problem (Gill & Johnson, 2002). In this instance the research aim seeks to understand the repair process of SMEs B2B relationships during the process of dissolution. This has been derived from the literature in that there is a lack of understanding of the repair process during the stages of dissolution in B2B relationships. The overarching aim of this research is to build on the conceptual and empirical studies related to B2B repair and develop an integrated framework of the repair process (Dirks et al, 2009; Salo et al, 2009; Tähtinen et al, 2007; Duck, 1984).

4.3.1 Research Aim and Objectives

The aim of this research is *to explore all the actions and activities of individuals in repairing dissolving B2B relationships in the context of the state of their relationships in order to gain a complete understanding of the total process.*

The empirical objectives associated with this aim are:

- To examine the state of the B2B relationships pre transgression and assess its impact on the repair process.
- To explore the actions and reactions of actors to precipitating events in the repair or dissolution of B2B relationships.
- To explore how SMEs evaluate and assess the reasons to repair B2B relationships.
- To identify important criteria in the renegotiation of the state of B2B relationship.
- To explore different repair strategies used to repair dissolving B2B relationships.
- To explore the outcome of the repair process on the state of the relationship.

The study of repair needs to be understood by getting close to the subject in their own environment and therefore the methodological approach is ideographic (Creswell, 2007; Patton, 1990). Drawing on the philosophical stance taken by the researcher, this section describes the main research aim and associated research objectives. Following this, the research strategy is discussed including a justification for the research approach adopted and for the selection of the research methods employed. The data collection strategy is also presented. The chapter concludes with the

legitimization of the research study in relation to credibility, dependability and transferability criteria (Lincoln & Guba, 1985).

4.3.2 Research Design

Based on the foregoing philosophical assumptions and the objectives of this study, this research is classified as an exploratory interpretative research design. Interpretative research allows issues to be evaluated in depth and detail without the constraints of pre-set hypotheses of analysis (Marshall & Rossman, 2010; Creswell, 2007; Mason, 2002; Patton, 1990). This study focuses on the content, context, and complex social processes and experiences of B2B relationships which require a more detailed and richer analysis than quantitative research offers (Eisenhardt & Graebner, 2007). Qualitative researchers have a socially constructed view on the nature of reality, recognizing that there is a relationship between the researcher and what is being studied (Denzin & Lincoln, 1994). An interpretative design allows the researcher to understand people in their social settings (Hussey & Hussey, 1997) and helps to identify how the people involved understand what happened and what they see as evidence (Jankowicz, 2005). Interpretation requires the researcher to make sense of what is observed so that they can communicate this effectively (Denzin & Lincoln, 2008).

The objectives outlined above are concerned with understanding and gaining insights into the dynamics of a B2B relationship on the brink of ending and thus are more inclined towards a qualitative methodology, which is consistent with an interpretative philosophical stance (Creswell, 2007; Jankowicz, 2005). In developing the research design, the researcher needed to consider that qualitative research is by its nature exploratory, flexible and context-sensitive and a complete blueprint is not possible at the outset (Mason, 1996; Zikmund, 1991). Nevertheless developing a research design at the start was essential to guide the researcher through this important process (Mason, 1996; Miles & Huberman, 1994).

Dissolution and repair can be regarded as interpretative if it is assumed that our knowledge of reality is part of a social world of subjective meaning and actions (Jankowicz, 2005). This is consistent with the focus of this research on the actions and reactions of individuals in a state of dissolution. It concerns how individuals interpret what has happened, how they make sense of it and subsequently act during the course of dissolution (Klein & Myres, 1999). In order to understand the repair strategies undertaken during dissolution, how and why people choose these strategies is the focus of this study (Miles & Huberman, 1994). The theory of repair is embodied

in practice so the researcher has involved SME directors in shaping the project (Jankowicz, 2005). This research is therefore interpretative as it is attempting to explore and understand a complex and dynamic phenomenon and attempts to build a holistic view of it retrospectively based on the interpretation of meanings made by the social actors and the researcher (Miles & Huberman, 1994). Table 4.2 provides an explanation of the interpretative approach of this study:

Table 4.2 Interpretative approach of this study

The complexity of the problem	<ul style="list-style-type: none"> • Accept the dynamics of real managerial environment • Think in terms of criteria and issues, not variables • Significance of what they say • Build theory from their experiences
Cross discipline boundaries	<ul style="list-style-type: none"> • Build a framework relevant to practitioner field • What stories do they tell? • Researcher recognizes different stakeholders
Technical matters are rarely the root of the problem	<ul style="list-style-type: none"> • The real issue depends on the situation • A series of comparative cases exploring the issues and their determinants is appropriate • Use conversational techniques to identify various views
Problems do not have an independent life of their own	<ul style="list-style-type: none"> • Individuals construct a set of interlocking personal realities around them • Identify who has good evidence

Source: adapted from Jankowicz, 2005

It is also important to explain what is meant by interpretative research as often there is no clear distinction between qualitative and interpretative research. Interpretative research is often used as a synonym for qualitative research yet qualitative research may or may not be interpretative (Klein & Myers, 1999). Indeed qualitative research can be both subjectivist and objectivist. Studies involving in-depth interviews have been considered as interpretative research (Remenyi et al, 1998). However researchers have quantified themes employing an encoding process that uses statistical analysis of qualitative data in critical incident narratives (Gremier, 2004; Edvardsson, 1992). This research adopts the view that in order to understand the process of dissolution and repair of B2B relationships, the meanings people assign to their actions must be the focus on the research design (Cresswell, 1998; Miles & Huberman, 1994).

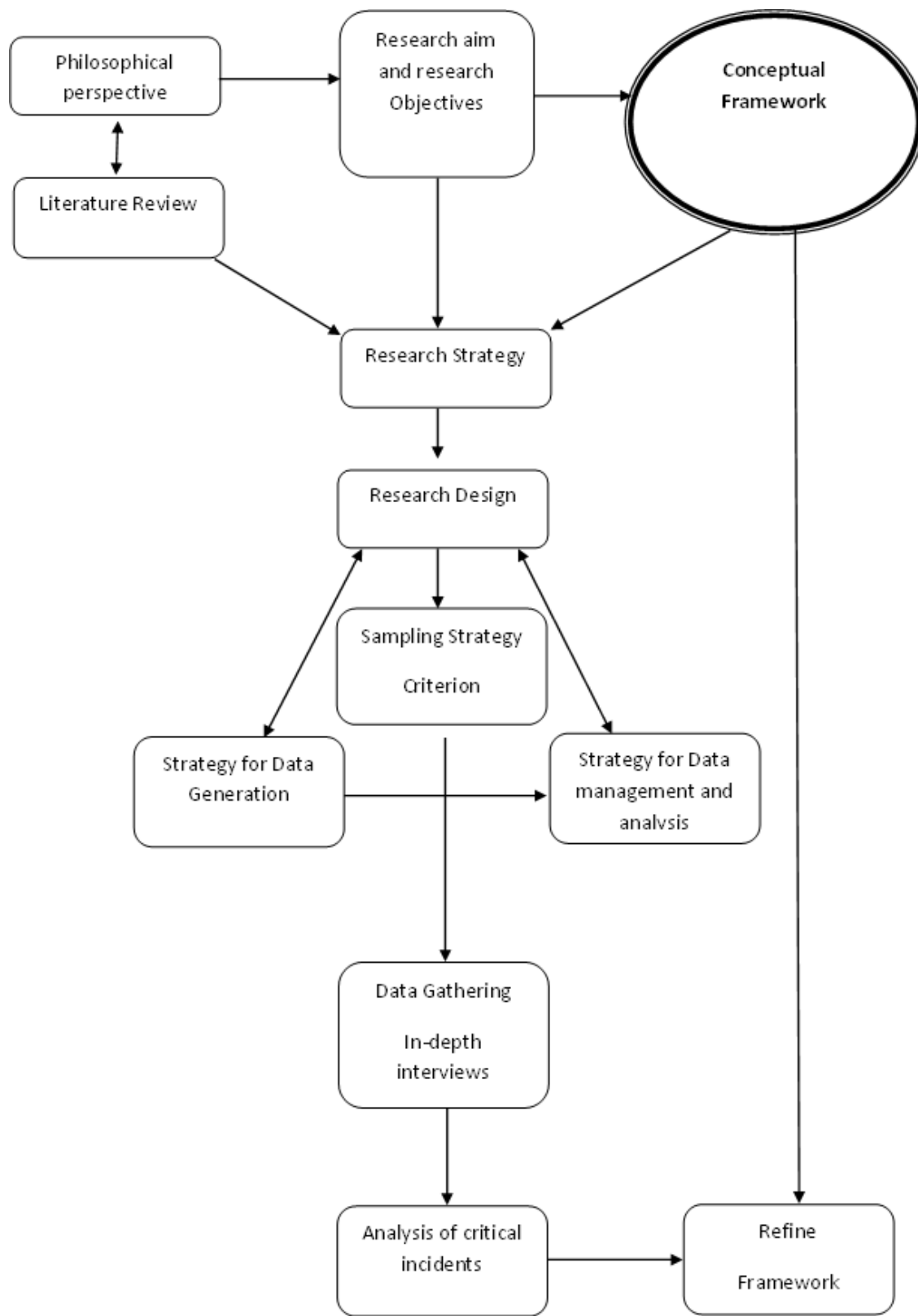


Figure 4.2 Overview of Research Process

As highlighted in the literature, research investigating repair is limited so the method chosen had to be flexible, unstructured and qualitative as the researcher began without a firm preconception of what would be uncovered (Jankowicz, 2005; Malhorta, 2002). Furthermore, the exploratory nature of the study is evident in its objectives, and in the literary support for such research (Tähtinen et al, 2007; Malhorta, 2002; Kumar et al., 2002). Following the research design, decisions were made in relation to the research approach that would meet these objectives.

4.4 Research Approach

There are many different types of interpretative approaches such as ethnography, action research, and critical incident technique (see table 4.3).

Table 4.3 Interpretative Methodologies

Approach	Key Assumptions
Action Research	A group or team of people within an organisation who attempt to change a part or parts of business operations.
Ethnography	The study of culture through cultural and social settings. Researcher's first-hand experience.
Critical Incident Technique	Explore people and their interpretations, understanding and meanings as the primary source of data.

Source: adapted from Mason, 1996

Underlying this research is the understanding of SMEs experiences of B2B repair. This study considered a number of different approaches from an interpretative stance (Mason, 1996). Action research, ethnographic research and the CIT are discussed in order to highlight the most appropriate research approach for this study.

4.4.1 Action Research

In action research (AR), the researcher's role is to be part of a change process within an organisation as the best way of learning about an organisation is by trying to change it (Brannick & Roche, 1997; Denscombe, 1998). It normally needs a considerable amount of time and full access to case sites throughout the study for the effects of the intervention to be observed. The features include; participatory, specific and self-evaluative as it is important for researcher to be aware of the impact of his/her presence. Quantitative and qualitative techniques can be used. AR is essentially phenomenological in its approach (Remenyi et al, 1997) and it is a practical way to

look at real-world problems. This research uses change as a way of problem solving and discovery about phenomenon. AR is cyclical in approach and; usually follows a feedback loop such as; problem>solution>implement>evaluate. This research study is not appropriate for action research as it is concerned with past experiences of relationship dissolution and repair in order to develop a process framework.

4.4.2 Ethnography

Ethnography is shaped by social and cultural anthropologists (Gerbich, 2007) and involves spending considerable time in the field observing the culture of a particular social group (Bryman, 2004). Routine and ordinary aspects of everyday life are regarded as worthy of consideration as research data. Special attention is given to the way the people being studied see their world and how they understand things and their meanings. Ethnography looks at the inter linkages between the various features of the culture. The belief is that meanings we attach and the language we use is the product of our own culture, social background and personal experiences (Denscombe, 1998, p.68-69). Ethnographic research is not suitable for this study as the researcher was not present during the trigger event and the sensitive nature of the topic made it difficult for the researcher to be immersed in each environment.

4.4.3 The Critical Incident Technique

A critical incident (CI) is defined as a trigger event (Gnyawali & Stewart, 2003; Keaveney, 1995; March et al, 1991) which allows the researcher to focus on a situation that created change in the B2B relationships under investigation (Friman et al, 2002; Halinen et al, 1999). It is defined as:

“A set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles”, (Flanagan, 1954, p. 327).

It was decided that in order to understand the complex dissolution process, the critical incident technique (CIT) be applied to this study. The idea of CIT is to identify the events that can cause effective or ineffective outcomes for the business relationship (Schurr, 2007, p. 167). These turning point events are called critical incidents as *“to be critical, an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects”* (Flanagan, 1954, p. 327). Chell & Pittaway (1998) described the technique as;

“a qualitative interview procedure which facilitates the investigation of significant occurrences (events, issues processes or incidents) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effect. The objective is to gain understanding of the incident from the perspective of the individual taking into account the cognitive, affective and behavioural elements” (p.56).

When used qualitatively CIT provides data related to discussions with the respondents which allowed the researcher to categorise data on the accounts provided (Chell & Pittaway, 1998).

Within the business literature researchers have found that negative CIs affect customer satisfaction and alter customer buying behaviour (Bitner, Booms & Tetreault, 1990). The impact of CIs in the context of satisfaction formation and customer loyalty have also been studied in the services literature (Gremler, 2004) and other researchers have examined the categories of CIs that affect customers' (dis)satisfaction most (Kelley, Hoffman & Davis, 1993; Bitner, Booms, & Tetreault, 1990). Another group of studies link CIs and behavioural consequences such as switching behaviour (Keaveney, 1995; Roos, Edvardsson & Gustafsson, 2004). Indeed Roos (1999) study, although related to consumers, provides valuable insights including the finding that both social factors and economic factors drive switching behaviour which is consistent with Granovetter's (1985) view. However the service literature provides a narrow range of relationship incidents so little attention is paid to the broader more complex dynamics involved in business markets (Schurr, 2007). In Gremler's (2004) research a small number of studies employed CIT from an interpretative perspective (Matteson, 2000; Hedaa, 1996; Guiry, 1992). In these studies the events that occurred in the CI were analysed and an interpretative approach was applied to understand participant experiences (Guiry, 1992).

The foregoing discussion has established that CIT is appropriate when the goals of the research include both managerial practicality and theory development (Keaveney, 1995). As CIT is exploratory in nature (Edvardsson, 1988), the method is useful when little is known about the phenomenon under investigation (Gremler, 2004). Therefore it is an exploratory method which helps to uncover unknown phenomena (Bitner et al, 1990) and allows the researcher to develop concepts and theories (Gremler, 2004). Researchers have found that CIs provide rich, contextual research data and offer researchers a valuable technique when studying modern business issues (Ghaye & Lillyman, 1997).

As the literature on repair is very new, no existing theory offered an answer to the phenomenon outlined in this study. To date the literature has addressed the analysis of attenuating factors and how this leads to a process of repair, but the understanding of the repair process during dissolution and subsequent outcomes has largely been ignored. To meet the research objective, information rich data needed to be explored in order to gain a greater understanding of what happened (Patton, 1990) thus CIT was deemed the optimum method in context. Schurr (2007) suggests that the adoption of CIT is appropriate for B2B settings and researchers have confirmed this by the use of the method in the context of B2B satisfaction studies (Backhaus & Bauer, 2000; Edvardsson, 1988), the study of customer and employee perceptions of service encounters (Bitner, Booms and Mohr, 1994); and the study of B2B relationships (van Doorn & Verhoef, 2008; Friman et al, 2002; Backhaus & Bauer, 2000; Holmlund & Strandvik, 1999a; Hedaa, 1996).

The justification for using such an approach is related to the belief that:

- a) The research objectives are exploratory in nature which allowed the researcher to capture a complex set of factors and processes and their inter-relationships (Marshall & Rossman, 2010; Kvale, 1996). These objectives required a methodological approach that allowed the researcher to delve into the phenomenon in order to get a greater understanding of events and outcomes (Perry, 1998).
- b) Researchers have recommended the use of qualitative methods to explore phenomena about which little is known (Easterby-Smith et al, 2002; Stern, 1980) and to gain intricate details about a specific topic under investigation (Strauss & Corbin, 1998; 1990).
- c) The researcher was inquiring about the dynamics of the critical incidents that happened retrospectively and therefore had little or no control over these events (Holmlund & Strandvik, 1999b).
- d) Due to the very sensitive nature of the information, it was difficult to find SMEs willing to discuss their experiences (Tähtinen et al, 2007). As a result other approaches such as ethnography and action research were deemed inappropriate.

- e) In a similar vein, confidentiality of the information provided was a key consideration as the individuals did not want their information made available to other companies in an industry or network.
- f) This research sought to bring understanding by providing a description of the state of the events so that meanings could be highlighted from the situation described (Jankowicz, 2005).

A more recent study of business relationships looks at CIs occurring within an existing relationship, where the history of a relationship influences the effect of CIs (van Doorm & Verhoef, 2008). CIT has been implemented as a story collection study which involved respondents reporting on incidents which were then categorised (Schurr, 2007). In this study the respondents were able to accurately report on CIs they had experienced as they were involved personally with the issue, processes and outcomes of such incidents (Mattson, 2000). As a result, they were able to place the incident in time and give a detailed account of it (Mattson, 2000). In the current study, respondents were encouraged to talk openly and freely. Generally not more than three incidents were recalled by the respondents. The respondents were assured anonymity and confidentiality. The call for such studies has been made from Gremler (2004) who suggested that interpretative research should employ the CI technique to understand emotions in the context of critical incidents (p. 79). Previous studies have focussed on single incidents and interactions in research which does not provide details of the dyadic relationship in trouble, where several incidents are inter related (Edvardsson & Strandvik, 2000). Thus, in this study, the opportunity to recall a number of CIs was offered to respondents.

4.4.4 Applied Research Approach

The primary aim of this study was to provide a holistic framework of the repair process of B2B relationships that would help OMs understand the process and researchers with a foundation for future systematic research. Therefore, the researcher used the CIT as a mechanism to identify the problematic situations and events in SME's B2B relationships. The CIs were treated as narratives where the meaning, understanding and context of the OMs accounts of their experiences were the focus (Walter, Edvardsson & Ostrom, 2010). Criteria for the incidents used in the study included;

- 1) The SME OM or senior director had a direct relationship with the partner company and had direct experiences with the events under investigation.
- 2) The interviewee had to have enough detail so that the process of dissolution and repair could be understood sufficiently.
- 3) The incident had to be unfavourable that lead to a breakdown in the business relationship (Walter et al, 2010).

This study connects CIs to changes in the state of the relationship. Not only do they lead to dissolution, they also detail the processes SMEs go through to repair their business relationships which in turn affect the future state of these relationships. The CI technique provided a rich set of data to help understand these processes as the respondents were able to detail first hand their experiences which gave the researcher powerful insights regarding the phenomenon (Gremier, 2004). There are important advantages and disadvantages of critical incidents (see table in Appendix 7)

Prior research posits that CIs lead to significant changes in B2B relationships. In business relationships, a single incident is not critical but when combined with other factors such as the state of the relationship and other incidents can lead to significant change (Halinen et al, 1999) For this research, CIs were defined broadly and included not only dyad related incidents but also individual/ company and external/ network incidents that caused disruption to the relationship. The key criterion for inclusion was that from the SME's perspective, the incident led to troubled relationships where repair efforts were needed, or incidents that led to the dissolution of the relationship (van Doorm & Verhoef, 2008).

Before the interviews took place, the researcher identified potential interviewees (see section 4.6.6 for selection approach) and then made contact with these SME OMs/ directors by email to ascertain if they had experiences of troubled relationships that repaired or dissolved. Based on prior research, the researcher supposed that these incidents were likely to have caused positive or negative changes in the business relationship and to the OMs/ directors overall view of repair and dissolution. It was established that the incidents were difficult for management to resolve or dissolve due to the dynamic nature and complexity of B2B relationships. In essence these critical incidents allowed the researcher to explore SME dynamics in relationship dissolution. In this research, the CIT enabled the researcher to explore the post incident account of relationship

breakdown and repair or dissolution from the OM's perspective. It allowed insight into the dynamic complex process resulting from such experiences. This approach also offered the researcher an opportunity to investigate the outcome of such processes and managerial actions and behaviours throughout the process. As CIs are produced by the way we look at a situation and the way we interpret the significance of the event (Tripp, 1993 as cited in Kelliher, 2006), the advantage of using the CIT was being able to analyse the experiences of managers as these incidents caused disruption to the social order of exchange relationships (Ren & Gray, 2009). They result in changes to the norms of behaviour between companies with long term implications for the B2B relationship. Thus CIs were used to "*build a picture of management tactics for handling a difficult situation*" (Chell & Pittaway, 1998, p. 55) and offered a basis for addressing future events in a particular context.

This Interpretative research was flexible in design as information relating to the research objectives could not have been exposed if a standard format was followed, so the researcher did have to change the direction of the research design during fieldwork (Mason, 2002; Miles & Huberman, 1994). Nevertheless, at the outset the researcher made accountable decisions regarding the research objectives, the unit of analysis, sampling strategy, strategy for data collection, management and analysis, and planning. Some of the difficulties with conducting this type of research were overcome as the researcher had the tools to make or change decisions when the need arose (Mason, 2002). It is important at this stage to outline the research journey associated with this approach, as it gives an overall view of the process that the research followed (see Figure 4.2, p. 99).

4.4.5 Defining the Unit of Analysis

The most appropriate unit of analysis occurs when the researcher has defined their research objectives to help identify the relevant information to be collected. To address the research aim concerning the understanding of the repair process of B2B relationships during dissolution, Miles & Huberman (1994) advise researchers to think about the focus or heart of the study and build outwards to a boundary by concentrating on what is not being studied. This is related to what Patton (1990) describes as "*the key issue with selecting and making decisions about the appropriate unit of analysis is to decide what it is you want to be able to say something about at the end of the study*" (p. 168). SME OMs were influential decision makers involved in managing relationships in difficulty, so were critical in the process of identifying and describing their

experiences of dissolution and repair (Tähtinen et al, 2007). Thus, to study this phenomenon the SME OM/ Director is the unit of analysis (UOA) as their stories of experiences provides a detailed account of the sub processes involved in repairing relationships (Ring & van de Ven, 1994). At the individual level of analysis, MacNeil (1980) posits that relational contracting involves the whole person and requires investigation of behaviours brought about by their roles and attributes. Previous research on relationship ending has indicated that the process of dissolution and repair is largely driven by the partners in the relationships and their reactions to events as they unfold (Halinen & Tähtinen, 2002). As the study was aimed at understanding the process of repair in B2B relationships, a sample of SMEs from different manufacturing and service industries was required.

4.4.6 Sampling Strategy

The researcher must understand the core phenomena being investigated in order to choose the most appropriate individuals to interview (Marshall & Rossman, 2010; Patton, 2005). Indeed interpretative research requires selection to be driven by theory rather than statistical motivation (Mason, 2002; Miles & Huberman, 1994). Having defined the unit of analysis, the sampling strategy becomes important as conducting qualitative research involves small samples which are studied in-depth within their real life context (Creswell, 2007; Miles & Huberman, 1994; Patton, 1990).

Whereas quantitative samples usually require a large sample selected randomly, interpretative qualitative samples are selected purposefully (Palys, 1997; Patton, 1990). The reason and logic behind purposeful sampling is about selecting companies that are information rich and that allow the researcher to learn about the central issues of the research thereby illuminating the research objectives (Miles & Huberman, 1994; Patton, 1990). Thus, regardless of whatever strategy is used, the underlying principle is selecting information-rich incidents that will allow the researcher to build theory (Patton, 1990). Scholars have devised a number of sampling strategies that researchers can use to select their cases depending on the research concept and research objectives (see table 4.4).

Table 4.4 Typology of Sampling Strategies in Qualitative Research

Type of Sampling	Purpose
Extreme or deviant	Unusual manifestations of the phenomenon of interest.
Intensity	Manifest the phenomenon intensely but not to the extreme.
Maximum variation	Documents diverse variations and identifies common patterns.
Homogenous	Simplifies, reduces and facilitates group interviewing.
Convenience	Saves time and expense but can lack credibility.
Typical case	Highlights what is normal or average.
Criterion	Meets some predetermined criteria. Useful for assuring quality data.
Opportunistic	Following new leads during fieldwork, flexible whereby taking advantage of the unexpected.
Theory Based	Finding examples of a theoretical construct so as to elaborate and examine that construct.
Snowball or Chain	Identifies cases of interest from people who know people who know where information rich cases are.
Politically important	Involves selecting a politically sensitive site as a unit of analysis. Attracts desired attention or avoids attracting undesired attention
Cases	Sensitive cases
Stratified purposeful	Illustrates characteristics of particular subgroups of interest, facilitates comparisons.
Critical case	Permits logical generalisation and maximum application of information to other cases.
Confirming and disconfirming cases	Elaborating and deepening initial analysis, seeking exceptions and testing variations.
Random purposeful	Adds credibility to sample when potential purposeful sample is too large.

Source: Miles & Huberman, 1994, p. 28

The selection of companies represents the first important part of the sampling process. For the purpose of this study, SMEs were chosen based on a criterion sampling strategy (Miles & Huberman, 1994). The justification for using this approach is three fold; first of all the companies had established businesses more than five years and were likely to have information concerning the management of B2B relationships since the business foundation. The companies had to have experiences of relationships that were on the brink of ending but the relationship was repaired and also experiences of relationships that dissolved (Tähtinen et al, 2007). Secondly as demonstrated in the literature, to experience such dissolution and repair, relationships that are strong represent a more realistic chance of uncovering more in-depth information and a rich understanding of the phenomenon under inquiry (Salo et al, 2009; Tähtinen et al, 2007). Third due to resource

considerations and in light of the purpose of the research, the potential participants were restricted to B2B operators in Ireland.

Since this research is interpretative in nature, it had a focus on understanding rather than generalisability (Hirschman, 1986). In practical terms, the very sensitivity of this study topic led to considerations regarding gaining access and potential refusal to participate due to confidentiality and sensitivity of the issues experienced (Holmlund & Strandvik, 2005). As a result certain SMEs that were contacted did not meet the pre-specified criteria or were unwilling to participate (Tähtinen et al, 2007).

When the ultimate participants were identified, it is the researcher's view that as these SMEs satisfied pre-established criteria for selection, thus they should be able to provide insights into the research aim and objectives and indeed allow the researcher to understand the phenomenon in greater detail (Mason, 1996). The final sample consisted of SME manufacturers and service providers in a variety of industries such as consumer electronics, software, safety equipment, security services, HR consulting, clothing, industrial machinery, telecommunications, printing, training, healthcare and transport. Their relationships had been in place from three to fifteen years. The final sample consisted of 26 participants from 23 SMEs. The sampling process ceased when saturation was reached (Eisenhardt, 1989), indicated by information redundancy (Ulaga, 2003). Table 4.5 (p. 108) summarizes the main characteristics of the sample used.

Table 4.5 Characteristics of Sample Used

Participant	SME Industry	Years in Business
Owner Manager	Security Services	10 years. Winners of B2B awards 2012
Sales Director European Sales Manager Sales Manager	Consumer Electronics	35 years
Owner Manager	Insulation Services SME	6 years
Owner Manager	Clothing Manufacturer SME	30 years
Owner Manager Chief Technical Officer	Software	7 years
Owner Manager	Software	6 years
Owner Manager	Electronics	7 years
Owner Manager	Software Service	8 years
HR Partner	Merchant Services	20 years
Owner Manager	Security Services	7 years
Owner Manager	Homeware Manufacturer	20 years
Senior Manager	Health Services	15 years
Owner Manager	HR Services	5 years
Owner Manager	HR Services	13 years
Owner Manager	HR Services	8 years
Owner Manager	Software	19 years
Owner Manager	Software and Hardware Services	13 years
Owner Manager	On-line Solution Provider	6 years
Owner Manager	Industrial Equipment SME	12 years
Owner Manager	Software SME	7 years
Owner Manager	Print SME	15 years
Commercial Director	Transport SME	16 years
Owner Manager	Training Provider SME	9 years

4.4.7 Duration

It was difficult to predict specific timelines for interviews of case companies such is the nature of academic research. However the researcher must complete the study in a reasonable timeframe and ensure that access to case sites and directors were available for the duration of the study. The

duration of the data collection stage spanned a period of 12 months (from April 2012 to April 2013) across 23 SMEs allowing for theoretical saturation as advocated by Eisenhardt (1989). For data collection purposes, 25 interviews were conducted with SME OMs and senior directors where 50 critical incidents of relationship dissolution and repair were provided. Research findings were presented to four SME directors to ensure that credible interpretations were made.

4.4.8 Access

It was important that full and complete access was agreed before data collection commenced (Marshall & Rossman, 2010; Saunders et al, 2003) as the researcher needed to gain critical insights throughout the course of the study. The sensitivity of the phenomenon under investigation, that of dissolution and repair of B2B relationships required a purposeful research design with approval for data collection from all parties identified. For the purposes of this study, the researcher approached two research groups within WIT; RIKON (research in innovation, knowledge and organizational networks) and a group called 'New Frontiers'.

RIKON works with a number of SMEs across industry throughout Ireland providing business model innovation solutions. SMEs who were involved in this process were emailed by the researcher and asked if they had experiences of B2B relationship repair and dissolution and if they would be willing to participate in the research study. Similarly the researcher approached New Frontiers where SMEs were involved in high potential start-up programme. Companies who were past participants of this programme were contacted as per the criterion sampling. In each case, SMEs were given the purpose of the study and were asked if they had experiences of the phenomenon under investigation.

All SMEs and participants were informed that the information provided by them would be treated in the strictest confidence and that none of the informants or their SMEs would be recognized in any publication from the research project. Thus, names used are fictitious.

4.5 A strategy for Data Collection

Thus far, the focus of the research design has been concerned with what to find out, from what source and why insight was sought from a particular source in relation to the research objectives. The next important step involved developing techniques and strategies for how the data would be generated, appropriate to the phenomenon under investigation (Denscombe, 2010; Mason, 1996;

Miles & Huberman, 1995). The literature provided a foundation for a framework to be developed. The interpretative stance of the research adopted an inductive-deductive process whereby data collected and literature reviewed contemporaneously developed. A valuable instrument for interpretative research design is the Protocol (appendix 3), which allows for the parameters of the research that the researcher should adhere to. Due to the sensitive nature of the phenomenon under investigation, that of dissolution and repair, this protocol document sought to ensure that the SME companies involved understood what was expected of them. The protocol also offered a sense of how long the researcher would be conducting the study along with who would be needed and what level of depth of access to company sites would be required.

When choosing appropriate data generation methods the question that researchers should ask is: *‘how useful are these approaches to my study?’* and *‘what do I want to take and use from them?’* (Mason, 1996, p. 58). An effective data collection strategy can be maximised if a set of key principles are used including: using multiple sources of evidence, using a data management strategy and using a data audit trail. The collection methods associated with the interpretive approach include observation, interviews, reflective practice and texts or objects (Mason, 1996). Direct observation and participant observation were deemed inappropriate for this study due to the sensitivity and retrospective nature of the research. Furthermore, access to use these techniques would be difficult as OMs generally requested one-to-one interviews to discuss their experiences. For the purposes of this study, in-depth interviews, reflective diary and literature review (texts) were used, as the issues concerning B2B relationship dissolution and repair needed to be explored with research respondents (table 4.6).

Table 4.6 Data Collection Activities

Activity	Timeline
In-depth Interviews	April 2012-April 2013
Reflective Diary	April 2012-April 2013
Website reviews	Nov 2011- Jan 2014

4.5.1 In-Depth Interviews

Researchers have emphasized that the personal interview is appropriate for the study of critical incidents due to the provision of rich and in-depth data (Edvardsson, 1992; Andersson & Nilsson,

1964). Interviews make it possible for the person being interviewed to bring the interviewer into his or her world (Creswell, 2007; Kvale, 1996; Patton, 1990). In this study the in-depth interview allowed the researcher to ask many questions and probes for elaboration after the informants answered (Zikmund, 1991). The purpose of these in-depth interviews was to obtain an experiential perspective that could not emerge from surveys and shorter field interviews (Goodwin et al, 1997; Edvardsson, 1992). Consistent with consumer researchers, the respondents were encouraged to talk freely and the in-depth interviews were conducted in a way which explored emotional responses rather than opinions (Zikmund, 1991).

Duck (1982) describes relationship dissolution as processes that should be researched as events are experienced in living form by the relational partners themselves. By interviewing these participants the researcher was able to identify with the phenomenon as the OMs provided detailed descriptions of personal events, processes and explanations of dissolution and repair (Edvardsson, 1992). The personal experience of the partners was explored and detailed accounts were presented in their own words to give a holistic view of the research findings (Edvardsson, 1992; Richardson, 1990).

4.5.1.1 The in-depth interview process

An important point to be highlighted is that when collecting data, researchers must be trained and experienced (Marshall & Rossman, 2010). For this project, the researcher received extensive training in the data collection methods through the attendance at workshops, and courses held at WIT (the candidate's higher education institute). In addition the researcher gained practical experience in over fifteen years working in industry managing relationships with marketing intermediaries and through the opportunities provided by working with RIKON as a research assistant on SME Business Model innovation projects.

In-depth interviews were carried out between April 2012 and April 2013. In total 25 personal interviews were conducted. Table 4.7 (p.115) provides an overview of the interview schedule. The interviews ranged in length from 45 minutes to 1 hour and 30 minutes. OMs were contacted directly as they were required as part of the research design and process. The pre-contact process involved sending the OMs an email with the data collection protocol (appendix 3) attached in order to explain the study under investigation. They were asked if they had examples of incidents where their relationship broke down and either repaired or dissolved. This allowed the respondents to

recall such incidents they remembered well (Edvardsson, 1992). Those who had experience were asked if they would be willing to participate in this research and those who did not simply stated that they did not have in-depth experience of such incidents and therefore would not be able to give an account of such events (Tähtinen et al, 2007). Of those with experience, some companies were unwilling to participate due to the sensitivity of the subject matter. The majority of suitable SMEs agreed to participate and either the OMs were interviewed or senior directors were interviewed who were directly responsible for all aspects of the development and management of business relationships.

Interviews were open ended even though the researcher had themes in mind, formed from the literature review (Miller & Crabtree, 1992, p. 16). This allowed retention of flexibility to explore topics that arose as the OMs/directors recounted their experiences. Interviews were conducted in places where the topic in question was shared in the culture of interest (Miller & Crabtree, 1992, p.17). Thus interviews were conducted ‘on site’ in the SME’s premises. Each interview was audiotaped and transcribed.

The conceptualisations and empirical studies reviewed in the literature (chapter 3, p. 45) helped the researcher to challenge interviewee’s memories concerning the research phenomenon. No predetermined list of questions was developed but the topic dimensions were known. This allowed the interviewees to talk freely about their experiences. In all cases the interviews took an unstructured format whereby the interviewees were asked to tell their stories of critical events leading to either the repair or dissolution of their business relationships. The directors interviewed were highly educated, competent executives and understood the cooperation process in B2B relationships. Thus they talked freely and were only interrupted by the researcher to elaborate on issues that emerged from the stories. Therefore the interviewer’s role was to guide the process and let the informants tell their stories. Once the researcher felt that the interviewee had provided all the details of these critical incidents in their accounts, the researcher was able to move on to another incident that the interviewee was willing to discuss. The interviews were quite relaxed and as the conversation developed, rich insightful data was provided regarding repair and dissolution. In fact, more stories emerged as a result of the conversation. In total fifty critical incidents emerged from the twenty five interviews (table 4.7):

Table 4.7 Interview Schedule

Inter.	Participant	SME Industry	No. of CIs	Date	Duration
1	Managing Director	Security Services	3	April 2012	60 mins
2/3/4	Sales Director European Sales Manager Sales Manager	Consumer Electronics	6	April 2012 Sept 2012 Nov 2012	55 mins 70 mins 60 mins
5	Managing Director	Insulation Services SME	1	June 2012	60 mins
6	Managing Director	Clothing Manufacturer SME	3	May 2012	80 mins
7	Managing Director Chief Technical Officer	Software	2	June 2012	70 mins
8	Managing Director	Software	1	July 2012	60 mins
9	Managing Director	Electronics	1	July 2012	50 mins
10	Managing Director	Software Service	2	Aug 2012	60 mins
11	HR Partner	Merchant Services	2	Sept 2012	50 mins
12	Director	Security Services	2	Sept 2012	75mins
13	Managing Director	Homeware Manufacturer	2	Oct 2012	56 mins
14	Store Manager	Health Services	2	Oct 2012	45 Mins
15	Managing Director	HR Services	2	Nov 2012	60 mins
16	Managing Director	HR Services	1	Nov 2012	45mins
17	Managing Director	HR Services	1	Nov 2012	60 mins
18	Managing Director	Software	2	Nov 2012	75 mins
19	Managing Director	Software and Hardware Services	3		90 mins
20	Managing Director	On-line Solution Provider	3	Dec 2012	60 mins
21	Managing Director	Industrial Equipment SME	2	Jan 2013	60 mins
22	Managing Director	Software SME	2	Feb 2013	60 mins
23	Managing Director	Print SME	2	March 2013	60 mins
24	Commercial Director	Transport SME	3	March 2013	90 mins
25	Managing Director	Training Provider SME	3	April 2013	55 mins

Interviews were conducted in two phases. Based on the first six interviews, initial analysis showed that respondents not only gave accounts of repair but also dissolution. A key element of naturalistic inquiry is the ability to add new subjects as the need arises. Obtaining data from both repair and dissolution accounts helped when the researcher was making comparisons with case companies and across case companies (Belk, Sherry & Wallendorf, 1998; Hudson & Ozanne, 1988). Finally, Corbin & Strauss (1990) and Eisenhardt (1989) each emphasised the need to collect data until theoretical saturation is reached; that is until no new information is obtained from additional

interviews. Thus, subjects were added one or two at a time until the point of theoretical saturation was reached.

4.5.2 Reflective Diary

Using a research diary has been recognized as an important tool in social research (Glaser & Strauss, 1967), and in this research acted as a means through which the researcher recorded reflections following the interviews. This proved particularly useful in adapting the research design to the phenomenon under investigation. Initially it was envisaged that the research would cover informants repair stories but the insights gained from dissolution stories as well as repair stories provided for a richer understanding of the topic. For example, at interview six the researcher found that more critical incidents were emerging from the interviews as the conversation developed (table 4.8)

Table 4.8 Excerpt from Reflective Diary

Interview with OM Security SME
This OM has been very involved with customers and suppliers. I could tell from his outlook that he really cares about relationships. When it comes to conflict repair he is quick to react and believes in open communication...no email...no letters...just pick up the phone. Doesn't like as he said "the smoke and mirrors approach to things". This OM was an open and affable character. I liked his style and you could feel this around the office environment.
Interview with OM Consumer Electronics SME
When we sat down to do this interview, this OM explained that the business relationship was now in the High court and would never be resolved. When we met you could sense that he was still very emotional about the whole story and very angry with his counterpart. An unfortunate part of all of this was that the story is now out around the industry so reputations are being damaged on both sides.

This reflective approach enabled the researcher to gather a variety of information about themselves and the method chosen (Lincoln & Guba, 1985) and was used by the researcher throughout the research process. It was a supplementary tool providing an audit trail (Symon, 1998) and offering a record of methodological decisions and reasons for taking them (Lincoln & Guba, 1985).

4.5.3 Literature Review

As detailed in chapter 3, an extensive literature review was compiled from a wide range of sources that facilitated the development of concepts regarding the phenomenon under investigation.

4.6 A strategy for Managing Data

Developing a strategy for data management set out how the data generated should be organised and documented (Miles & Huberman, 1994). This involved developing a database so that other investigators could review the data (Yin, 2009). Thus, interview data was transcribed so that details from the interviews could be managed before analysis took place (Gibson & Brown, 2009). Software packages have been developed to support this process and have become useful during the process of managing data, NVivo was used in this study for the following purposes:

1. Transcribing field notes
2. Editing: correcting, extending or revising field notes
3. Coding: attaching key words or notes to segments of text for later retrieval
4. Storage: keeping text in an organized database
5. Data linking: connecting relevant data segments with each other
6. Memoing: writing reflective commentaries on the data for deeper analysis later

Source: Miles & Huberman (1984)

Once transcribed, the researcher also transferred handwritten field notes into the analysed text within NVivo and used these to draw conclusions (Miles & Huberman, 1994).

4.7 Strategy for Data Analysis and Interpretation

Even though NVivo was a tool to aid the process of recording and managing the data, the researcher still had to make sense of the data using “*rigorous empirical thinking along with sufficient presentation of the evidence and careful consideration of alternative interpretations*” (Yin, 2009, p.127). Nvivo was essential for data management but the process of analysing interpretative research is not quite as easy as using a software programme. The purpose of this section is to outline the strategy applied for analysing the data.

One of the key challenges of qualitative analysis is handling and making sense of a huge amount of data from field notes to reflective practices (Braun & Clarke, 2006; Patton, 2002). There are no formulas for drawing conclusions so it was important that the decisions regarding data analysis

were made during the research design stage (Miles & Huberman, 1984). Turning the data into evidence was a key skill acquired by the researcher (Esterby-Smith et al, 2002). For this interpretive research, the analysis was abductive ((Orton, 1997) which involved an iterative cycle of going back and forth between theory and data, iterating toward a theory that closely fits the data. The key issue was to make sense of the data in order to facilitate the inquiry and to gain maximum understanding of the repair or dissolution of relationships (Lincoln & Guba, 1985). The analysis approach provided by the CIT resulted in useful information that can be more rigorous than other qualitative research approaches (Schurr et al, 2007; Gremler, 2004). Edvardsson (1992) highlights the importance of theoretical sensitivity when the researcher is making interpretations and this approach allowed the researcher to gather in-depth details which allowed the development of important themes for analysis that the literature and quantitative methods could not have provided (Gremler, 2004).

Once the CI stories had been collected, the researcher began analysing the content (Gremler, 2004; Flanagan, 1954). Through the process of induction, the key categories and sub categories were created. Reverting to the research objectives and original developed framework initially aided the development of codes and criteria for data analysis. The pre understanding of the literature helped to gain a better understanding of the context (Edvardsson, 1992). The researcher adopted a phenomenological approach in order to understand the process from the OM/ directors own experiences and their own perspective (Edvardsson, 1992). As the study of dissolution and repair was a complex process involving events and behaviours of the people involved, all evidence was converted to textual form by the researcher. Following this process, the researcher read through each transcript in detail. This allowed the researcher to gain familiarity with all the CIs while at the same time facilitating reflection and analytical insight about what happened following the events that were recounted by the interviewees (Gibson & Brown, 2009; Pare, 2002; Miles & Huberman, 1994).

At this point the researcher started to carefully scrutinize the data through the use of coding which involved analysing the content of the transcribed interviews (Strauss, 1993). The main categories for analysis were taken from key theoretical models and inductive interpretation from the reported incidents (Strauss, 1993). When coding in Nvivo, sections of transcribed data were unitized and categorized by giving them a code. The code assigned resulted from key words used by the

respondents during the interview and the B2B dissolution literature (Gibson & Brown, 2009). Each unit of text was coded according to the source, SME, date, label, etc. (see appendix 4 for node summary reports). This allowed the researcher to retrieve data when needed throughout the entire analysis process. This process of exploring and analysing the data was on-going throughout the data collection process so if further codes arose, the researcher could go back over previous transcripts to reanalyse the data.

At the stage, the researcher started to build a picture of the process of dissolution and repair. As stated previously, the researcher maintained a reflective journal specifically reporting pictures (Appendix 9), ideas and reflections (Appendix 10) of the phenomenon under investigation (Klein & Myers, 1999; Hirschman, 1986; Lincoln & Guba, 1985). The journal provided a log of the researcher's thinking on dissolution and repair in the SME's relationships. These pictures, reflecting the process of repair or dissolution, helped the researcher's thinking and sense-making processes in relation to analysing the interview and CI data (Hirschman, 1986).

Following the placement of units of information into codes, the next step involved grouping and categorizing codes together that related to the same content (Lincoln & Guba, 1985). It is important to note that this was an iterative process with many revisions and refinements (Dey, 1993). As the researcher had commenced writing the findings, there were several categories at the beginning, as each transcript was reviewed to the end; however, there was a point when the rate of new categories declined and eventually ceased. In addition, during data collection, at interview eighteen; codes, themes and patterns began to stabilize and there was a sense that new information was beginning to become saturated (Eisenhardt, 1989). As writing progressed, categories were reviewed continuously so that information within them was related to that category. Within the findings, categories were then given titles that contained the essence of the information contained within them, and related to that title (di Gregorio, 2000).

In tandem with this analysis of emergent categories and themes was the important iterative process of going back and forward between theory and data in search of theory that fits the data. Understanding the complex dynamic problem of dissolution and repair of business relationships materializes over time, from an iterative cycle of deduction (prior theory) and induction (theory emerging from the data) (Pettigrew, 1997). Therefore the approach in this study was an abductive one. The initial understanding of the research phenomenon was undertaken by searching the

literature on business relationship dissolution (Salo et al, 2009). As Strauss (1987) notes, in practice it is doubtful that a researcher would not have some knowledge before gathering empirical material. While pre knowledge did help with the initial chronological description of the repair and dissolution process, the re-examination of the empirical data and re-reading of the literature prompted the researcher to use theory on negotiation and sense-making coupled with social psychology literature on the outcomes of such processes.

The analysis of the data proved quite difficult until the researcher began to use the method of writing to aid analysis (Miles & Huberman, 1994; Richardson, 1990). In this process, writing does not come after analysis. In writing the initial findings the researcher had to think through the meaning of the data and theory (Richardson, 1990). For this research study, writing up the findings, journals, stories of critical incidents, mind-maps and pictures helped the researcher to make sense of the data and theory. In essence, writing helped to convey the stories and experiences of the SME OM/ directors. The preparation and work on the literature and the initial framework lay in the back of the researcher's mind while making sense of the collected data. The researcher understood the meaning of the data after considerable thinking about the phenomenon.

4.8 Legitimation of Data

In designing qualitative research, quality procedures should be put in place to increase confidence in the trustworthiness of the data. In conventional social science research, the four tests used to establish the legitimisation of data include internal validity, external validity, reliability and objectivity (Lincoln & Guba, 1985). These criteria are not suitable for research that is outside the positivist arena (Hirschman, 1986; Lincoln & Guba, 1985). As Morgan (1983) highlights *“different research perspectives make different kinds of research claims, and the criteria as to what counts as significant varies from one to another”* (Morgan, 1983, cited in Lincoln & Guba, 1985, p. 396). Positivist research uses different methodologies, seeks different insights and uses different criteria to make judgments regarding knowledge (Morgan, 1983, p. 396).

Based on these assertions, Lincoln and Guba (1985) have provided four evaluative criteria for interpretative research. These four concepts are counterpart criteria to positivist criteria namely:

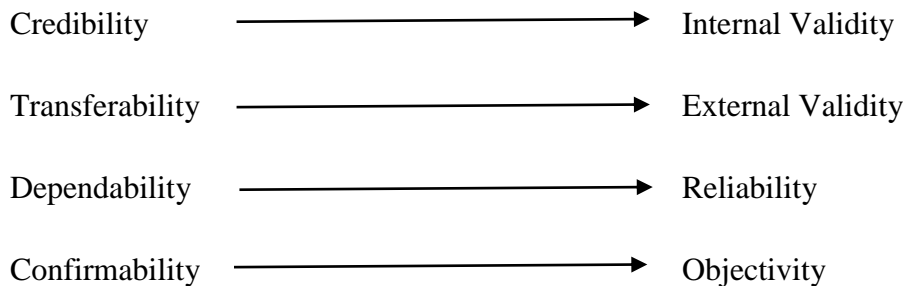


Figure 4.3 Criteria for Data Legitimation

In addition to these criteria above, certain measures during implementation can also increase the trustworthiness of the data including; maintaining field log books and personal journals, mounting safeguards against bias, debriefing and developing an audit trail. The four criteria above will now be discussed.

4.8.1 Credibility

This study required the interpretive researcher to provide a credible account that was conceptually grounded (Dey, 1993). Undertaking activities such as prolonged engagement can increase the possibility that credible findings will be produced (Lincoln & Guba, 1985). CIT was applied and data analysis was done in an interpretive way as recommended by Gremler (2004). The use of CIT worked well to collect a great number of events about B2B relationship breakdown which facilitated a rich description of the result (Olsen, 1992). Closeness to the data was maintained, as all interviews were conducted by the researcher, who also completed the transcription and analysis (Patton, 1990).

This prolonged engagement meant that the researcher understood the context in detail and learned about the case companies, in order to detect and take account of distortions that could have occurred (Lincoln & Guba, 1985). In addition the researcher was able to build trust with the case sites. This was developed by assuring respondents that the information they gave would be held in confidence and their anonymity protected (Miles & Huberman, 1994). They were also encouraged to influence the process of inquiry. Data was gathered from respondents who had direct experience with the phenomenon under investigation (Denzin & Lincoln, 1998). In addition peer debriefing was useful in establishing credibility (Lincoln & Guba, 1985). This process helped keep the

researcher honest where a peer was able to question and review the data with the researcher, whilst also probing emerging criteria in the inquirer's mind. It was also a good opportunity at certain points in the project to adjust the process, if necessary (Miles & Huberman, 1994).

Finally member checks were the most important technique for establishing credibility. If the researcher was going to report on the findings they collected from respondents in relation to their experiences, it was appropriate then that these respondents were given the opportunity to react to the documented findings (Gubrium & Holstein, 2003; Dey, 1993; Lincoln & Guba, 1985). During the course of data gathering, conclusions drawn and interpretations made were sent to the participants for review to ensure their accuracy and credibility. When the researcher was writing up findings, four case companies were selected to check the credibility of the data. This process gave participants the opportunity to correct any errors or wrong interpretations and offered researcher insight into the accuracy of the documented findings (Richardson, 1994).

4.8.2 Transferability

Transferability for the interpretivist is very different from external validity for the conventionalist in that research findings are not usually generalised to an entire population (Gubrium & Holstein, 2003; Lincoln & Guba, 1985). It is the responsibility of the interpretivist, therefore to provide rich descriptions of CI data so that judgments could be made regarding its transfer to other studies by other researchers (Dey, 1993; Lincoln & Guba, 1985). In order to transfer interpretations to another context, the specifics of the context from where the data came from needs to be understood in addition to the specifics of the context to where it is going to be applied (Dey, 1993; Hirschman, 1986). The findings from the CIs were considered within the SME context (Miles & Huberman, 1994; Dey, 1993).

4.8.3 Dependability

Dependability refers to the trustworthiness of the data collected, by ensuring that complete records of data are recorded and stored to provide an audit trail (Miles & Huberman, 1994). A technique proposed by Guba (1985) to establish dependability is an inquiry audit. Essentially providing a chain of evidence allows an external reader to examine the theory and philosophical foundations of the research, the research process, collected data, findings, interpretations and conclusions presented (Yin, 2009; Dey, 1993; Lincoln & Guba, 1985). If an external auditor accepts what is found and agrees that they are coherent, they can attest to the dependability of the inquiry.

Similarly as proposed by Denzin and Lincoln (2000), multiple sources of evidence related to the same findings was used as a basis for establishing dependability. For this research the findings, interpretations and recommendations were presented to an external observer, a postdoctoral researcher outside the research study, for examination (Yin, 2007). To further enhance the findings, a chain of evidence was established through the development of the research protocol – participant terms of reference (see appendix 3, p 296).

4.8.4 Confirmability

Confirmability relates to whether the findings are grounded in the data (Gubrium & Holstein, 2003). Just as an inquiry audit aids in establishing dependability, an audit trail is an essential element in establishing confirmability. All records from an inquiry were properly maintained and coded which helped when the researcher was later cross referencing and prioritising data (Miles & Huberman, 1994; Dey, 1993). The trail categories included: raw data, data reduction and analysis notes, data reconstruction and synthesis products, process notes and reflective practice material (Dey, 1993; Lincoln & Guba 1985). To improve confirmability, the analysis provided quotations from interview data which shows the chain of logic to external readers whereby they can make their own assessment of the analysis (Salo et al, 2009). The researcher constantly presented transcripts and findings to the research supervisors throughout the research process in order to augment the confirmability of research findings.

4.9 Conclusion

This chapter provided a philosophical and methodological overview of the study. The present study adopts an interpretative philosophical stance. This allowed the researcher to investigate the repair process of SME's B2B relationships in dissolution. The research approach adopted the critical incident technique (CIT) to investigate the research phenomenon. This chapter also provided justification for the chosen research approaches. The next chapter presents the findings from interviews and critical incidents.

5 Chapter 5: Findings

5.1 Introduction

This chapter presents the findings from the study of Owner Managers (OMs), where critical incidents were provided by the participants concerning the Small and Medium Sized Enterprises (SME) experiences of business relationship dissolution and repair. The principle aim of the study was to understand the process of repair in Business to Business (B2B) relationships in SMEs. The overall contribution of the analysis is to detail the processes that exist and provide greater understanding of the overall process of relationship repair inherent in B2B exchanges. The analysis was conducted on 23 SMEs, using 25 in-depth interviews where 50 critical incidents were provided in relation to the OM/ senior director's experiences of the phenomenon under investigation (table 5.1).

Table 5.1 Research Participants

Interviewee	Company
Owner Manager	Security Services SME
Sales Director, European Sales Manager. Sales Manager	Consumer Electronics SME
Owner Manager	Insulation Services SME
Owner Manager	Clothing Manufacturer SME
Owner Manager Chief Technical Director	Software SME A
Owner Manager	Software SME B
Owner Manager	Consumer Electronics SME
Owner Manager	Software SME C
Senior Manager	Merchant Services SME
Owner Manager	Security Services SME
Owner Manager	Home-wares Manufacturer SME
Senior Manager	Health Services SME
Owner Manager	HR Services SME
Owner Manager	HR Services SME
Owner Manager	HR Services SME
Owner Manager	Software SME D
Owner Manager	Software and Hardware Services SME
Owner Manager	HR Solution Provider SME
Owner Manager	Industrial Equipment SME
Owner Manager	Software SME E
Owner Manager	Print SME
Owner Manager	Transport SME
Owner Manager	Training Provider SME

These SMEs were all operating in the South East of Ireland and included both manufacturing and services firms across different industries. In all cases, OMs and senior directors were interviewed. The researcher identified emergent themes drawing on literature from relationship ending and restoration research in social psychology and B2B relationships. As this is an interpretive study, other themes emerged during the analysis of the findings, thus the process evolved, leading to interim conceptualisations leading to the overall framework.

Before the transgression, B2B relationships were at different stages of development and were further categorised as those that had strong collaborative relationships or those that had weak relationships. With this background the chapter begins by describing the principle findings extracted from the participants' critical incidents as they described their experiences of repair or dissolution in B2B exchanges. As the findings are driven from the research objectives, each process is presented separately to allow for a greater understanding of the dynamics involved.

5.2 The state of the Relationship pre transgression

The findings from this study revealed that the state of B2B relationships pre transgression had an effect on the repair process between SMEs and their business partners and that there were both individual and organisational levels of influence affecting exchanges. Some of these relationships continued to grow, while others were unable to establish close ties due to a number of predisposing factors. The next section describes these relationships with regard to establishment of norms, partner's ability to perform, building trust and commitment and the importance of interpersonal relationships.

5.2.1 Strong Relationships

A number of the relationships were strong, characterised by collaborative arrangements at interpersonal and B2B levels. This reduced uncertainty as expectations were high and therefore satisfaction was high.

5.2.1.1 Establishment of Norms

Strong relationships took time to develop but when they did, they established norms and ways of working that both firms understood and accepted as part of doing business together. Over years of engagement through recurring business interactions, each partner learned to understand the other's role in the relationship and how to behave appropriately in exchanges;

You developed the relationship over the years and ... they get to know you, they get to know that you're professional and that you're honest, that your word is your bond (OM, Security Services SME).

As relationships evolved and partners grew closer, resources were often shared and the SME felt like they were part of the partner organisation;

Where they have treated us as a partner as opposed to a vendor ... that's where it has worked best for us... where they will want you to come in and they will nearly treat you as an extension of their own department ... and that's where it works best ... where they really want us to learn about their company and vice versa, and that's something we will always try and develop (OM, Software SME D).

This provided an opportunity to learn and understand each other's businesses, which helped when adjustments to products, services and conditions were required. The fact that the SME was treated like an extension of the partner firm gave them the ability to establish norms of behaviour that guided the performance of the relationship. As they were based in the partner company, they had a deeper understanding of the culture and felt part of the team. When any issues concerning products or services arose, they could be resolved in a timely manner. OMs noted that they strived for partnerships like these, as this approach always worked well for them.

5.2.1.2 Partners ability to Perform and Satisfaction

In strong relationships, OMs described how their relationships had evolved from the beginning. In early interactions, exchanges were uncertain because partner's expectations of the SME's abilities were low and there were greater psychological distances between individuals working together;

We were a little Irish company and from the word-go, we would have been, I suppose, viewed with suspicion by some of the country offices (OM, Software SME A).

However, once the SME proved that they could deliver what they promised and that the relationship was important to them, cooperation emerged incrementally and collaboration deepened;

In fairness to him, after a year, a year-and-a-half, two years, he said to us ... "You are doing everything you said you would do, your service is impeccable, I have to admit" ... and we got the rates up ... and now, the rates are great (OM, Transport Services SME).

Over time and through a series of interactions where the partners met expectations, mutual recognition and support increased, and partners learned to trust each other's ability to perform. Through the continuous delivery of good product and service performance, partners became satisfied with the relationship and worked towards long term goals as opposed to one off transactions.

5.2.1.3 Building Trust and Commitment

Notably, if OMs had a positive disposition towards long term relationships, their attitude to managing such relationships was evident in the interviews;

Now if he had come back to me and said, "I'm not happy with that job", which I would expect him to do if he wasn't, you respond to that and you would discuss it together and you would then talk about what he wants and you would deliver it (OM, Homeware Manufacturer SME).

Simply put, if the philosophy of the individual was to maintain the relationship in the long term, then they put in efforts to build, manage and maintain those relationships via open, honest communication when conducting business exchanges;

It's really communication, ... it's really just talking and being open, and there is so much, I suppose, smoke and mirrors that it's just being honest and being upfront with them (OM, Security Services SME).

Thus, long standing relationships had good communication flows between the companies and offered a sense of commitment between the parties;

It's a fantastic and a very good relationship, and we have always had a very good relationship for the past 7, 8 years, so we can't complain. It was mainly just because of our good relationship with the supplier and I suppose because of our open communication with them that ... we pulled through and we spoke to them (OM, Security Services SME).

These favourable interactions allowed companies to develop close bonds between partners. If they had proven that they had the ability to perform in the past and demonstrated that they were benevolent and trustworthy individuals, mutual trust developed bringing with it new relationship challenges;

But when you hear that a company trusts you, it actually puts more pressure on you. It puts more pressure on me personally, it doesn't mean that I can skimp a little bit, it means I actually have to do twice as good a job to respond to that trust, ... that was one situation where things weren't written down, but it actually encouraged me to do twice as good a job (OM, Home-ware Manufacturer SME).

Although not without its challenges, this trustworthiness also helped SMEs establish a good reputation in their industry. Being in a small country (Ireland), SME's interpersonal relationships were important to maintain because when individuals moved between organisations, the interpersonal relationships still remained which had an influence on the SMEs reputation to deliver;

The industry and the country is so small that you will come across those people again [in other companies], and you know ... you have to, in the worst cases ... you [have to] agree to disagree (OM, Software SME D).

Credibility and a positive reputation for fair business practices were looked on favourably between firms. If the SME exhibited damaging behaviour during the course of interactions, OMs reflected that this would be looked at unfavourably within the industry and they would suffer both economically and socially in the future as a result of such actions;

Within our industry lots of brands work with local-based distributors, and some of them will drive the distributors very hard and the brands would have a reputation for changing horses and switching in and out of distributorships on a frequent basis (OM, Consumer Electronics SME).

In certain industries, SMEs felt that they had less power over relations and if they had a reputation for switching, they would find it extremely hard to find new partners to work with;

...but then we are not necessarily that big [of] an organisation, and if we want someone to put time in to develop our brand in a particular market ... if we have a reputation for pulling the plug, if things begin to get tough, then that becomes more difficult over time to try and find new people to work with (OM, Consumer Electronics SME).

As mutual dependencies grew between partners where project work and committed resources in terms of people and financial requirements became much greater, there was a desire from both sides to commit to and maintain their relationships;

We were working together on quite a volume of work, you know, suddenly the amount of money becomes significant and important ... on both sides of the fence there (OM, Software SME B).

In order to demonstrate commitment to long term relationships, some SMEs made internal resource changes to further facilitate favourable exchanges;

The first thing we did was, we changed one of the salespeople, one of the girls we had selling for us, we changed her role to totally focus on account management and it just worked brilliantly so now we ... have a divide now between sales and account management and we buddy up our sales team and our account management team on the different accounts (OM, Software SME C).

This took continuous effort beyond the more typical outside relations showing a willingness to ensure that both social and commercial needs were met in their business exchanges. It also demonstrated a long term commitment to the partner by investing in such resources;

If we introduce them to an account manager who is just purely there to look after them, it's a totally different scenario because you are not talking about price, you are not talking about, "When are ye going to buy?" It's "How can we help you?" and "What can we do for you now?" So we have a very clear distinction between those two roles and we make that very clear to the customer (OM, Software SME B).

When partner's expectations were met, they became satisfied with the company's ability to perform. This in turn had an influence on the development of trust between the partners;

I suppose all the relationships I have in business and respect are built on trust, they are hugely, and it's mutual (OM, Service SME).

Partners worked very hard at interpersonal and inter-company levels to maintain this level of trust even to the point of making committed actions such as investing in resources to maintain positive relations.

5.2.1.4 Interpersonal Relationships

The establishment of these strong relationships was underpinned by the evolution and development of interpersonal relations between OMs and their partners who had high expectations regarding their capabilities and performance. To a large degree, there was a social element associated with the evolution of relationships. As a result, the SMEs were able to grow their own business because uncertainties were reduced due to the flexibility infused into the relationship which allowed SMEs to focus on their businesses and their own customers;

I suppose with the sales rep, then the girl, ... she would do anything for us and so I suppose when your supplier is so flexible, it gives you the opportunity to be more proactive in your business, that you know you have the net there ... you don't have to worry about logistics or you don't have to worry about anything and you can just focus on your client and getting the quality out of the product with the client (Senior Manager, Health Services SME).

As illustrated by this senior manager, these strong relationships were continuously shaped and re-shaped by the actions of the individuals involved. The OM's responsibility was to reduce uncertainty in exchanges by providing flexibility and adaptability in on-going exchanges. This often led the partner companies to rely on interpersonal relationships as a way of resolving issues associated with exchanges and ensured that future business would be favourable. Interpersonal relationships acted as a buffer in strained relations as friendships allowed partners to be open with each other but also gave partners an avenue to go down when they needed help;

There are two people that run the administration. One of them is the Chairman who is an Irish guy and ... he is a friend of ours basically and the other is an Italian girl who has in the past had an involvement with us, so we are very pally with her as well ... so it's all very open, we generally go through them ... so ... I wouldn't escalate it that much, but the pathways that are there ... there's loads of avenues that we can go to resolve issues ... which is key (OM, Software SME A).

As highlighted above, these strong relationships were fully collaborative arrangements underpinned with strong interpersonal relationships from both sides. However, not all relationships reached this committed stage. Some SMEs had strong relationships where partners were

collaborating and learning to work together, but others failed to develop as a result of a number of factors weakening their ability to reach mutual levels of trust and commitment which are core components of sustainable interpersonal relationships.

5.2.2 Weak Relationships

In contrast to the preceding findings, other B2B relationships were weak in terms of collaboration and cooperation.

5.2.2.1 Partners Ability to Perform and Satisfaction

In weak relationships, OMs were constantly questioning each other's ability to perform due to uncertainties within the relationship. Factors such as the reputation of the company for unfair dealing prior to forming the partnership caused concern. For example, it was noted by one OM that even in the negotiation stage there was a feeling that their partner's unethical behaviour in the industry could become an issue for them. They knew from experience that certain companies could not be trusted;

Well we knew a certain amount ... we knew that they were charmers and they could talk the talk, and I sat down and I took the conscious decision. I said, "Well look it, you won't always do business with people you like all the time". There are so many different characters out there that you have to look and sum them up and decide, "Is it worthwhile going forward with this type of thing or not?" At the time, we needed somebody to do that end of things for us and we checked them out and we sat down and we had a good talk and everything seemed fairly ok and then the relationship proceeded (OM, Safety SME).

However, as the benefits outweighed the costs, some SMEs made a balanced decision to pursue the partnership, despite the evidenced misgivings.

5.2.2.2 Individual Characteristics

A number of OMs mentioned the types of individuals involved in the relationship as potential blockers to strong relations. These 'difficult individuals' caused strain because on-going interactions and negotiations were always challenging;

He was just difficult and I have since heard from other people that he is very difficult to get on with (OM, Consumer Electronics SME).

While SMEs were putting in every effort to develop and maintain the relationship, they were being criticised constantly. As such OMs realised that it was important to choose their partners carefully

before entering into the relationship particularly if they were going to be working with them for a long time, they needed to get along;

I suppose, when you start the relationship with the distributor, it's worthwhile making sure it's someone you get along with, because you are tied up for a long time (Sales Manager, Industrial Machinery SME).

In some cases OMs were even pre-warned by other colleagues and friends about opportunistic individuals, but they still entered the relationship;

I was so stupid, and I was warned, people said to me, you know, "What are you doing getting involved with him?"... and I said, "Look, I know him years, he has never done me a wrong turn"... I had heard the stories (OM, Electronics SME).

These factors placed a huge risk on on-going and future interactions. If the challenges were known but acknowledged then OMs could have potentially worked with the partner in context, but if they were overlooked, when relations broke down there were serious consequences. This was not only catastrophic for the business relationship but also had ramifications for the future of interpersonal relations;

We would have a very fractious relationship with him, you know, we're, like, we are the biggest customer... and what we want to do is get on with our life, get on with our job ... but he has kind of taken it upon himself to...destroy anything we can do (OM, Transport Services SME).

Constant pressure with difficult individuals meant that trust could never reach the level required to develop a long term cooperative relationship. The SME's ability to perform was impacted by individuals who went out of their way to damage business relations;

We just know we have no future with these people, and they have a great product but the guy, one guy in the company is destroying it ... so when you have people like that in business, it's very hard to work with them (OM, Services SME).

This antagonism meant that the future of the relationship was constantly under threat. As a result OMs were forced to seek alternative partners which involved a lot of time and effort and could have been avoided.

5.2.2.3 Size and Power Dynamics

Factors such as size and power differentials hampered the SME's ability to develop strong relationships, particularly if the OM felt that they could not reach a mutual committed stage in the relationship;

...because they are so big and so powerful you have to buy yourself in to get on their shelves. You can't tell these people what to do ... for the smaller company, you're relying on selling your product, keeping it supplied, ... getting it there on time, with as little problems as possible, complaints and

all of that, and again, I think, you know, keeping in front of those people (Senior Director, Consumer Electronics SME).

The time and effort required to maintain such relations through personal visits for example had to be evaluated in terms of the cost of doing business versus the benefits gained in return;

I would have been in the UK every month for a week, pretty much, seeing these guys and seeing whatever is most important (Sales Manager, Consumer Electronics SME).

Thus, SMEs in imbalanced relationships were constantly under threat of being delisted by their partner where they were told what to do as opposed to negotiating agreements for mutual exchange.

5.2.2.4 Cultural Differences and Misaligned Objectives

At the dyadic level, there were also factors that potentially challenged the growth of the relationship. For example, if partners had different commercial objectives that could not be negotiated, they had a detrimental effect on the relationship;

Their charter is set up in a way that they are obliged to break even, if they can, but most of them don't try to make money. Some of them do but most of them don't, so that puts us in a really kind of difficult situation, because ... we view things obviously from a purely commercial point of view and whenever, we see something that, it just doesn't work from a commercial point of view, we would go back to them all the time and tell them that and ... they don't give a damn (OM, Software SME).

Several OMs highlighted that relationships were strained because they did not properly agree the terms of the relationship at the beginning. This meant that expectations were misaligned regarding the tasks to be undertaken which subsequently led to tensions and frustrations if they were not fulfilled;

But the initial revenue share we had set up with them was very ... one-sided in favour of them because we needed it to be, we wanted the partnership (OM, Software SME C).

In relationships where the work became one sided, OMs were left feeling that they were not getting what they needed from exchanges. This eventually resulted in frustrations, feelings of inequity and behavioural tension;

"it was very...one sided in favour of them...and they were supposed to be doing all the work but it turned out that we were doing all the work and we were getting very frustrated with that (OM, Software SME C).

Cultural differences also existed between partners. OMs felt that it was difficult to establish strong relationships with some international partners and relationships were more fragile because there

was less emphasis from some partners on the development of long term relations. In some instances, foreign partners viewed the relationship as a transaction as opposed to a relationship;

Particularly when you are dealing with foreign companies ... they can be quite cold about it and they just see you as a, buy-and-sell relationship, and they don't fully endorse respect at the level that goes in ... with the seller on our end, and ... we are looking for people who endorse the partnership more and we will give more to them than just a supplier (OM, Clothing Manufacturer SME).

These predisposing factors meant that relationships could not develop to their full potential and relations were uncertain as to the long term potential of the relationship.

In summary, the findings showed that different relationships existed across the number of SMEs researched. These could be classified into those that had strong, well established relationships and those that were weak and vulnerable from the outset. It was important to understand these findings as they were vital criteria in the repair process when OMs were trying to make sense of the events causing these relationships to breakdown and how they could potentially be repaired.

5.3 Precipitating Events leading to Relationship Dissolution

The empirical findings revealed a number of precipitating events that caused the breakdown of B2B relationships and started the dissolution process. Subsequently these events influenced the OM's actions and decisions regarding the repair process and the types of repair strategies undertaken. What was evident from the analysis of the findings was that these events could be classified into those where the relationship repaired and those where the relationship dissolved. They were then further divided into cognitive and behavioural events to further illustrate their impact on repair. These findings are now presented.

5.3.1 Events where the Relationship Repaired

5.3.1.1 Cognitive Events

Cognitive events related to the task to be performed, adaptation as well as appointments of new personnel. These events were found at individual, relationship and network levels.

5.3.1.1.1 Individual

Individual/ company related events reflected changes within one partner organisation that had an influence on the relationship. On a cognitive level the analysis showed that performance failures such as the inability to meet turnover levels were found to cause relationship breakdown. B2B

relationships had for example, agreed targets in terms of sales as part of their on-going interaction and exchanges. If these expectations were not met or dropped then companies became dissatisfied with the relationship;

Our issues tend to be firstly performance-based. Like, our distributor in each country would be expected to do a certain level of turnover within that country (Sales Director, Consumer Electronics SME).

This subsequently had an effect on interactions and exchanges between the companies;

If they are not hitting their targets within the country, then that has potential for a relationship to break down (European Sales Manager, Consumer Electronics SME).

Different reactions from companies regarding unmet targets and drops in performance were highlighted by the OMs. For instance, one OM explained that in order to combat performance issues, they found additional partners in the same territory to fill the gap in revenue shortfalls;

So we put him under pressure and we elected a new distributor, and they were part of the UK, they looked after the UK as well, and Ireland, and I of course went to him and I said, "Look, there's a new distributor that we went to" (Senior Director, Consumer Electronics SME).

However the partner viewed this as undermining their relationship, so conflict arose between them;

He was rather cheesed off to say the least about the whole thing (Senior Director, Consumer Electronics SME).

Performance issues that triggered break down were different from industry to industry. For instance, with industrial products the original design was not properly specified by the customer so when the product was delivered, it was unsuitable to use in the manufacturing process;

It's around technicalities ... of the equipment may not operate the way it is designed to do it (OM, Industrial Machinery SME).

This was a complex issue to manage as it had major repercussions for the SME whereby the OM had to manage two conflict situations, one with their unhappy customer and the other with their supplier who would not accept responsibility;

Somewhere, back along the line, the equipment may have been selected, with, somebody may have left out something, so what was delivered was not what was required or wanted (OM Industrial Machinery SME).

In the software companies interviewed, the performance failures causing problems related to issues concerning new product or service launches and introductions. In these situations, the company was more exposed because service failures affected different influencers within the partner organisation;

We made a change to our servers, and she went to demo it one day to a number of senior people internally and it didn't work under her network (OM, Software SME C).

These issues also put a strain on interpersonal relationships that had developed between the OM and their partner as the partner trusted the SME to deliver a service which they had sold internally with other members of the organisation. Any subsequent failure of such services put partners in an awkward position within their own organisation;

...and she blew up with us, you know, so it was basically our biggest contract at the time. Well she would have ... been telling people to build it up, to sell it internally, and when it sort of failed in front of them, it would have been a big embarrassment for her (OM, Software SME C).

Changes within the partner company in terms of performance or financial strains resulted in the breakdown of relations. Events were also found at relationship level concerning the interaction between partners.

5.3.1.1.2 Relationship

Further precipitating events related to the adaptation of products and services when they were introduced to partners, particularly when a number of changes were requested by the partner post installation;

We would go to install or implement [the software], then people look for additional requirements or additional pieces to be added on to the system (OM Software SME D).

While OMs acknowledged that this was normal practice in the industry, it was a time consuming process for companies that could easily be underestimated by OMs;

...and I suppose with multinationals in a lot of cases ... they can ... because they would do everything in a more structured manner, they can see that is extra to what we originally agreed, so we would agree to pay for some of it or all of it, you know, if you can prove they are actually new requirements (OM Software SME D).

In some cases, this led to difficult negotiations between OMs in relation to financial arrangements and also put strain on managing and maintaining the relationship as conflicts arose concerning service level agreements;

In some cases we, we would end up kind of haggling over, they may say, "Oh yeah, that is new but some of the time you spent on that were bugs and not change requests" so you should be covering that as in, "You shouldn't be giving over software that has bugs" ... do you know what I mean? (OM, Software SME).

Adaptations to products and services were often carried out by project managers between the partners as a matter of goodwill. However, if there were any disagreements between these individuals regarding the time it took to make such changes, then feelings of inequity crept in;

So instead of being able to do something in a few days, it was suddenly taking a couple of weeks, and suddenly we went from a situation where we were, we had this wonderful relationship that we had been working very, very well to their side feeling betrayed because we had misrepresented the amount of time it would take to do the games, and our side feeling that we were being unfairly treated (OM, Software SME).

Relationship events were also found to occur when company changes such as the appointment of new personnel caused disruption. As this OM described, new appointments caused stress because individuals had no prior dealings with the relationship. In these situations SMEs had to prove themselves to the new person even though they had good interpersonal relationships within the partner company and a positive history of working with that partner;

Where they got in a new purchasing manager and straight away he wanted to reduce the cost of support contracts and it was just purely based on ... one of his KPIs was from global purchasing, to reduce support contracts and reduce the number of suppliers (OM, Software SME D).

Unfortunately these appointments acted as events to reduce exchanges and even though good interpersonal relationships existed between the SMEs and managers of partner departments, they were unable to get involved because they had to abide by company rules and were not allowed to get involved in any renegotiation of contracts;

...and just these very high level corporate kind of metrics, but it didn't boil down to make sense at a local level (OM, Software SME D).

There were instances that were reported in the findings where break down was attributed to misunderstandings of briefs regarding new tenders;

Right, "what is the cheapest solution we can put in that will do the job?" which is a very different type of solution, a different type of an approach, with the result that there was a huge difference in the costing, and we looked way out of the market (OM, Software SME F).

Notably, even though OMs did not intentionally set out to take advantage of their partner, any discrepancies in price were viewed as opportunistic in an already established relationship. As a result, the partner felt that their trust had been broken and the relationship undermined so they punished the SME. This was an example of cognitive events becoming behavioural and caused a lot of upset and uncertainty for SMEs;

I got a phone call from one of the directors of the company who had backed us fully going into it, going, "Oh Good Lord, well, what are you doing to us? ... this looks so bad" and then, it was quite interesting, we lost the tender straight out because the management team went with the more cost-effective solutions (OM, Software SME F).

Other events took place outside the relationship. These network events had a negative effect on the partners and the relationship.

5.3.1.1.3 Network

Cognitive events were also evident at network levels. Suppliers may have had delays in delivering product to the SME, which caused issues for them as they had to relay that message to their own client. As the SME was who they had a direct relationship with, if the client was unhappy with a delay in product delivery, they blamed the SME rather than the original supplier;

What happens from time to time is that our suppliers will come to us after, say, 8 weeks and say "it's going to be another 6 to 8 weeks." Now, we have to be the bearer of that bad news to our customer, and of course they would hit the roof, you know, because they expect the delivery in what we had originally scheduled and I have scheduled other work, around say, the installation of the equipment and all that (OM, Industrial Machinery SME).

In these cases the SMEs had to put pressure on their own supplier which started a chain of events that caused tension between the SME and their suppliers. OMs didn't want to impose penalties on their suppliers because of the negative effect this would have on the relationship afterwards. As this OM described, they were trying to keep their customer happy on one side while also making efforts to ensure continued supply from their partners;

So then we would get into situations with the supplier where we're on the phone to them all the time, and you know, we're reminding them of their commitment to deliver or whatever. Now there can be, there can be clauses in the contract where if you're late, you know, you are charged 1% or 2% or whatever on the contract for up to 10% ... you can write that in but because we have a distribution agreement with the company, we don't, you don't really call in those things (OM, Industrial Machinery SME).

Other network events that caused problems for relationships were external to the relationship. The economic recession (2008-2012) influenced both buyer and supplier companies and as a consequence put strain on relationships with importers, as foreign suppliers were conscious of the generally poor state of the Irish economy as opposed to the specific financial capabilities of the SME they were dealing with;

I suppose, going back probably a year-and-a-half, two years ago, whereby basically what happened is the bank actually messed up on us because we would buy all our stuff from the UK on a payment and made it look like we were trying to skip out of a payment (OM, Security Services SME).

These cognitive events caused early stage breakdown in relationships. If OMs reacted in a timely manner, they could be repaired quickly. However, if cognitive events were not managed properly they became behavioural events which caused even more damage to relationships already in trouble.

5.3.1.2 Behavioural

Behavioural events related to direct action by individuals, actions between partners within the relationship, and actions by companies within the network that caused disruption to exchanges.

5.3.1.2.1 Individual

Behavioural factors had a huge effect on relationship breakdown. In attempting to keep their partner satisfied, SMEs sometimes over-promised on the delivery of their products and services. For example, SMEs assured partners that they could complete work when the capacity was not available in the time allotted;

So in essence, to be truthful, we overpromised, you know, we promised scope that we couldn't deliver and it became apparent ... that we weren't as ready as we ought to have been (Sales Director, Software SME B).

Taking this approach, the SME caused disruption in the relationship when they were unable to fulfil their obligations. This was a key learning for the SME as eventually these events led to serious issues with product and service delivery. The behaviour not only affected the relationship with the partner company but also had a knock-on effect on the partner's customers;

...and at that point the company as the prime contractor became aware and there then arose a very complex set of management, firstly us managing our problem, the company managing their problem with us and critically managing their customer (Sales Director, Software SME B).

Lack of openness and honesty was also experienced in relationships where partners were not forthcoming with each other if their company was suffering from internal structural and financial issues. Rather than communicate this to their partners, they reduced business activities which looked as though they were neglecting and dissolving the relationship. This lack of communication caused breakdown in an otherwise good relationship;

We would get to a point with them where they are not really returning our calls, and because they have a family-owned business as well, there's a certain level of stubbornness and pride in terms of not wanting to say they're in difficulty. We know this organisation is still a good organisation to be working with within that market and can still give us the same level of market accessibility, and our relationship with them began to break down on the basis of communication and on the basis of their financial structure (Sales Director, Consumer Electronics SME).

OMs pointed out that on a number of occasions, a lack of communication regarding problems with products or services caused disruption to business exchanges whereby partners felt that they had been let down by the company. As a consequence of this, OMs learned quickly that such behaviours were not acceptable because trust could be severely damaged;

We didn't communicate that the change was coming down the line because we didn't think it would affect anyone and it was one of the things we learnt about (OM, Software SME C).

5.3.1.2.2 Relationship

Other behavioural events showed instances where interpersonal disputes between OMs caused tension between the organisations. If OMs had a dispute over a simple issue but communicated it in an aggressive manner, then their interpersonal relationship came under pressure. While this was not an organisational problem long term, short-term interactions were strained and there was a standoff between the OMs involved;

...that evening and he just started going on and on, and really speaking down to me, and I suppose, well I, well I probably lost it a little bit, and ... he lost it completely, "Don't speak to a supplier like that" and "I am your customer, and how dare you speak to me ..." and he took the high moral ground then, "I'll never – unless you apologise to me, I will never deal with you again" and I said, "Well look, you know, you will be waiting a long time for me to apologise to you", so I didn't (OM, Services SME).

Interpersonal relationship breakdown was also evident between line managers where exchanges were strained as a result of the inability to agree on service fulfilment levels. The evidence in the findings suggested that the level of conflict between project managers was even more damaging because disputes carried on for longer periods of time before the OMs knew what was going on. By the time these problems came to the fore, behavioural tensions were so serious that trust had broken down at an operational level. Subsequently when OMs got involved they supported their own project managers so interactions and exchanges between the organisations became severely strained;

There was, one of my guys, he was managing ... the interface with them, there was a guy on the ground managing it for them, and when everything went pear-shaped, the guy explained it to me and to the guy who was running the other company and, I think for the want of a better way of putting it, it was a one-sided opportunity really (OM, Software SME F).

The influence of other personnel getting involved in disputes was also highlighted by the OMs as having an effect on the advancement of dissolution. Usually this happened after one event started the breakdown and other personnel from the partner organisation became involved. If the counterpart was not the usual contact person and they were less willing to negotiate, relations were strained. In this case, the new contact did not always consider the wider context of the relational dynamics between the organisations;

I suppose the situation was at the time, their accounts department had a new head in and they were a multinational company, and their head wanted ... to make a mark on her position as well as anybody would ... and she was coming down very heavy because her first ... exposure to us was this issue (OM, Security Services SME).

The findings also included examples of clear intentional acts of opportunism. There were instances where interactions were severely strained because the agreed rules of the relationship were clearly broken. For example, taking advantage of a company by copying their products which had been sold to them to enhance their own product range was perceived as an act of dishonesty;

Eventually what happened was ... they ended up ... copying what we were doing, they had products that they knew they needed or that they decided that they needed as part of their range but needed to produce more cheaply (Sales Manager, Consumer Electronics SME).

These actions put a strain on the SME's own business especially if they were in markets where they needed the support to develop their business;

[They] hit a market that we weren't hitting with them and subsequently... were substituting our products...so the sales were going down (Sales Manager, Consumer Electronics SME).

Taking advantage of the partnership was also illustrated in other relationships where SMEs had invested people and financial resources in developing products and services for their partners. During the time it took to develop such services, the partners decided to shift their focus elsewhere which caused huge psychological and financial burdens on partners because of the time and effort it took to develop the service, including investment in new resources;

...and they invested to have, some money to have this product built for them, and by the time we had got it built, we had hired a lot of developers to get it done and we had spent a lot of money on it and by the time we got it built ... their focus was elsewhere and they sort of left us high and dry (Chief Technical Officer, Software SME).

5.3.1.2.3 Network

Behavioural events were also evident at the network level. OMs reported instances where they were approached by their partner's customers who wanted to deal with them directly. Even though OMs were very uncomfortable with this situation, as they had a very good relationship with their partner, they agreed to proceed with the request in agreement with their partner who would take a percentage as part of the deal for introducing them;

The end user approached us directly, and said, "We don't really want to deal with that company, we're not keen on the people that we met and we're not sure that they can do a good job for us ..." So we fought very hard and said, "Look, as much as we would like to do this and we don't want to lose the business in any way, we can't do it because we are not an installer, we are not really geared up for it, and morally we are obliged to deal with the installer, because they introduced us to you" (OM, Software and Service Solutions SME).

However what arose was a complex set of payment arrangements where the end customer demanded changes to the payment agreement from the SME, which left them in a situation where they were unable to pay their direct partner;

But the straw that broke the camel's back, I suppose, is the one where we said to the end-user, "OK, what we'll do is we'll sell you these units. You must take all 20 at once. You must pay us quickly but we'll give you the discount" and they did, and of course that left me in a situation where I didn't have enough money in the deal to pay ... our customer (OM, Software and Service Solutions SME).

Subsequently there was a series of events with the end customer but the main problem it caused was a breakdown in trust and commitment between the original partners;

So we got to a point where we had paid them for most of the sites, but it got to the end, and then I said, "I can't do it, I can't do it. Things have changed, the circumstances have changed, and I haven't got enough money in it to pay you." They became suspicious of me, which I felt really uncomfortable with because I am a pretty straight bloke and I wouldn't sort of turn anybody over (OM, Software and Service Solutions SME).

Both cognitive and behavioural events were evident in the relationships that recovered from a breakdown. What was interesting was that the events were interrelated depending on the subsequent actions and reactions from OMs and senior directors. In such instances, dissolution advanced as behavioural issues took over from task related issues. The ability to repair relationships following such events was contingent on the state of the relationship pre transgression. OMs also reported events where their relationship broke down and dissolved, which will now be presented.

5.3.2 Events where the Relationship Dissolved

The findings also revealed incidents where the relationship dissolved due to events that led to breakdown and subsequent attempted repair processes did not work. The relationships dissolved due to behavioural events at individual, relationship and network levels.

5.3.2.1 Behavioural Events

When relationships dissolved, the findings highlighted behavioural events as the primary cause of the breakdown. These were related to the individual/company, relationship and network.

5.3.2.1.1 Individual/Company

Individual behavioural factors had a huge influence on the precipitation of dissolution. As stated previously, aggressive behaviour and an arrogant attitude in dealing with client issues and/or denial of any wrong doing led to serious relational break down. OMs recalled instances where they held meetings to discuss on-going issues with their supplier. These issues were serious enough to warrant dissolution on their own, as they related to the company's reputation. However, rather than resolving them in a professional manner, aggressive and threatening behaviour by their OM led to an immediate breakdown of relations. In what should have been a forum to address business issues,

the meeting ended very badly with one company feeling severely let down. A key finding from this event was the effect one individual had on the perception of the overall company. Again, managers noted that this behaviour reflected the culture of their organisation;

The director went on the defensive and he was nasty now, he was not nice at all, and he kept saying to me, "Well, you know, if you lose this girl off of your account ... you are really not going to get the service that you require" and I said, "I think you don't understand me. I don't want her on the account. In fact I don't want you guys working for us anymore because number 1, you're actually risking our reputation by the message you are sending out there" ... and secondly his own behaviour that particular day was just not acceptable from a director and I just thought, "you're not going to change because the ethos in your company is embedded" (Manager, Services SME).

Any display of unprofessional behaviour eventually led to situations where the company did not even want to see individuals because they were unwilling to accept such behaviour. Subsequently, relations were strained and with no existence of an interpersonal relationship, positive exchanges were extremely difficult to maintain;

You know, and no matter what ... he was very irritating and the managing director said, "I don't even want to see him"...he [sales manager] would...rub some people up the wrong way (Manager, Healthcare Services SME).

In other instances, individual managers acted opportunistically and were dishonest by offering products they could not deliver and subsequently left partners in an awkward position with their own customers. The response to these delivery issues was very poor to the point of jeopardising their company's reputation which was considered as totally unacceptable;

Well, you know, we just opened the new factory and the people are really not up to scratch yet, they're not really trained. He was basically saying, you know, "The person that made it is useless", so since then we have stopped [working] with them (Manager, Services SME).

5.3.2.1.2 Relationship

It was consistently argued by OMs that the maintenance of their relationship relied on the perception that the other party was making every effort to ensure the needs of the company were satisfied. If this did not happen, they became very frustrated by the perceived lack of commitment from the partner company;

Well, I have raised ... we have asked them to fix things and they get there kind of bit by bit and eventually they fix some of the things that we have asked for and then they promise to fix others. I have asked them for their contract maybe five, six times, and the guy keeps going, "Yeah, yeah, I'll definitely have it for you by this week" and that's, like, gone on for three or four weeks, so you know, it just keeps rolling on and on (OM, Services SME).

When these relaxed attitudes and slow responses to queries occurred over long periods of time, they eventually forced partners to look for alternatives. In some cases, the tensions were so high that the SME didn't even want the B2B relationship to work anymore;

I am kind of at the point where I actually don't want the contract from them now. I want it not to work, I want to find an alternative supplier, and even if he gives me a contract now, I am going to delay signing it (OM, Services SME).

When partners were unwilling to solve problems concerning product and service quality, relations were severely damaged. Any lack of acknowledgement and uncaring attitude led to situations where the partner could no longer support the business relationship. The longer these issues went on, the more frustrated the partner became;

But issues just kept getting swept under and swept under and swept under and there was just too many of them at the end, you know (OM, Services SME).

Perceptions of relationship efforts made by each partner were clearly considered to be important by OMs. If a partner felt that OMs were not interested or committed to resolving issues in the relationship, that was perceived to be a reflection of the partner's wider attitude towards the relationship;

There was a billing meeting that I was supposed to go to, and on the day I just couldn't go ... and as a result our account manager went and I didn't attend and literally when the account manager walked in the door, the financial controller said, "Where's [the manager]?" and she explained that I couldn't make it, and literally the woman just said, "Right, we're cancelling all our services" and there, you know, I, unfortunately I just couldn't go for whatever reason ... me not attending the final meeting was the kind of straw that broke the camel's back (Sales Manager, Telecoms Services SME).

Other instances where events led to dissolution came as a surprise to the partner. This was found in joint venture partners whereby companies used their position to learn about the market and then decided to go on their own. An important finding here was that these relationships seemed to be progressing well and the partner did not foresee the dissolution of the relationship;

So he came in and met us there and then, "We don't do joint ventures ... we are splitting the company up. We are going to work with our own people in Ireland now, and you can become customers of ours if you want to or you can transfer the business to us or whatever ... "Good luck, thanks very much for everything you've done, but you're out the door" (Commercial Director, Transport SME).

In addition, lack of reciprocity adversely affected B2B relationships, where the impetus for dissolution was provided when business exchanges became one sided;

But over a period of time, they started becoming greedier with my time, so at the drop of a hat demanding that ... I would pop out, whereas if I rang and requested the same thing, it would be scheduled in, so it was payable time, and it was all of this sort of stuff, which wasn't agreed in terms of the structure of what we had agreed, so my hour was nothing like their hour (OM, HR Services SME).

In these situations OMs felt that there was a complete breakdown in trust and their partner was taking advantage of the relationship. This severely affected exchanges and once trust started to fall apart, it was very difficult for OMs to go back to the way they were before the transgression;

I suppose, there was a lesson there in terms of how do you ... rate and how do you monetise and value that time for time, but because I suppose we got on very well, you would let the relationship, you know ... keep the relationship going and it's a small area and we were doing, I was referring an awful lot of clients to them, and then all of a sudden the referrals started to drop ... so it broke, the relationship started to crumble very quickly in terms of my trust (OM, HR Services SME).

Differences in power relations and the respective sizes of companies made it difficult for the partners to have any protection against the ending of a relationship. The impact of changes in those who held the buyer role in large organisations were highlighted by OMs as an event leading to breakdown as when changed, the new buyer often undertook a supplier review which led to a potential loss of a contract for the SME. As these relationships were not strong to begin with, the OMs found it very difficult to negotiate their worth and position to the company;

...and when the ... big retailers decide not to use you any longer, there is not enough of a relationship to actually repair, there's nothing to repair (Sales Manager, Consumer Electronics SME).

The SME findings also showed a number of examples whereby B2B relationships suffered due to the inability to finance the partnership. If a buyer company was in financial difficulty, this led to decreases in business volumes with partners due to the company's overall revenue decrease. Several OMs gave examples whereby their partner was unable to pay for products and services resulting in the breakdown of relationships. While this pressure led to uncertainties, as long as the OMs knew that the issues were not related to service levels and that in general they had a good working relationship, then the breakdown was not as severe;

[I would say] "Look it, this is an accounts issue, it's not a services issue, you need to pay", and you know, they were like ... "We will pay" and then... they would give me cheques and of course they would cancel the cheques ... they said, "Oh, would you tear up that cheque and we'll give you another one" and then it was just on the long finger, but I just kept at them and at them and at them so ... got the payment in the end, everything owing ... They were struggling as a small company, you know (OM, Services SME).

5.3.2.1.3 Network

More serious network related events were when a partner made false claims and/or lied to end customers about their partner. These claims could have seriously damaged the reputation of the partner in the industry. As expected the SMEs were extremely upset because they were unable to convince the customer that they were not at fault. At this stage, the OM had to initiate dissolution of the relationship because there was no trust at all in the partner company to deliver that service for them again after what they had done;

It got to such a stage whereby they contacted a client directly and slandered us and...lied to the client ... and it came to a situation where I had to go into the client and sit down and the client was so upset that they asked me to leave at the time ... nothing I could do was going to salvage it because it got into such a serious nature that if anything, it could have gone legal and damaged our reputation because of something they carried out (OM, Security Service SME).

This was highlighted by OMs who gave examples of supplier company strategy changes that precipitated dissolution. For instance, whole industries could be disrupted when a supplier company decided to compete with their customers. What was particularly noteworthy was that these suppliers used their position to learn about the market from their customers. Even more upsetting for the businesses was that up until this point the relationship with this company had been going very well and there was a very good interpersonal relationship between the sales manager and the OM. What made matters even worse was that when they did start competing with the SME in the market, they were quite aggressive and used their partner information to steal end customers. This breakdown was very severe, not only for the SME relationship but also other operators in the industry;

They decided to open their own branch in Dublin, so our supplier was actually our competition then, , so there was a huge, uproar with everything in the industry ... what they had also done is that they had invested in a [company] in Ireland and basically this [company] was selling the suppliers product at cost ... and then what also happened is that any repairs that we had sent ... they kept our database and they sent out letters with some special offers to our clients (Retail Manager, Services SME).

In summary, the severity of some of the events described above did have an impact on the advancement of dissolution, but the repair from such events was contingent on the strength and ability of the relationship to withstand such transgressions. It must be noted that these factors and events were interrelated which demonstrated the complex dynamic nature of this part of the dissolution and repair process. Subsequently, the findings showed that there was an immediate reaction from partners to these precipitating events.

5.4 Responses to Dissatisfaction

The reason for these immediate reactions was to highlight issues to the offending partner. In doing so, the partner was aware that they needed to act and change their behaviour to restore relations. Different reactions were found to exist in the relationships researched, including voicing/blackmail, loyalty and exit.

5.4.1 Voicing

When partners were dissatisfied with their relationship the first reaction from some of them was to voice their grievances in order to let their partner know that they were extremely upset following the transgression;

... and she blew up with us, you know (OM, Security Services SME).

Other OMs went to see their partner to discuss what had happened;

... and we approached them about it and we sat down with them and we discussed it (OM, Software SME)

While other dis-satisfied OMs summoned their partners on site to demonstrate their anger regarding their behaviour;

I brought them in for a meeting, and you know, I told them in no uncertain terms what I thought of their behaviour had to have a little bit of a “Come to Jesus” talk with them (Senior Manager, Merchant Services SME).

Blackmail was also used by OMs to vent their frustrations with events. This was usually used after a number of events accumulated whereby the partner was severely dissatisfied so they wanted to let the partner know that they could not continue until issues were resolved;

... and I think that was kind of putting pressure on them so I was getting lip service when I would raise an issue ... “We are getting close to the final straw here with you”, you know, where we were saying, “Look, we can go somewhere else”(OM, Software SME).

Another response to dissatisfaction included situations where the partner did not want to voice and complain openly as they felt that it would jeopardise their loyalty to the relationship.

5.4.2 Loyalty

On occasions, SMEs were forced to use the silent approach to repair, in the hope that relations would get better with their partner company. This soft approach was difficult because as one OM explained, they were afraid to upset relations in case their partner would end the relationship too quickly. Even in these repair situations, the relationship was still vulnerable;

It would have been our position at the time that they were more important to us, so we had to deal with it. We had to deal with it and get on with it and sometimes grit our teeth, you know, grit our teeth through it (Sales Manager, Consumer Electronics SME).

5.4.3 Exit

Events were so serious than in some situations, the relationship ended straight after the transgression;

The customer is complaining ... and the supplier sent it back to us saying there is no problem with that [product]. You see, that was kind of the beginning of the end (OM, Home-wares Manufacturer SME).

Other relationships ended as soon as problems arose regarding products and services and resulted in an inability to reach agreements;

From the moment there were problems ... it just deteriorated, and ... he never responded to phone calls and emails. We would contact him on Skype and there would be long pauses in between messages that you would send back and forth and everything, and in that situation, we just cut it out and let him go (European Sales Manager, Consumer Electronics SME).

In summary, voicing was used as a mechanism to make the issues known to the partner company either by the initiator of the transgression or the offended partner. Once OMs knew that dissatisfaction existed within their relationships, decisions needed to be made concerning the future of their B2B relationships. This started with the evaluation of the relationship in terms of costs and benefits, leading to the assessment of a number of factors that could attenuate dissolution.

5.5 Evaluating and Analysing Attenuating Factors

5.5.1 Intra-company Evaluations

OMs explained how they considered the state of the relationship in order to make decisions about whether or not the relationship was worth saving. Following the transgression, these evaluations were made internally as OMs needed to understand what went wrong and how exchanges were being affected as a result;

Basically we sat back and we analysed everything and we went through all our accounts and ... I suppose we just said, "Look it, this is the situation. Here's where we are. This is what we want to do" (OM, Services SME).

During these evaluations, OMs not only looked at key factors including the investment in personal and company time, they also had to consider how their partners felt about the events that caused the relationship to break down in the first place;

At that point ... to assess whether it's worth repairing or not ... and then it's a question of, you are investing your time and your effort and you are making sure that the key people you need to convince that you are a good partner become convinced of that, and that's it and it's very much, I think, if everybody is honest in a situation (OM, Software SME E).

As one OM explained it was very important at this stage to be honest and upfront and to identify the people in the partner organisation that needed to be convinced that what went wrong was a mistake and was not intentional in order to rebuild the trust that had been broken;

The biggest challenge for us was to, to look at that relationship which they then felt, that we had not been given our value-for-money, which is, it's actually not the case, you know, we were quick on that, so we really had to work with a number of key stakeholders there to really build that trust (OM, Software SME).

In another scenario, a senior manager had to convince colleagues that the relationship was worth saving even though the SME members had different views as to the extent that they would have to take responsibility if their decision was wrong;

You have to go to bat internally for another organisation, that's where maybe necessarily some of us wouldn't ... have the same point of view at a senior level internally, so you've got to be able to make a case internally with a decision-maker that's at a more senior level than yourself (Sales Director, Consumer Electronics SME).

The easier course of action might have been to dissolve the relationship;

I have to put my head on the block, in inverted commas, internally in terms of maintaining that relationship, and if that doesn't work, well then it doesn't necessarily reflect well, so sometimes the easier course of action is to agree internally to say, "OK, yeah, let's terminate with them" (Sales Director, Consumer Electronics SME).

However other factors needed to be taken into consideration such as the loss of revenue afterwards and the effort it would take to find new business to replace that lost revenue. Therefore, taking a short-term view would not benefit the SME because of the uncertainties in business losses. The best course of action was to take a long-term perspective and try to work through the problems;

But then if you do that [terminate the relationship], six months down the line when you are trying to find a new partner and you haven't been successful, the issue then is ... "How come our business isn't working in that particular country?" So you've got to try and divest yourself of the short-term perspective in terms of ... "OK, if they're gone, where will we be in twelve months' time? Will we actually be in a better place?" ... It's not where we are today but it's ultimately, is it the best decision in the long-run? (Sales Director, Consumer Electronics SME).

These internal evaluations involved heated discussions between directors regarding the dissolution of relationships. While some individuals were prepared to let the relationship dissolve, others held on to the belief that they could get over these incidents and even improve the business long term. If senior management supported them, they were more comfortable with the decision to repair relations;

The CEO was, like, completely on my side, "No, no, no, no, this is the biggest contract we have ever had, this could launch us into other things" (Sales Director, HR Services SME).

Some internal assessments were quite complex, particularly when a serious incident threatened the future of the relationship. OMs described experiences where they had a moral dilemma whereby the partner did not know about the transgression. Internal discussions were based around either telling their partner or remaining silent;

So now we had a dilemma. Would we go to the people in the company and tell them that two of our staff had been caught stealing, or do we say nothing and try and get the stuff back into stock, which we could have done, we could have put it into stock and, because nobody knew it was gone, so we could have put it back in and left it, so it was a huge moral dilemma, you know, because on one half you're saying, "No, they need to be punished for putting us all in jeopardy, all our jobs are in jeopardy" and the other part is saying, "No, save yourself, save yourself, don't, don't tell them" because our contract was due for renewal around the same time (OM, Security Services SME).

In this case, as a renewal of their contract was due, the partner was in an awkward position but decided to tell the partner anyway because of their long-standing relationship. One half of the management team were in favour of fixing the problem without the client's knowledge, while the other half were focussed on the future of the relationship and protecting the efforts they had made in regard to building trust and respect;

So we had a big discussion about it and to tell you the truth, I mean, half of them were saying, "No, we have to, we have to tell the client" and the other half were saying, "Oh maybe we won't tell them", you know, "maybe we just, maybe we'll just leave it off and just sack the two guys and that will be the end of it." But no, we decided that no, we would tell the client because if we were going to base everything that we are on trust and respect and reputation (OM, Security Services SME).

During the course of these internal evaluations OMs were sometimes questioned by their own employees who would try and convince them that strained relationships should be dissolved. They didn't have any personal involvement with the partner. However, from an OM's perspective, when a company has dealt with a supplier for a number of years, they come to know and understand how that company works and even though relations were not always favourable, switching was not an easy decision;

We had a meeting about a month ago and just the three of us sat down and the girl who looks after our accounts said, "Do you have to deal with these people? Can you not get another supplier, just change the supplier altogether?" ... and you know, what ... you wonder is the devil you know better than the devil you don't. It is a possibility that we could do something like that, but if you do something like that, you do it once, you know (OM, Services SME).

OMs felt that it was necessary to be completely certain that they were doing the right thing so that offending partners would not be perceived negatively by their partner or indeed anyone else in the industry;

I'm a firm believer in you don't ... If you close a door, the door is closed, and therefore you have to be 100% certain that that's never going to, that that's never going to come back on you or that you're never going to need that avenue (OM, Services SME).

This part of the process is important because dissolving B2B relationships could lead to unknown consequences in the future.

5.5.2 Analysis of Attenuating Factors

5.5.2.1 Sanctions for Future Business Interactions

The analysis of the findings showed that a number of factors contributed to the decisions regarding the continuation of the relationship. Even when targets were not met it didn't mean that the relationship should be dissolved, as it took a number of years to build such relations. SMEs regarded their reputation as important in their industries and did not want to be seen to dissolve relationships easily;

If we have a reputation for pulling the plug, if things begin to get tough, then that becomes more difficult over time to try and find new people to work with (Sales Director, Consumer Electronics SME).

Other OMs stated that they did not want to have a negative ending to the relationship because they needed positive references from their partners and to maintain interpersonal relations in the wider industry context;

I may still want to use them as a reference site or still, I certainly wouldn't want a bad reference out there so I would look at ... how can we change this? (OM, Software SME).

Even when the B2B relationship had become a financial burden on the SME, rather than end the relationship completely, decisions were made to reduce business exchanges and interaction;

We lost money in the last two years, be it on support of our projects that didn't make sense ... we had, 40% of our support calls were due to things that they didn't root-cause internally and they were hardware, they were nothing to do with us (OM, Software SME).

In addition to the loss of economic value, SMEs were faced with losing a familiar partner, which would also have been psychologically difficult. All of this was accompanied by the possibility of losing future business. Depending on the severity of the conflict, OMs needed to think about the implications dissolution would have on future interactions and revenues with their partners;

It becomes difficult because you don't want to break the relationship with them because you want them, they potentially will be customers in the future, like, when I started, when I actually started out, I did a bit of research on the, on companies and what companies buy from you, and I think it was 75% of our customers were repeat customers, you know? (OM, Industrial Machinery SME).

Sanctions for future business were considered by OMs as a key motivator to remain in the relationship. OMs described situations where both companies would benefit from future relations;

From our side, they have a huge number of properties, they will be a great customer for us over a long period of time, so there was a big motivation on both sides to get together (OM, Software SME).

OMs gave other examples, including the availability of alternatives and the costs of dissolving relationships that were considered key reasons to repair relationships.

5.5.2.2 Availability of Alternatives and Associated Opportunity Costs

In international market relationships there were risks associated with losing market knowledge and business contacts as it took the investment burden and the resource burden of servicing a market away from the SME. As one OM pointed out, in times of tension, they had to put up with the strains for fear of losing these valuable resources;

They were ideal for us because they were very strong in the marketplace where they were and had contacts and they also understood the sourcing issues that manufacturers or distributors of our type of branded products had so we were an ideal solution for them and they were ideal for us because you rely so closely on someone who is knowledgeable and competent in that market and speak the language, you know. Relations would have been quite strained and we put up with it because they were probably more important to us (European Sales Manager, Consumer Electronics SME).

This finding was further supported by OMs of manufacturing companies where they had made several investments in production capabilities within their partner organisation. The effort involved in moving all of their production, design and product ‘know how’ deterred SMEs from dissolving relationships. As one OM explained, they would prefer to resolve disputes rather than disrupt production which would also have an impact on the end customer. In addition they were prepared to take a long-term view of the relationship so that loyalty could be nurtured;

It takes us a lot to change, so if we're having an issue with someone, we would rather have it long-term because we will get more, more continuity, you would get better communications, you would get a better flow of products, and you would get more loyalty. It takes a lot, it takes a lot to get us to shift, but when we shift, when we're making a big decision and we're shifting, lots of products and lots of measurements and lots of sizes, let's get the fabrics somewhere else (OM, Clothing SME).

From the other side, supplier relationships were also extremely important particularly where there were few alternatives, as the loss of one key supplier would have serious implications on the SME's ability to provide a service to their end customers;

They were our main supplier which was a worry because what it meant is basically, we were put on hold completely. If we lost them, basically we were in a serious situation because we couldn't service our customers (OM, Service SME).

As well as manufacturing costs, legal and resource costs were also considered a key factor in the decision to save a relationship.

5.5.2.3 Financial Costs and Resource Dependency

OMs explained that their contract with a large partner had a significant number of clauses in it that related to non-delivery of services. If these services were unfulfilled at any stage, then various penalties could be served on the partner, which would have had serious implications for their financial resources. In these cases the decision to stay or leave was made for them and a resolution was necessary;

It was resolved in the end but only with the threat of very serious penalty payments, because this was quite contractually complex and the threat of very serious lawsuits on both sides, so I think like all human experience, it got to the point where you either had to pull the trigger or negotiate to a settlement (Sales Director, Software SME).

The risk associated with end customers withdrawing from key projects was substantial in some cases from a financial and legal point of view. As one director noted, the high risk factor forced the parties together to repair their issues;

What was the point that brought the two parties to the table and forced a resolution? It was the risk of implosion from the customer. Ultimately the actual net point that forced the resolution was that the contract had unconditional guarantees in it, so there were potentially unlimited liquidated damages (Sales Manager, Software SME B).

One of the key reasons for saving relationships was the mutual dependence on their partners for resources in terms of supply. Where the SME had high values attached to the relationship, large sums of revenue was a key motivator to try and resolve any issues when then arose;

They have a network of 8,000 re-sellers worldwide – which is, so it's enormous, so us backing, putting all our eggs in that basket was, you know, there was a lot of, a lot of good reason to do that (OM, Software SME).

As one OM described, the dissolution of a relationship would have an effect on the SME's ability to operate. Where both partners had developed mutual dependence, they felt that they had to resolve their issues as the volume of work and revenue coming from the relationship was too significant and too risky to jeopardise;

We were working together on quite a volume of work, you know, suddenly the amount of money becomes significant and important ... very important on both sides of the fence there, and we literally just, it almost broke down completely over a relatively short time (CEO, Software SME E).

In addition to the costs of production and legal costs, there was an emotional cost to ending the relationship and these factors had to be taken into account by OMs.

5.5.2.4 Loss of Relational Investments and Emotional Impact

Relational investments and emotional impact had a large influence on the repair impetus. Considerations were made in relation to the time and effort involved in creating and maintaining new relationships as a result of dissolving existing relationships. Learning about new markets, training partner personnel, developing interpersonal relationships were all part of the inputs a partner had made to the relationship over a long period of time and the loss of bonds, links and ties would be great if the relationship dissolved;

I made the decision at the time that the better course of action was to see if we could get out the far side of our issues because simply to try and access that market again with a new partner, beginning all over again, having to retrain them and retrain their staff, in a market that was going to be competitive. It was better to try and repair the existing relationship, and we would always say within our business it's much easier to work through your problems with an existing distributor than to have to go and find a new distributor (Sales Director, Consumer Electronics SME).

Based on the foregoing, the key reasons proffered by the research respondents for remaining in a partner relationship are summarised in table 5.2;

Table 5.2 Summary of Reasons to Remain in the Business Relationship

Reasons to remain in the relationship
Emotional impact of events and lost relational investments
Sanctions for future business and lost opportunity costs
Availability of alternatives and dissolution process costs
Financial cost and resource dependency

The outcome of this process was paramount to the advancement of repair as the analysis of these factors led OMs to take action and start to work towards changing the negative state of the relationship.

5.6 Renegotiation of the Social Order

5.6.1 Face-to-face Discussions

The analysis of the findings highlighted numerous examples of situations where the repair process started with face-to-face discussions. These discussions were a useful platform to highlight the real reason behind the breakdown between partners and moved the dissolution process from the intra company stage to inter-company stage. Several OMs discussed the importance of face-to-face communications during this stage. Some of these meetings even took place outside of both

organisations, providing neutral ground away from any disturbances;

We both met in sort of, in an airport hotel halfway between and that was... very pronounced to do that, you know (OM, Consumer Electronics SME).

We ultimately went in at several face-to-face meetings with them, offside, away from their company, away from their own staff, one-on-one with the principals there. We evolved with them to the point that they were able to explain to us that these were the problems we have in terms of our business and when you get past the point where someone is willing to be more open about the specifics of their organisation, the issues that they have ... you have a better handle on exactly where you stand (OM, Consumer Electronics SME).

I had a face-to-face meeting with them then, and it was funny actually because this was abroad but I happened to be there and I just said, "Can we catch up?" Now, that was my way of saying, in a nice way, "We'll chat about anything" and then that was her way to kind of bringing across ... these things and sure, two days later, we had come back and sorted out everything and everything was rosy, so it was just a way of getting it into a positive meeting environment (OM, Software SME D).

Meetings were often attended by senior people from both partner organisations and individuals are able to communicate more openly about the changes in their organisation, which allowed OMs to assess the situation and to make better decisions regarding the best course of action to take to resolve disputes;

...and the other thing with it was...that we would have engaged the principals of both organisations so it wasn't something I could resolve myself. I needed to do it in conjunction with our CEO and the other party to it, it was the CEO of that company anyway but ultimately I couldn't be the go-between (Sales Director, Manufacturer SME).

Consequently the partners were able to continue relations as opposed to dissolving the partnership and starting all over again with a new partner;

We were in a better position ... to make a judgement call in terms of how much we were willing to support them, and that ensured that our relationship with them survived rather than fell off the side of the cliff and we had to start again (OM, Consumer Electronics SME).

A key finding was that face-to-face negotiations were a vital platform to establish reactions to relationship breakdown. Decisions OMs had already made regarding the best way to repair relationships sometimes changed during these negotiations because they had underestimated how dissatisfied their partner was. What was particularly noteworthy is that some OMs were able to assess the reaction initially rather than reacting emotionally straight away;

I think sometimes face-to-face is, is invaluable ... if I am trying to resolve it, I just need to see the interaction, their reaction to everything I am saying to see, do. I have to go this way now or that ... with all your best intentions going in, you might say, "I'm willing to go as far as here to resolve it", but straight away you might realise, "God, I have totally underestimated where they are coming from. I need to back up a bit." (OM, Software SME).

The timeliness of such efforts was important at this stage as partners aired their differences and restored harmony before deciding on the best resolution strategy. Notably, issues escalated further

when there was no perceived immediate effort, while problems dissipated when the partners intervened up front.

5.6.2 Early Intervention

Another critical factor influencing the negotiation process was the timing of such activities. Being able to react immediately was considered important as the process of repair could not progress or issues could not be resolved if repair was not implemented early;

... and I turned around and I drove, and I walked into his office, and then I said to him, "Right, show me the problem" and he showed me the problem and he told me how his world was falling apart and we were the sole responsibility of it and everything, and I said to him, "Right, whatever you have got, we will replace it free of charge", you know, "How much of this do you need, and this is what we can give you" and from then on, we have had no problem, he thinks we are the greatest company (Sales Manager, Consumer Electronics SME).

When partners were able to react immediately to a situation, the situation completely changed from one where the relationship was about to disintegrate to one where the partner felt very satisfied with the relationship;

We have a problem every now and again with that product, but we fix it so we are one of his best suppliers. But yeah, that was just pure luck, and that had a huge effect, you know, your own relationship is virtual by email but if there's a problem, you would be prepared to, to arrive at their premises, there is no problem, it just, it evaporates. And then when you're finished, you go, "Right, I can do that, I can do that, I can't do that, are you happy with that?" And if you then leave his premises, you have always got that to go back to (Sales Manager, Consumer Electronics SME).

Organising these exchanges early on in the dissolution process allowed the SME to show their commitment to the future of the partnership. One OM outlined that before issues could get out of hand, they made sure that their partners were brought in to the company for an informal meeting, as it was an opportunity for them to get to know the SME. Equally they were able to show them that any mistakes they had made in the past would be dealt with in the appropriate manner. They were able to demonstrate that they valued the relationship and would do everything they could to alleviate further problems so that the relationship could progress in the long term;

Look, there have been two or three incidents now in ... the last 18 months – invite them up. Let them come over here and get a feel for who we are, what we're about and then they won't read into it from the few mistakes that we have had that we are an uncaring and inefficient company – which people will think if you're making a few mistakes. And they don't get a feel for... how genuine you are about the problem and resolving it, hearing what their needs are, and being prepared for doing better the following year (OM, Clothing SME).

This approach was useful when the problems had not reached severe behavioural levels but partners also needed to be flexible to restore balance in the relationship.

5.6.3 Open Communication as a basis for Repair

The OMs believed that the use of open face-to-face communications was more appropriate than written communications during this part of the process;

I know in one case before, I was about to hit an email and I saved it in my drafts and actually went onsite and...got to a kind of a happy resolution (OM, Software SME D).

Relationship challenges could be negotiated much better in face-to-face scenarios because OMs could listen, take stock and then react whereas written communications were taken out of context;

...but the trouble with email and even phone calls is, you can't guess...how the person is feeling...so if it's in a verbal or in a face-to-face scenario, the minute you say something to somebody and see they are not happy or you have really upset them or they are coming around your way or whatever, so that's an important part of any, of any resolution. I absolutely would concur with that, that it needs to be face-to-face (OM, Software SME).

The emails are the worst thing in the world because they are taken out of context, there is no emotion attached to them, you know, you can't see the whites of somebody's eyes and I think, you know, probably things exacerbate when it's all done electronically rather than, "Let's get around a table, let's see if we can sort this out" (OM, Hardware Services SME).

Even though these face-to-face negotiations were difficult and tough in troubled relationships, the SME needed to be able to withstand them because it was far better to endure hard negotiations and bargaining rather than prolonged disputes and OMs were more willing to agree to repair in these situations;

You know, you would still get people who are bloody tough negotiators and you know, won't budge an inch and all that type of thing and, and all that, but generally people will, will compromise if you're allowed to talk to them. (OM, Services SME).

One manager explained the effect of not meeting face-to-face where they felt aggrieved that the offending partner did not make the effort to come and meet them to admit that they had made a mistake;

Honestly that would have repaired it a little quicker so I mean, in that instance, he should have, at a minimum done that and just flown over and met me face-to-face, looked me in the eye and said, "This won't happen again" and told me how he was going to make sure that any of the offices around the UK were going to be informed of, about what to do with our company. But if I have learnt anything from it, it's that he should really have come face-to-face (Manager, Services SME).

Based on the foregoing, repair could have been achieved in a much shorter timescale if the partner had made the conscious effort to meet with the SME and reassure them that they were going to solve their issues, or vice versa.

5.6.4 Commitment to the Renegotiation Process

During the course of these negotiations many OMs pointed out that they had to be mindful of the situation but at the same time they also had to communicate openly concerning issues that could potentially threaten the future of the relationship;

We were upfront ... about it, you know, and when you're dealing with the people in the conflict, you just have to be so careful, you know, that one, if you say anything that really gets their back up ... these things can get fairly heated at times, you know, but you have to be fairly clear and concise about what your position is and where you are coming from (OM, Software and Hardware Services SME).

Some of these issues were difficult to discuss such as agreements concerning commercial arrangements. However OMs took the view that they needed to tell their partner how they felt about the situation as they did not want to prolong the tension;

...and, you know, while nobody really wants to mention the money side of it, you have to mention the money side of it as well to say, "There is a cost implication for this", etcetera, you know, and when you throw it out there, you are going to get a reaction and it might be, "We're not paying for this", you know? So, but it has to be addressed, you know, if you don't ... as part of the solution, bring in the commercial side of it as well as the technical side, it's going to ... it's going to go on for years and we do have this one, which is going on for two years, you know? (OM, Industrial Machinery SME).

OMs admitted that attempting to solve problems internally without being honest with their partners led to serious consequences for the relationship. In essence, this approach prolonged the inevitable dispute rather than explaining to their partner that they had an issue;

The strategy for resolving it, I felt, was all wrong in that we tried to prolong the process for as long as possible so that we could back-fill and get a deliverable done (OM, Software SME B).

Before the partner company noticed how serious the problem was, trust had broken down at all levels between the partner organisations. In the end neither party was able to negotiate a positive outcome;

As I say, you know, the result really didn't suit anybody in the end. Everyone got something but nobody emerged as a clear winner. So we had, we had, we were playing people off against each other and looking to manage the messaging, if you like, so we were promising slightly different things to slightly different people and trying to keep the whole game slightly off-balance while we desperately tried to fulfil software in the background, so it was not pretty morally. Again, I would say, you know, everybody you talk to is going, you know, morality, you know, is not very good. You can't lodge it (Sales Director, Software SME).

Partners had to be committed to the renegotiation process and to realise that they could not save the relationship by internal acts. It was only through negotiations that issues could be resolved.

5.6.5 Trust as a basis for Repair

When SMEs were open and honest, the situation was a lot different. One company put their reputation on the line and admitted mistakes in their service processes to their partner. As their contract was up for renewal they knew that their position would have been compromised. However they took the risk and fortunately for them, the OM was very pleased that they came forward;

So we organised a meeting, he didn't know anything about it, and we laid all the product up on the table. It was, the table was covered top to bottom, I mean, I was mortified ... but he was brilliant, he just said ... "The fact that you brought back all the product and are willing to ... lose the contract to maintain your reputation means that you will actually get the contract again the next time around", so it worked in our favour to be honest, so that was, but I think that was because the relationship we had previously built up with him beforehand, that he, he was able to trust us. Now I don't know if he would have, if we hadn't had done that (OM, Services SME).

Once trust was damaged, rebuilding it through the negotiation process took time and involved a considerable amount of effort on the part of the OMs. They had to demonstrate that they were willing to adapt and make the necessary adjustments to keep the relationship. Sometimes it took several months to get to a stage where they were able to communicate effectively. However once the OM took responsibility they found they were able to fix the problems eventually;

Over the period of six months, I suppose we eventually started to get a bit more comfortable with her again and vice-versa, so that's, I think, that's I guess an example of where we just had to talk to her and be really honest and say, "Look, we made a mess here. There was, it's our fault, and we will try our best to rectify it" but I guess it's difficult at that point, when people are going out on a limb with a smaller company and they were a big, big company, you know...you can't afford to make these mistakes (OM, Software SME).

In summary, the importance of this part of the process of repair was highlighted by one OM;

In terms of resolution, the only thing that can resolve is good communication, acceptance that there is an issue, acknowledgement of what the needs are on both sides of the partnership, and the deliverance of both parties on those needs, and as I said, our greatest frustration is that, is there an acknowledgement of what our needs are (OM, Clothing Manufacturer SME).

Putting in such efforts were important to the process and OMs needed to create an atmosphere where appropriate decisions were made to repair relations. This involved the engagement of people who were empowered to make decisions.

5.6.6 Engaging the Senior Team

The findings highlighted the importance of having senior management involved in the process of negotiation. OMs made a point of being the lead contact with their partners because they felt that

it was essential that they had someone that they could trust to take responsibility for issues and to make final decisions;

It would be mainly the salesperson and I would also deal with the managing director there I suppose. I wouldn't deal personally with the accounts ladies and gents and all there ... because our accounts department would liaise with them but I would personally deal with all suppliers ... because it's important that they have a link to whoever at the end of the day is going to carry the can for everything, you know what I mean, and make the decisions (OM, Security Services SME).

Sending people who were not close to the relationship compounded issues if negotiations were difficult as they didn't have the power to make the final decision. In addition, involving other individuals within the organisation could make matters worse as they understood the relationship on an operational level as opposed to a relationship level and were reluctant to adapt to their partner's needs;

If I had an issue with a company and an engineer contacted me about that issue, I wouldn't be very happy because the engineer isn't involved in it. It's been basically passed down the line to the engineer to deal with, and he can't deal with it properly. He's probably not armed with the proper tools to deal with it ... I think it's important for people ... who, I suppose, that are involved in the decision-making to talk, and that's, that's really where I'm coming from (OM, Services SME).

OMs believed that lower ranking personnel did not fully understand the different personalities they had to deal with and the sensitive negotiations involved. In describing their experiences, many OMs mentioned the importance of 'being there' for the negotiations as the timing of decisions and agreements or any action to be taken were considered important for repair to be effective;

The people that are involved in the discussions have to be [for example] some of our people in this company because we are a technology company, they are technically-minded and a lot of things are black-and-white because when you're writing software, it either does this or it does this and they are not necessarily the best people for resolving these kind of issues, because they will think too logically whereas there is other things at bay, like there is personalities, there is emotions, there is everything, so that's the first thing I suppose (OM, Software SME).

In essence, this finding demonstrated the need to remove barriers from the breakdown recovery and set aside any issues during negotiations so that companies could react with a more considered, appropriate approach. An example was provided by one OM who made the decision in the end to contact the OM of the partner company directly in order to solve the issues they were having at an operational level;

He was going back to the OM of the company, so at one point I picked up the phone and I rang the OM and I said, "Look, I'm dealing with your financial director," I said, "But I think we're missing something here and I wanted to explain to you why we are doing this or how we are doing this" ... It sometimes can make the situation very, very inflamed, and the guy who was managing that on their side is not the same guy who has the first influence on their side... that kind of disconnect can happen and it can be very, very serious (OM, Software SME).

As highlighted above, while it is vital to have senior management involved in negotiations, OMs explained that in certain situations it was also important to engage the end users of the service especially when a number of suppliers were involved in the delivery of this service;

We would have had issues in the past as well where we were working on a project and we were asked to do Piece A and some other company has to do the second piece and they don't actually do what they are supposed to and we have ended up having to do extra orders, and again... I would go in factual, you know, to try and state the facts but make sure everyone is in the room that needs to be there because one of the problems is if I am trying to resolve an issue with an IT manager, but the actual end-user of this system is somebody in Quality or somebody in Operations, if they are not part of the conversation, you are relying on somebody internally who is very busy to try and relay the message or whatever the resolution is (OM, Software SME).

The involvement of user departments allowed the organisation to explain the situation while at the same time ensuring that they understood the terms of any agreed repair efforts, while OM involvement helped to alleviate any problems at operational levels that could potentially arise after the negotiations. If these members were not present, the process of negotiation could be disrupted if different messages were being relayed to different departments after the negotiations.

5.6.7 Interpersonal Relationships during the Renegotiation Process

These renegotiations were clearly aided by the existence of interpersonal relationships on both sides. When negotiations became difficult with other members of the partner firm, it was easier to resolve issues if OMs had a good interpersonal relationship with their partner. OMs were able to call their counterpart and issues were repaired much faster without escalating any further;

This again tells you the highest level sorted it out, I then rang the OM of that integrator and I said, "Do you know what your service manager is threatening to charge us?" and he said, "No." I explained it to him and he said, "Well, that's not fair, is it?" and I said, "No, I didn't think it was either" and he said, "Well, I'll sort that out" (OM, Software and Hardware Services SME).

In bargaining and negotiation situations, a developed interpersonal relationship allowed OMs to establish some common ground. Once a reasonable level of respect had been established between OMs, they were more willing to listen and resolve any issues;

Once you get a bit of common ground, you can talk about that and then they realise you're actually not a bad person, you know and that, "Right, how are we going to sort this out?" and there is a bit of common ground there that you can get it sorted out (OM, Industrial Machinery SME).

The strength of these interpersonal relationships are illustrated further by the following experience where, even after a business relationship had broken down and exchanges had significantly reduced, the personal relationship between the OMs of both companies helped reignite it;

... and then we got a new business development director in the UK and one of the first things that he wanted to do was re-instate this particular company because he knew the Managing Director (Manager, Services SME).

Interpersonal relationships were also evident at different levels within the partner organisation as both companies dealt with each other personally and operationally on a daily basis. However in times of crises, these operational managers were unable to get involved in negotiations, as they did not want to be perceived as stepping outside the boundaries of their roles within their organisation. While this was frustrating for OMs as they felt they should be involved, they understood the dynamics of the situation;

Because from my perspective, I thought the IT manager should have stepped in and ... I suppose it's awkward for them because they are the closest to us, they know most about the issue or know most about the problem but I suppose they can't be seen to be siding with an external vendor or, ahead of their own, you know, and a lot of people would back us in terms of, they would say, "Look," (OM, Software SME).

Of note was when OMs had a poor interpersonal relationship with account managers, they did not get a chance to develop interpersonal relationships with senior directors which made it difficult to resolve issues;

I have gone to Germany last year to meet with the new sales director who was over in the UK, and, and I knew by his demeanour when he met with myself and my colleague that he was ... this was going to be a pressure or a conflict situation. Now we sat down at the table over a coffee and he ... was sort of looking at us in amazement because we had been almost built up as demonic by his colleagues, "These people will, etcetera" (OM, Industrial Machinery SME).

When they did meet senior directors and expressed their concerns they helped them sort out a lot of the problems they were having which highlighted the need to build relationships at all levels in the partner organisation;

We sat down at a table and we just chatted about business, and I had said it to my colleague, "Let's not give this guy a heap of problems now, we'll just meet with him and we'll softly-softly" ... we got on well with him and he has sorted out a lot of problems for us. He knows that we are interested in doing business ... and selling the equipment (OM, Industrial Machinery SME).

Having long-term interpersonal relationships allowed SMEs to pre-empt major conflict that could potentially arise in business exchanges.

5.6.8 Alternative Media uses during the Renegotiation Process

SMEs also had to defend their positions during renegotiations with their partners. Due to strategy changes with a new procurement person, when a SME was at risk of reducing their contract, the OM went into a partner meeting with factual evidence supporting their value and worth to the partner's organisation. In doing so they were able to convince the company that they were willing

to commit, they could engage and the relationship was worthwhile;

“You need to come down and meet”, like, nearly a small company bow in front of a big company and as I say, we stood our ground. (OM, Transport Services SME).

In certain cases OMs knew that there were problems with existing service levels in the relationship but their partner had not explicitly stated that they were dissatisfied. However OMs knew that if these issues persisted and were not dealt with, then bigger problems could emerge. As a result they organised a catch up meeting which was really a way of trying to get their partner to voice their grievances and solve any issues that had been going on. As expected they did raise their concerns and the problems were sorted out in a matter of days;

If it hadn't been handled in that way, it would have festered into either, they would have tried to solve the things that we hadn't properly solved for them and then... you would be saying, from their perspective, our service level had slipped and we weren't as good as we were before (OM, Software SME D).

Without voicing, expectation levels reduced and any future business was in jeopardy for the SME. In addition OMs felt that they were better off solving the issue in a positive manner, so that they would be looked on favourably by their partner company for any future interactions and exchanges;

Then who knows, they might think of, “Well, the next project”, you know, I always think if there is an issue and you solve it, it's better than there being no issue in the first place nearly in terms of getting future business, within reason obviously, but that's because we had a very kind of long-standing relationship (OM, Software SME E).

These alternative tactics were usually applied in negotiations by OMs who were committed to their relationship and could foresee potential issues before they even occurred.

5.6.8.1 Third party Intervention

The SME's network also had an effect on the repair process as their influence determined how and when issues needed to be resolved. If a partner was underperforming for instance, the SME would try to get it resolved by getting other actors in the network to try and influence them;

We tried to put pressure on them through the Board or through other partners, so we meet them every, well, I suppose, we would only meet them two or three times a year (OM, Software SME).

In some cases, the partner also attended key events throughout the year where they could meet with their partner and try to solve issues as amicably as possible;

There are one or two events that they are always at that we would go to as well, or conferences, there's one in Europe and there's one in America and we would meet them at that and we would be friendly, we would be really friendly with them now, the majority, even the guys that are underperforming (OM, Software SME).

In other examples the transgression was so severe that the OM got a third party involved rather than enter negotiations directly with the partner, as there was a sense that the person involved would act aggressively so the partner ended up reducing direct interactions where departments between the organisations liaised until such time as the relationship completely dissolved;

Well, my councillor would have liaised with them because rather than inflaming the situation by me contacting the Owner Manager of the company because I knew he was the type of person that would just scream and shout ... I would have dealt with our accounts department and they would have dealt with his accounts department, and they liaised and came back and forth and it eventually came to a stage where we sent a letter saying, "Look it, as far as we're concerned, this is the situation. This is what we owe you. Here's a cheque for it, and as far as we are concerned, the matter is closed" and that was the end of the matter to be honest with you, but it's not where I like to see relationships go (OM, Services SME).

The majority of these negotiations led to the agreement of a number of repair actions, which were then implemented by partner companies in order to repair the relationship.

5.7 Repair Strategies following Renegotiations

The findings indicated that different repair actions were used depending on the position the relationship was in at the time; whether it was a decay of its cognitive components or where there was potential disengagement and behavioural repair.

5.7.1 Readjusting the Relationship

In the initial stages of dissolution, repair was more focussed on readjusting the relationship and making adaptations to products and services. OMs had to assess different ways of providing the same service but with flexibility in it to suit their partner's needs. These actions provided new or revised cognitions and helped in the resolution of current and any potential future problems;

We looked at the different, the same kind of technology but different channels for it, and so we would come up with a couple of other things that make it a bit more flexible, so it's not just by definition, "This and this alone" – we have come up with different uses for it, that sort of broaden its potential market really (CEO, Software SME).

SMEs changed their own internal processes in order to repair relations and protect future business. As this OM explained, they changed internally because they were unable to complain about issues they were having with partner company personnel, which resulted in another dynamic to consider when choosing the appropriate repair method. This led them to revise their processes for future projects in order to work around certain partner company processes and personnel;

We need to come up with a way of working around them or over them or under them or whatever, on the next project, so at least we have noted it and at least we will ... there are certain things that you just can't go back and say, "Your quality person was, just completely unreasonable and they

were, they were wrong” (OM, Software SME).

Efforts had to be made to readjust the dynamic so that relationships could be retained. While this involved new processes for the partner, it also involved extensive effort from OMs.

5.7.2 Perceived Effort

The findings highlighted that partners were forgiving for service failures especially if the product was new to them and of benefit to them in the future. However these issues had to be resolved quickly in order to show their partner that they were serious about the relationship and to demonstrate that they were capable of delivering a good quality product to suit their needs;

... but what you find with the early adopters is they are usually forgiving, and they realise that they are trying a new technology and they are open to that and if there is a mistake, they are usually accepted, but if there is something that they haven't been prepared for (OM, Software SME).

Apologies were also used in order to repair the negative state of the relationship. This was important and so too was the recipient's response, as one OM pointed out they had to effectively grovel to demonstrate that they were serious and that they took responsibility for the problems they caused. The notion of taking responsibility was crucial as this admission of guilt reassured the partner that they were committed to repair;

But we didn't do it in that case we just had to do a whole load of apologising, swallowing our pride, swallowing egos, all of that, and just hoping and praying that she would use us again (OM, Software SME).

In some situations partners took advantage of the situation during attempts of repair. While apologies were received positively, the partner used them as a way of prolonging the repair process and making their partner pay for their mistakes;

I mean, they were grovelling now, and you know in all honesty, I had to kind of almost punish them for breaking the promise that they had made to me to represent our organisation well (Manager, Merchant Services SME).

In most situations the end customer did not want to know about the links between their supplier and the manufacturer. However as part of the process in resolving issues, OMs noted that they made customers aware of the problems they were having with their own suppliers in order to help them understand why products were not being delivered on time. OMs felt that their partners would at least trust them as they were honest about delivery;

We had one very key contact, a large customer, and we had to complain with them and say, “This is the situation here, and this is why we are doing this, and we can give you all the emails that you want to show you that we are telling you what we are telling you, and it is because it is not us, our company that is letting you down, it is because they are letting us down, we are communicating it

to you and “This is how we feel is the best way to work it out”, and being a large customer, they just said, “Right I know I can trust these guys now” (OM, Industrial Machinery SME).

Engaged action was used to show the partner that the relationship was important and to explain the reasons for the breakdown. These activities were directed at the offended partner in order to change their perceptions of the offending partner. Other strategies were needed to repair the social and interpersonal aspects of the relationship.

5.7.3 Repairing the Social Order

When events called into question the social order in the relationships, repair actions were more focussed on repairing trust as norms had been violated and expected and accepted behaviours had to be reaffirmed. Understanding how the partner felt was important to this process as repair commenced if the OM was quick to notice the issue and they took the necessary steps in a timely manner;

For us was to, to look at that relationship which they then felt, that we had not been given our value-for-money, which is, it’s actually not the case, you know, we were quick on that, so we really had to work with a number of key stakeholders there to really build that trust. In the case there now, that was three years ago (OM, Software SME).

Following a transgression, if SMEs were involved in other projects with their partners, they were able to rebuild interpersonal relationships. These projects gave the SME a chance to prove that they were trustworthy. Consequently they were able to fully engage before tendering for new contracts;

We were lucky enough that there was a lot of projects that we had on-going with them that we were able to get back in there and say, “Right”... We are cost-effective, those solutions were patents of ours ... they are not, like with like, and so what we did was just in a number of different and similar type of engagements, when we were advising them in advance, we were able to explain to them the parameters that needed to go in to ensure the quality of the tender, to make sure they didn’t get the bits that were a solution that didn’t meet their quality needs, and then decide on, in advance, what kind of pricing they were willing to tolerate and what kind of solution they were looking for (OM, Software SME F).

Notably, in order to repair trust, the process of repair took a considerable amount of time, but was aided by the existence of these interpersonal relationships;

... and it was only, it was literally, it took us, it took us two full years. It was only until last year that we got back properly at the same level with them, where several tenders had come in and we were coming in as the cheapest, we had the better solution, because of the way they had tightened their own, everybody had put a similar solution in, and again it’s very much personal relationships, where somebody trusts you to do a good job on it (OM, Software SME).

This level of engagement ensured that both partners were happy with the outcome and nothing was misinterpreted.

5.7.4 Display Commitment

As the process of dissolution moved to the intercompany stage, repair strategies become more focused on the future. In this case, as both parties were able to agree a way forward in terms of changing the payment process, the SME offered their partner commercial flexibility which was a large commitment by the SME;

So over time what we did was, we gave them ... we had a certain level of credit cover ... we have export credit insurance with every company that we work with, so we pay a certain percentage for the risk to be covered. With this company, we decided to, we would give them a certain amount of credit on top of that, so we had to cut back on the amount of credit we were willing to give them, but we still gave them financial flexibility (OM, Consumer Electronics SME).

During the negotiations if the partners were more aggrieved and felt let down by company actions, repair strategies become more focussed on restoring the social order or the behavioural aspects of the relationship in terms of trust and commitment. Some SMEs even undertook repair actions at a considerable cost to show their commitment in the form of compensation to secure future business;

We incorrectly sized a piece of equipment and went to the customer's site, it was a fairly arduous application and it didn't work, and we footed the bill for the whole lot, to take it out and replace it, and so, that guy has actually come back and he is got another piece of equipment delivered (OM, Industrial Machinery SME).

There were several examples of repair strategies that related to giving the partner compensation as a gesture in order to protect the relationship and show commitment to the other party. SMEs even paid more than they should have so that exchanges could be restored to their former state;

We had to pay that amount plus an extra amount then to show them as a gesture of goodwill that basically we could do it (OM, Security Services SME).

The cost to the company was considered important not just for improving strained relations but also to help secure future business. In addition, the fact that the SME sat back and considered their partner's possible reaction if they had not negotiated a settlement was noteworthy. In some cases, the amount of goodwill generated by such acts was so great that future orders gained were enough to overcome the losses sustained in providing compensation as this OM explained;

So I rang her up and I said, "Yeah, the price you have quoted, we're going to stand by that but we need to give you a new price list" because we realised that, you know, if we had stuck to our guns, number one, she would have cancelled the order, and number two, she would have never come back to us. Now we probably made our money back on the following order alone (OM, Home-ware Manufacturer SME).

Other forms of commitment included giving redress to the actual users of the product. This meant that internal complaints were less severe regarding the company's service levels. Relations

improved dramatically by incentivising end users and making sure the process worked smoothly. It also showed that the company was willing to understand the business at all levels so that favourable relations could be maintained and partners were able to plan for future contracts;

I met with them, but we got the issues sorted and then I implemented a process of migrating all of their [products] to brand-new ones ... and ... they signed up for another ... it was only for another 12 months, but it was, worth it, their spend was quite high so in the end it went from being a fairly drastic situation to one where we implemented a new contract and new [products] for everybody (Sales Manager, Services SME).

Partners appreciated mutual commitment as it demonstrated that each partner respected the other, which built a process of reciprocity between the organisations;

He said, "Look it, I will take a hit, we will have to go halves on it" and I said, "Fine", right, so we went 50/50, so that's the kind of supplier I want, that if there is an issue, that they will help in some way, that they respect that, I am the very same with my customer – if I make a mistake and they are not happy, I dump it and I start again irrespective of the cost (OM, Print Services SME).

However, compensation needed to be agreed early on in the process, as repair took a lot longer when there was no renegotiation upfront. As a consequence, other dynamics came into play regarding the management of the relationship. For example, negotiations were made more difficult when the partner was using the product, so the OM was trying to agree the commercial arrangements while also protecting the future of the relationship;

Generally the best way of handling it is to sort it out upfront because like, we are dealing with a number of cases at the moment, one which is over two years old where we are owed over 20,000 sterling and they are, they are up-and-running, you know, they are saying, "It's all our fault", I suppose, where people have what they want and they're not paying for it, it becomes difficult because you don't want to break the relationship with them because you want them, they potentially will be customers in the future (OM, Industrial Machinery SME).

In addition to this, repair involved putting in extra effort to show partners' continued commitment and willingness to work on relationships. After relationships had been in conflict, OMs kept in regular personal contact and offered incentives to make sure that the partner was happy with the level of attention and service they were getting;

... and just gave him that little bit extra service-wise and you know, looked after him and made sure that his orders were all processed nicely and just increased the contact. I would probably be in contact with him once a week, and I would just make sure that there's a bit more, you know, I offered him one or two promotional things, you know, things like that, so, he just...to solve any conflict is to offer them something because if they can see that you're actually going that extra mile, then they will look after you, and then they feel like you have put some effort in whereas even if you just fix the problem, if it's not perceived that you have gone an extra step, then it's a case of... if you do something special then it's better (Sales Manager, Manufacturing SME).

Thus, the attention offered by the partners in the foregoing examples restored the balance within the relationship and helped partners understand that the SME could meet expectations now and in the future.

5.7.5 Re-establishing Norms

Repair strategies also involved re-establishing accepted and expected behaviour for future business exchanges between the organisations. It was important to do this because OMs did not want these issues happening again. They needed to make sure that the offending firm knew where they stood in terms of future expectations;

I rang up the account manager and I said, "OK, you're getting a reprieve here so we're going, you know, let's forget what happened in the past, but we have, you know what my ground rules are with regard to candidates and CV's and I expect them to be screened, I expect everybody to have been checked out" (Manager, Services SME).

These repair actions helped to re-establish the expectations in the relationships. This part of the repair process was very important to reduce negative affect and restore positive exchange between partners;

I think that's important too, for everyone's sake is sort of an efficient, manageable ... low level of error possibility structure or a system in place, and that's what we have put in place, so we think we have got good systems too ... we go about everything the same way, whether it would be in a small company or a big company, for the, product development, we would have the product description, product measurements, product specs etc. and put everything in place. Then, everybody has a chance of it working properly (OM, Industrial Machinery SME).

Other repair strategies that proved necessary included setting boundaries for future behaviour and re-establishing accepted behaviour. It was clear from the findings that OMs had learned from the process of dissolution and repair because efforts were made to reduce the possibilities of problems reoccurring. This was not only evident in the form of legal agreements but psychological contracts which made it clear that if events happened again there would be consequences;

The moment that you take a short cut of any sort, it leads to disaster, so it's about going about everything in the same way, you know, and everybody adhering to that (OM, Clothing Manufacturer SME).

Even when future processes were put in writing, OMs did not want to put in place complex legal agreements. However, based on their previous business experiences, they learned that some form of agreement was needed if problems arose again within the course of business exchanges and that, certain processes had to be in place so that there was a clear understanding of expectations from both partners in relation to any issues they might have;

I mean, we do a lot more now in, and we'll set it in writing, we're not making it descriptive, what we're saying is we, because we have learnt things and it's not just potential conflicts, it's just how to make things run a bit smoother, it's maybe just to put, you know, five bullet points down on an email to a customer to say, "When we enter into this project with you, what we'll need from you is this, this and this; what we'll need from the end-user is this, this and this; and what you'll get from us is this" (OM, Security Software SME).

In order to repair relationships, partners had to agree to leave issues in the past once resolution had been reached;

Everybody had to agree this is how it's resolved, and I suppose in terms of future recrimination, you both have to, you all have to agree from a theory point of view that OK, that is in the past, that is left there, so in terms of, if another problem arises further down the line, you can't trawl back up (OM, Consumer Electronics SME).

When partners negotiated and bargained to a situation where they were willing to live with the repair actions, there had to be some form of agreement not to let these issues damage on-going relations.

5.7.6 Structural Processes

There were incidents when a third party got involved in negotiations to add structural and legal changes to the partnership. Although this was rarely mentioned in the interviews, OMs tried to keep the legal side out of the repair process as much as possible. In some instances the partners did involve legal representatives when their own negotiations and agreements failed;

It didn't go legal and, even though it was a contract that we were in, we were fighting well before the solicitors got at it, and then subsequently the solicitors obviously got them to do up drafts and then something was, came out of it, but we were severely pissed off at that time because we had spent a lot of money (OM, Software SME).

Other interventions included the use of mediators who were brought in to manage complex relationship issues that had developed between SMEs and their partners;

There were objective mediators, who came in to review the documentation for both sides ... and objectively put together various scenarios about timelines, about commercial implications and about potential damages, and face or deal with both of the project teams who were involved at the day-to-day level and say, "Guys, you know, your potential loss is this as the prime contractor and for these reasons, we need to reach a resolution" (OM, Software SME A).

If the project was a large one involving large sums of money that would affect the end customer, then mediators were needed to help resolve issues as they took an objective view of the situation. These mediators were needed to remove the emotions from the conflict and to encourage rational thinking by presenting various scenarios that both companies could work with;

So it had to be a third-party. I think a lesson learned was that once you are deeply ingrained in the operational part of the relationship, you are never going to get to a solution. You get too close to it (Sales Director, Software SME).

The findings highlighted that while in some cases the involvement of a third party helped the repair process in other instances the behavioural breakdown was so severe it was too difficult for partners to reach an agreed repair strategy. As each partner’s future plans for the business were different, intervention helped them reach a compromise on how to exit the partnership as opposed to repairing it;

...[I engaged] an Action Coach, to try and see could I resolve the issues and to put a new way of focus on ... you know, measurable advances in how we were operating or whatever, and like, that worked to a degree but most of the meetings ended up in an argument, so he served his purpose in the end because the other two partners were so annoyed with what was going on and I suppose I was a bit of a thorn in their side, they asked him to negotiate to buy me out, so that’s what actually ... happened, so he served his purpose, so he came along to me and we agreed a figure and they bought me out (OM, Services SME).

Based on the foregoing, the key repair actions identified by the research respondents for repairing a partner relationship can be divided into three themes (attributional cognitive, social order affective and structural) as summarised in table 5.3;

Table 5.3 Summary of Repair Strategies

Attributional Cognitive	Social Order Affective	Structural
Apologies	Compensation	Psychological Contracts
Perceived Efforts	Third Party intervention	Little evidence of formal contracts
Readjusting processes	Reinvesting in the relationship for future business	
Adaptation		

While efforts were made to implement such actions, different outcomes were experienced following the process of renegotiation and implementation of repair actions. The analysis showed that the state of the relationship changed following the repair process.

5.8 Outcomes of the Repair Process

Different outcomes were experienced following the repair process. The outcome of the process was a) constructive, where the relationships restored to pre state levels, or b) destructive, where

the relationships were still vulnerable to dissolution or needed more repair strategies to restore balance.

5.8.1 Constructive Outcomes

5.8.1.1 Stimulated

Even though negative events were psychologically and financially difficult for SMEs, if repair succeeded, positive results were achieved. Many OMs pointed out that the repair process actually strengthened their relationships as repair actions endorsed the SMEs commitment to the relationship and repair resulted in greater cooperation, better communication and more satisfied customers;

We entered into an agreement with them for about six to twelve months whereby basically we would be constantly in touch with them, and we would be constantly back and forth and all that, and that generated a fair amount of goodwill, and we're back now about twelve months later and we have an extremely good relationship with them and looking, going forward and they have commented on, basically they're over the moon at the way that we have been doing our business with them (OM, Security Services SME).

Repair strategies were so successful in some B2B relationships that the SME was made strategic partner as a result of their continued effort to repair relations and their efforts to demonstrate commitment to the partner;

... so the result is that we have been made strategic partners for their digital strategy, you know. and we are both working very closely on a day-to-day basis almost, and there is a major roll-out over the next two years, and we are the provider for it, full stop, so it's worked very, very well to be rebuilding and repairing that, you know. So it's, that's difficult and it takes time and investment and that's why the personal time is the biggest thing you can invest in one of these things (CEO, Software SME).

As highlighted in these incidents, repair took a considerable amount of time to implement and involved huge investments in management effort and resources, but it was perceived to be worth it considering the outcome from a company and personal perspective.

Repair also strengthened the relationship when the SMEs took on the cost impact for something the customer actually initiated. OMs had to ensure that future business would be protected and while this represented a cost to them at the beginning of the repair process, it paid off in the long run. Committed investments such as these allowed partners to repair relations with their own customers and as a result positive trust was enhanced between the partners;

So that has brought her a bit of kudos with her customers, but it has also brought her kudos with us, so it strengthens our relationship as well, because like every customer, they can always go to another supplier, so by being a local supplier to her, if she has a problem like this or if she has a situation where something is a bit more complex, she can call me and I can help her install that, so we resolved that conflict very easily, we worked out our cost, how much is it going to cost us to maintain the relationship (OM, Home-ware Manufacturer SME).

By offering a great deal of attention to the relationship, this effort led to bigger rewards in the long term as it turned the negative relationship around;

I basically gave them a lot of attention and time and as a result, they grew to love us and actually once the company brought out another service, they moved their business services to us, which was, you know, so we came from a position of being almost, them almost leaving to ultimately to make them very happy and to eventually move across to additional services, so that was a good success (Sales Manager, Services SME).

Because the goal was to repair relationship is dissolution, the time required for resolution was often connected to significant resource and economic commitments which needed to be managed properly to stabilise the relationship.

5.8.1.2 Stabilised

Having come through the repair process, partners looked forward to the future relationship. OMs explained that after lengthy battles with their partners, the eventual outcome was positive with them looking forward to planning together and rolling out projects they had been working on for quite a long time;

We have a meeting, we are going over there next Tuesday actually to kind of say, "OK, how are we going to roll this out, guys?" which is great, so we're, we're back to where we want to be. You know. So ... I mean I'm very excited about Tuesday to be honest to see what happens there. I think they are ready to kind of really engage again, yeah (OM, Software SME).

This post-repair environment was not evident in all cases and even though exchange was repaired and companies started to work together again, the history of the breakdown was still there in the background. The issues were even brought up at meetings post repair so it took a lot of time for the negative events to disappear in the minds of some of the OMs;

We resolved it. I said, "I think they will throw their dummy out of the pram and won't deal with us anymore" but they have done, they have come back and we had their major accounts people in our office yesterday having their sales meeting here, so and, all I got was a wry smile from their sales director, he said, "Yeah, yeah, I know a little bit about the history" and smiled, and I said, "Well," I said, "It gets more quirky though" (OM, Security Software SME).

5.8.2 Destructive Outcome

5.8.2.1 Possible Eventual Dissolution

Compared to relationships that restored, some of the relationships were found to be much more fragile post repair and could be susceptible to future transgressions. There were underlying scars that left an impact on the relationship implying that the relationship could never be exactly as it was initially, due to the interim experience, while renegotiations were not as successful because both parties worked out a resolution that neither partner was entirely happy with;

Anyway, in the end we worked out a resolution that we could both live with, how to overcome that on both sides, and we, also, they had no capability of delivering without us at that stage, so we had to repair things to a certain extent, and although we came to an arrangement about what had happened, we put together a new process for working together that would make sure we would avoid those kind of problems, and then we continued working together for a period (OM, Software SME F).

Even though a relationship had been perceived as repaired and interactions restored, there was lack of trust. Events remained vivid for some time after they occurred so in these instances the relationships never fully reconciled and OMs were working toward a stage where they would no longer need their partner;

... but the interesting thing was that, there is a psychological thing in the middle of the whole lot where people feel their trust is broken and I'm, and in this case, on both sides, would have felt that trust was broken very, very clearly, and immediately as soon as I, that hit my business, I was planning on making more work to make sure that we wouldn't have to work for them (OM, Software SME F).

5.8.2.2 More Repair Strategies required

Other OMs felt that commitment was undermined following repair when they ended up in a neutral state with neither party satisfied with the outcome. They realised that their partner was not really committed to restoring relations so their efforts during the negotiation left them with the realisation that there was no significant change in the partner's behaviour;

It was kind of a neutral kind of resolution as opposed to happier for them or happier, you know, because right, I was happy that we didn't end up reducing it, but I would have rathered that if he had said, "Yeah, that's grand, I appreciate where you are coming from", it was more that he still kind of thought we should be doing something on it (OM, Software SME D).

Other partners had to accept reduced contracts. While partners were still working together on projects, they were no longer part of the main project team they had been involved originally. Instead they were moved to a lesser role;

We negotiated to a settlement and as in all these things, you know, the settlement, you know, the greatest amount of good for the greatest amount of people. Nobody was 100% satisfied but a workable arrangement came about and the customer eventually was put live with this particular technology (Sales Director, Software SME B).

Of note, there were instances when OMs thought that the relationship had ended after repair attempts. However they were surprised when they were brought back to undertake other projects not related to the original agreement;

...so there was a kind of a break of contact and they had just told me they were going to use another company and I said, "That's fine", but when she came back from holidays, I can't remember, whether I had put in an email just kind of backing up my position again or what had happened, and I think she had come back, replying to that email then, and said that they wanted to continue working with me and, but not for recruitment (OM, HR Services SME).

While the OM agreed to do so they also felt aggrieved because they felt they had been unfairly treated. This situation left them confused regarding the state of the relationship and its future development but they agreed to proceed anyway so that they could try and prove themselves again;

So I said, "Grand, first time ever," I said, "I have never", you know, and I knew my history of recruiting people, like, is excellent, do you know, so I wasn't kind of doubting that, so they wanted to keep using me for the personality questionnaires and I would do the feedback with the candidates over the phones and I would do all their contracts of employment (OM, HR Services SME).

5.8.3 Post Repair Environment

What was interesting to note was that following these experiences of dissolution and repair, OMs left organisations and moved on to other firms. Some of the OMs had built good interpersonal relationships within the partner organisation, so they started working together again on different projects in their new organisations some time later. Thus, the maintenance of interpersonal relationships proved necessary, particularly as Ireland is a small country, for future business interactions and exchanges as certain individuals are remembered for their good work and effort whereas others were not. Accordingly these individuals were reengaged to undertake in future projects;

Subsequently, I and others left that organisation and have formed a new company, and are re-engaged with this company and they would say that, they like dealing with us as individuals and want to deal with our new company, and understand that we weren't fully culpable for the sins of the past, so they are saying, "You guys are the pick of that group, we will deal with you again, but we never want to deal with A, B and C again ever" (OM, Software SME).

Other OMs described situations where they had a terrible time during renegotiations following a performance breakdown. However, as they were successful in handling the issues and proved that they could do the job, the senior director reengaged with them. Subsequently when this OM moved

to another organisation, they chose the partner to do business with them again because they knew what to expect from the relationship and trusted them to deliver;

“He actually wants to see you,” he said, “He actually wants to give you the business. He wants to work with ye again.” So in that sense, fair enough, you know... But it just shows you, like, we had a rough time for a good 18 months with him, but he moved on from there to (another company), he is all over the world and he is back now working for them, which is massive, and he said, “Yeah, get them over here... let’s talk about the European business and I know they can do that” (Commercial OM, Transport SME).

OMs learned from these experiences of relationship breakdown and repair. In relation to their efforts to resolve disputes, they commented that they would resolve disputes much earlier if the situation arose in their current relationships. Prolonging the dispute to save face was not an option to pursue or had no long-term value for either party. On reflection OMs felt that it was better to be transparent rather than gloss things over which again makes the process difficult to manage;

I think I would be much less finessed and much more upfront and simple about it. People get far too clever and think that there are fine shades of nuance here that might impact on something. I would be much more upfront much earlier in the process now. I would be a lot more black-and-white because of the long experience and I would say, “This is a problem. We have to resolve it right now. We need to meet next week because otherwise we’re all just going to end up wasting time and money and energy fiddling with this” So my impetus now would be to address it much faster (OM, Software SME C).

On reflection, OMs revealed that they were more stubborn in early years during business exchanges, whereas having experienced such incidents over the years they were much more willing to compromise. As part of this evolution, these OMs now try and put in efforts to avoid conflict situations as they know how much damage they can cause psychologically for the SME, their partners and for business exchanges;

The avoidance of conflict is very important to me because I feel it’s a huge mental drain and to quantify that into financial cost ... we would put a very high value on that (OM, Home-ware Manufacturer SME).

Learning from these experiences has given OMs the confidence to deal with situations more effectively and to tackle issues as they are about to unfold;

over the years, that’s why you would get more confident and you would get more, you are more experienced at dealing with these situations (OM, Software SME).

Having gained experience in repair, they were able to recall previous events and use these examples to negotiate and bargain with their business partners early on in the process in order to stop the relationship from breaking down;

You have more experience in terms of, if something does look like it’s going to go pear-shaped you can kind of think back to other projects and even give examples to somebody, the person that you

are in conflict with and say, “Well look, this is how we”, “this is how we got over this type of thing before” and “Do you think this would work?” (OM, Software SME).

Finally, the importance of the existence of good interpersonal relationships was stressed by the OMs as a way of helping the repair process now and in the future. As this OM noted it was much harder to resolve issues if there was little or no relationship between the OMs of the organisations and that regular contact was vital for exchanges if the relationship was to stand a chance of survival in negotiations;

I think any issues and problem resolution will always be a difficulty if you have no relationship there. If you have got a relationship that you keep, keep, you know, keep touching base with the customer at all times, it's hard in a retail business but if you keep, keep interacting with a customer, those, that relationship means that the conversation, that when there is a problem, is much easier to have and it's much easier to resolve (OM, Consumer Electronics SME).

Based on the foregoing, different outcomes were experienced following the repair process. While some relationships strengthened, other attempts failed to restore the relationship to pre state levels and in these situations the relationship would most likely end up dissolving in the future.

5.9 Conclusion

The purpose of this chapter was to present findings gathered from 25 interviews with OMs concerning 50 critical incidents in their B2B relationships. The normal state of these B2B relationships were challenged when precipitating events started the dissolution process. Some of these events led to the dissolution of the relationships while other relationships survived.

Table 5.4 Summary of key Findings

Criteria	Repaired Relationships	Dissolved Relationships
The State of the Relationship	Established norms of behaviour Satisfaction Trust Commitment Strong personal bonds Psychological contracts	Individual differences Size and power differentials Inability to agree objectives
Precipitating Events	Cognitive: performance failures, product adaptation, company changes, power relations and network events. Behavioural: Overpromising, lack of transparency and poor communication	Behavioural Events: Dishonesty, aggressive outbursts and unprofessional behaviour, lack of reciprocity and opportunism.
Reactions to dissatisfaction	Voiced and loyalty	Voiced and exit
Evaluation and analysis of attenuating factors	Cost/Benefit evaluation Sanctions for future business Availability of alternatives and opportunity costs Financial costs and resource dependencies Loss of relational investments	Cost/Benefit evaluation Sanctions for future business Availability of alternatives and opportunity costs Financial costs and resource dependencies Loss of relational investments
Renegotiations	Open communications Interpersonal relations Senior management involvement Early intervention Mediation Display commitment	Unwillingness to negotiate Lack of interpersonal relations Third party involvement Lack of effort
Repair Strategies	Readjustment Adaptation Apologies Compensation and punishment Structural processes	Apologies Accounts and denials
Outcome	Repaired to pre state levels Strengthened relationships	Create acceptable endings Scars not healed

The findings showed that an understanding of the state of the relationship pre transgression was important as it had an influence on the subsequent actions to repair B2B relationships. Strong established relationships were characterised by established norms of behaviour, satisfaction, trust and commitment. Strong personal bonds existed as did psychological contracts in those relationships that survived transgressions. In contrast, weak relationships had predisposing factors, such as individual personalities, size and power differentials and an inability to agree objectives, which threatened the development of relationships and left them more vulnerable to dissolution.

The precipitating events presented in the findings were either *cognitive* where performance failures, product adaptation, company changes, power relations and network events caused disruption or *behavioural* events such as overpromising, lack of transparency and poor communication. More serious precipitating events were those where the relationship ended as a result of severe behavioural events such as dishonesty, aggressive and unprofessional behaviour, lack of reciprocity and opportunism.

Following the transgression, partners reacted on two levels. Firstly there was an immediate response whereby the offended partner let the company know they were dissatisfied or where the offending partner openly admitted their mistakes. Secondly, partners adopted a more considered approach internally and undertook an evaluation of the relationship and an assessment of the reasons to continue interactions. The findings highlighted a number of factors that attenuated dissolution including sanctions for future business, availability of alternatives and opportunity costs, financial costs and resource dependencies and loss of relational investments.

However, repair could not continue until the partners renegotiated the social order and restored balance in B2B exchanges. These renegotiations were aided by open communications and interpersonal relations *which* derived from the state of the relationship pre transgression. In the repair process OMs stressed the need to resolve issues as early as possible with the attendance of senior management who could make timely decisions. Indeed the existence of trust coupled with a commitment to repair relationships was clearly evident in the findings. In addition when relationships had reached an advanced stage of dissolution, there was often third party involvement.

A key finding from the implementation of the repair strategies was that different actions were required depending on the state of the relationship pre transgression and the nature of the precipitating event. Some repair actions were focussed on repairing the cognitive elements, including product adaptation and readjustments. Other actions were focussed on restoring the social order where partners had to compensate in order to demonstrate their commitment. Partners also had to adopt structural repair actions to ensure that transgressions would not happen again. Most of these structural processes were psychological rather than legal.

Finally the findings demonstrated different outcomes of the repair process. A key finding was that while some B2B relationships were restored to pre transgression levels and relationships were even stronger in some cases, other relationships suffered as a result of these events and were not as strong afterwards so they were still vulnerable to dissolution.

The next chapter discusses these findings in relation to the extant literature.

6 Chapter 6: Discussion

6.1 Introduction

In response to the call for empirical evidence and greater attention, the research study sought to explore the process of repairing business to business (B2B) relationships during dissolution. It was previously argued, that the critical incident technique should yield substantial insight in to the research phenomenon. Having presented the research findings, this chapter endeavours to explore the implications of these observations, within the context of reviewed literature.

The on-going comparative analysis between the literature and the empirical findings should generate significant insights into the phenomenon. Moreover, such a discussion should indicate the existence of any research gaps, between theory and practice, as well as providing the reader with an up-to-date discussion

The chapter commences with a discussion of the state of the relationship pre transgression which had an effect on the types of repair strategies undertaken. A discussion of the precipitating events is then presented, followed by the OMs reaction to and evaluation of these events. The next section discusses the process of renegotiating the state of the relationship followed by the agreed repair actions. The final section discusses the outcomes of the repair process as detailed in the critical incidents provided in chapter 4 (section 4.6.3). To guide the reader through the actions and activities of individuals in repairing dissolving B2B relationships, a series of interim conceptualisation are also presented, thereby allowing the reader to gain a complete understanding of the total process.

6.2 The State of the Relationship pre Transgression

A significant finding from the research is that the state of the relationship prior to a transgression had an impact on the repair process of B2B relationships in SMEs (Dirks et al, 2009; Friman et al, 2002; Halinen & Tähtinen, 2002; Ford et al, 1996; Larson, 1992; Duck, 1981). In order to understand the relationships before the trouble began, a set of key criteria including; the establishment of norms, perceived ability to perform, building trust and commitment and interpersonal relations contributed to the identification of SME's strong and weak relationships with proved fruitful in the understanding of the phenomenon.

Strong B2B relationships based on mutual long term collaboration helped the repair process of relationships on the brink of dissolution. The development of strong ties between partners displaying satisfaction, trust and commitment had a better chance of recovering from negative events than weak relationships (Friman et al, 2008; Crosby et al, 1990). In these relationships, the interactions between partners represented more than selling and buying activities as “the sale merely consummates the courtship, then the marriage begins” (Levitt, 1983, p. 53). Interactions were managed with a long term perspective driven by OMs who were willing and committed to maintaining such relationships (Parkhe, 1998; Morgan & Hunt, 1994; Dwyer et al, 1987). The findings support Levitt’s (1983) view as OMs generally tried to maintain the system and processes in these relationships because any disruption would cause undesirable financial and psychological burdens for them (Parke, 1998). For instance, as detailed in the findings, when product and service complexity and interdependencies between partners were considered important factors in sustaining partner’s businesses, the B2B relationships were characterised by a complex set of interactions from economic to social exchanges (Ring & Van de Ven, 1994). Accordingly, active involvement of OMs ensured that exchanges were positive experiences thereby reducing the risks of losing long term revenue and growth (Parkhe, 1998; Axelrod, 1984).

However, not all relationships developed to this high level of collaboration and the analysis showed that weak relationships were vulnerable to dissolution at any stage. In contrast to strong relationships, weak relationships created barriers to collaboration and posed risks to B2B exchanges and interactions (Arino et al, 2005; Arino & de la Toore, 1998). Consistent with dissolution studies by Halinen & Tähtinen (2002), the existence of weak predisposing factors posed a risk to these relationships from the beginning (Parkhe, 1998).

6.2.1 Predisposing Factors

When partners formed B2B relationships, a number of factors already existed that made the relationships more vulnerable to dissolution (Halinen & Tähtinen, 2002; Duck, 1981). These were underlying and structured thereby creating a platform for OMs to interpret events as they unfolded during exchanges (Halinen & Tähtinen, 2002). The predisposing factors identified in SME’s relationships included; organisational culture, process and routines (Pressey & Qui, 2007; Vaaland et al, 2004), definition of tasks to be performed (Halinen & Tähtinen, 2002), partner’s reputation (Puranam & Vaneste, 2009), differences in goals (Farrelly, 2010), size differences (Heffernan &

Poole, 2004), and individual personalities (Gedeon et al, 2009). The existence of these factors had an influence on the state of the relationship and the following section discusses how these factors contributed to the state of the relationships as detailed in the analysis of the findings.

6.2.2 Strong Relationships

6.2.2.1 Establishment of Norms

What was particularly interesting was that strong B2B relationships involved continuous interaction where OMs took responsibility for the initiation and development of on-going relations between partners (Ring & Van de Ven, 1992; Dwyer et al, 1987). OMs noted that they would personally deal with suppliers and customers in order to maintain such positive relations by being: *“honest and...upfront with them”* (OM, Industrial Machinery SME). Through on-going interactions, both partners gained experience and learned how to work together (Arino et al, 2005; Doz, 1996) which was largely due to the pre-conditions that both parties brought to the relationship *“from day one”* (Arino et al, 2005; Doz, 1996; Scanzoni, 1979). Favourable pre-conditions were vital in establishing norms as they allowed partners to cooperate for mutual benefit because openness, information sharing and collaboration existed at a strategic level (Das & Teng, 2002; Ring & Van de Ven, 1994). Norms were important because they defined the responsibilities and roles between the organisations. They also created expectations of acceptable and unacceptable performances and behaviours (Williams, 2012).

Consequently, strong collaboration between partners led to the development of psychological contracts within the B2B relationships (MacNeil, 1980). Consistent with studies applying social exchange theory, relational control in the form of norms or personal relations was effective in self-enforcing governance between partners (Dwyer et al, 1987; Anderson & Narus, 1984, 1990; MacNeil, 1980), particularly in the absence of formal contracts. Therefore, while social and economic exchanges existed, interpersonal factors such as involvement and credibility dominated over financial gains: *“It’s worthwhile making sure that it’s someone you get along with, because you are tied up for a long time”* (OM, Industrial Machinery SME). As a result, even though partners operated within different structures (Vaaland, 2004) and different competitive conditions, they still formed collaborative arrangements by adapting to the needs of the other party (Brennan & Turnbull, 1998; Hakansson, 1982).

6.2.2.2 Perceived Ability to Perform and Satisfaction

Regarding the task to be performed whether it was distribution, consulting or software development, there were expectations concerning the partner's ability to perform and therefore an understanding of how they should behave in their interactions with each other (Jensen, 2006; Weick, 1995). These expectations had to be agreed in early exchanges as established norms of behaviour reduced uncertainty and allowed partners to manage their dependence on each other (Dwyer et al, 1987; Spekman, Strauss, & Smith, 1985). During the course of interactions and exchanges, both partners were able to demonstrate their ability to perform tasks on a cognitive level and more importantly show their benevolence and integrity at a behavioural level towards each other which helped in their endeavours to continue favourable exchanges (Tomlinson & Meyer, 2009; Smith & Barclay, 1997). Personal liking, honesty and respect created the foundations for a satisfactory relationship. Any imbalances in company objectives and expectations coupled with the predisposed behaviour of OMs had an effect on the assessment of the ability of the partner to deliver on their promises and to encourage positive exchange (Tomlinson & Meyer, 2009).

Notably, progressive OMs understood how important it was to manage their relationships and make inter-dependencies work (Levitt, 1983). They constantly undertook continuous interactions and communications with the objective of meeting their partner's expectations: "*you develop the relationship over the years and...they get to know you*" (OM, Security Services SME) (Friman et al, 2008; Crosby et al, 1990). If these expectations were met then the relationship was considered beneficial and satisfactory for both parties (Hennig-Tharau, 2000; Halinen, 1997; Leuthesser, 1997). Thus, the ability to perform and positive expectations led to satisfaction in the partnerships which also aided the development of trust and commitment.

6.2.2.3 Trust and Commitment

When OMs entered into B2B relationships, they had a certain amount of knowledge regarding their partner (Arino et al, 2005; Vaaland et al, 2004; Shapiro, 1991). This knowledge was gained through past experiences of working with individuals within the industry, indicating that history also had an impact on exchange relations between the organisations (Jensen, 2006; Seabright et al, 1992). For SMEs operating in the Irish market, these prior beliefs concerning the reputation of other organisations was considered important by OMs because they indicated the likelihood that

exchange partners would reciprocate acts of trust and commitment (Anderson, 1995; Anderson & Narus, 1990; Messick et al, 1983).

A key finding from the analysis was that trust played a pivotal role in the on-going maintenance of strong, collaborative relationships (Tomlinson & Mayer, 2009; Arino et al, 2005; Hakansson & Wootz, 1979). Any damage to trust caused serious consequences on the continuation and on-going success of such relationships: *“they became suspicious of me ... our relationship began to break down”* (OM, Software SME). When trust existed, OMs and their partners had a tendency to work out their issues in a constructive manner because they trusted each other enough to be able to air their grievances (Anderson, 1995; Morgan & Hunt, 1994; Anderson & Narus, 1990; Houston & Gassenheimer, 1987).

OM behaviours showed that different levels of trust existed in the relationships pre transgression (Dirks et al, 2009; Arino et al, 2005). The levels of trust that existed were a result of partner’s on-going assessment of the trustworthiness of each other (Dirks et al, 2009): *“all the relationships I have in business...are built on trust”* (OM, HR Services SME).

When both partners shared benefits and burdens proportional to their investments in time, resources and effort, trust was enhanced and partners felt that the relationships were worthwhile, productive and satisfying (Bucklin & Sengupta, 1993). Productive B2B interactions allowed SMEs to demonstrate their trustworthiness: *“you have to go to bat internally for another organisation”* which proved significant in the development of commitment between the partners (Friman et al, 2002). B2B exchanges and interactions, which reinforced OM’s expectations, increased the perceptions of trustworthiness (Friman et al, 2002; Hakansson & Wootz, 1979) which was consolidated when partners gained confidence in their partner to deliver as promised through repeated exchanges (Tomlinson & Meyer, 2009; Arino et al, 2005; Doz, 1996). Thus, B2B interactions had an effect on the level of trust in the relationship and on the overall level of relationship quality and strength (Garbarino & Johnson, 1999; Crosby et al, 1990).

As well as the trust that existed, there was a requirement for partners to demonstrate their on-going commitment to exchanges (Wilson, 1995; Morgan & Hunt, 1994). In order to maintain long term partnerships, OMs made on-going efforts to invest in relations by adapting their products and services to meet their partner’s needs (Morgan & Hunt, 1994; Dwyer et al, 1987). There was a

willingness and desire to maintain positive interactions between the partners in strong relationships which created a sense of unity (Barry et al, 2008; MacNeil, 1980). OMs even committed internal resources at considerable cost to themselves in order to demonstrate to their partner that they could be trusted and that the relationship was valued (Dwyer et al, 1987; Blau, 1964): “*we changed her role to totally focus on account management and it just worked brilliantly*” (OM, Software SME). As a result of these activities, an environment of continued effective exchange was fostered, which helped preserve relationships by providing evidence of commitment through exchanges of people and assets (Dwyer et al, 1987; MacNeil, 1980).

Through the engagement of resources and consistent communication, social bonds were nurtured between the partners (Dwyer et al, 1987). When relationships were considered long term and beneficial, SMEs made adjustments rather than ending interactions (Gundlach, Achrol & Mentzer, 1995; Dant & Schul, 1992): “*relations would have been quite strained and we put up with it because they were...important to us.*”(Sales Manager, Consumer Electronics SME). When OMs were certain that goals were compatible and mutual, they were confident that future exchanges would be effective (Dwyer et al, 1987).

This level of commitment was largely driven by the interpersonal relations between OMs of both organisations, especially the OM to OM relationships (Ganeson, 1994; Morgan & Hunt, 1994).

6.2.2.4 Interpersonal Relations

Favourable interpersonal relationships were an important medium in exchanging information and resolving conflicts (Halinen, 1997; Anderson, Hakansson & Johanson, 1994). Interpersonal trust between partners and commitment to relationships (Hibbard, Kumar & Stern, 2001) was enforced through cooperation and shared values. Subsequently, relationships became stronger (Barry et al, 2008; Kumar et al, 1995).

When a good level of interpersonal trust existed, OMs believed that they had a lot to lose both economically and socially if they acted against the interests of their partner (Gulati, 1995; Barney & Hansen, 1994; Bradach & Eccles, 1989). It was interesting to note that a partner’s reputation would be damaged within an industry if they acted opportunistically and damaged trust (Bradach & Eccles, 1989; Granovetter, 1985). The findings highlighted that fairness and honesty were

important interpersonal traits in exchanges (Doney & Cannon, 1997; Ganesan, 1994; Anderson & Narus, 1989) and provided the foundations for positive future interactions.

6.2.3 Weak Relationships

6.2.3.1 Establishment of Norms

Relational norms were eroded in weak relationships when partners acted in bad faith during exchanges which subsequently had an impact on the perception of the partner's reputation and future interactions (Arino et al, 2005): "*and they were supposed to be doing all the work but it turned out that we were doing all the work and we were getting very frustrated with that*" (OM, Software SME). Predisposing factors were less favourable and interactions were viewed with suspicion and scepticism. In some cases these factors were known and acknowledged by OMs, so there was always a possibility that opportunistic behaviour and unfair dealing could surface at any stage: "*they can be quite cold about it and they just see you as a buy and sell relationship*" (OM, Clothing Manufacturer SME).

Despite these challenges, partnerships continued as resource needs and commercial benefits were important to sustain their businesses. Weak predisposing factors meant that the ability to develop long-term relationships became difficult and individuals in the partner organisation had such an influence on the negative aspects of the relationship, that they even tried to destroy the SME's business: "*he was just difficult and I have since heard from other people that he is very difficult to get on with*" (OM, Consumer Electronics SME).

Thus, while some relationships created norms of working that focussed on healthy behaviours such as sharing responsibility, adaptation and honesty, relational norms in other relationships were dominated by opportunism and suspicion (Williams, 2012).

6.2.3.2 Perceived Ability to Perform and Satisfaction

In weak relationships there was a lack of effort in exchanges which resulted in low expectations and dissatisfied partners. In these relationships, exchanges were strained because one partner felt that they were putting in all the effort with little or no reciprocity from their partners. When the level of inputs were low and one sided, the relationship was unsatisfactory for OMs (Burgess & Houston, 1979; Blau, 1964). Other issues compounding the ability to perform included the imbalance of size and power between partners: "*You can't tell these people what to do, you know,*

for the smaller company, you're relying on selling your product, keeping it supplied, keeping it... getting it there on time, the right thing... with as little problems as possible" (Senior Manager, Consumer Electronics SME).

This asymmetric dependence was uncomfortable and dissatisfactory for OMs as it left them in situations where they could lose contracts which would have caused considerable damage to their financial situation and reputation (Heide, 1994; Anderson & Weitz, 1989; Dwyer et al, 1987). Weak inter-dependence and ignoring weaknesses within the relationship meant that in certain situations, OMs were surprised when transactions were reduced by their partner (Hallen & Johanson, 2004). There was uncertainty in these relationships from the outset which had an effect on the future development of such relationships. B2B relationships were difficult to develop in the first place, so repair also became difficult, following breakdown (Gedeon, Ferne & Poole, 2009).

6.2.3.3 Building Trust and Commitment

Weak relationships were unable to reach the levels of trust and commitment required to sustain B2B relations. Interactions became unstable due to individual and company factors that were known and understood by the OMs. For instance if partners had a history of unfair dealing and were perceived as dishonest, relationships were constantly strained because of the inability to establish trust (Heffernan & Poole, 2004; Buchel, 2003). As a result of low levels of trust, there was a lack of closeness, bonding and mutual dependence between the partners (Fam & Waller, 2008). Because of this uncertainty, partners were unwilling to invest in weak relationships because they were afraid of losing valuable resources plus the time involved in managing such difficult relations (Williams, 2012).

Imbalances in company objectives and expectations and the predisposed behaviour of individuals had an effect on an SME's assessment of trustworthiness of their partner to deliver on their promises, to show accepted behaviour and to encourage positive exchange (Smith & Barclay, 1997; Anderson & Narus, 1990; Schurr & Ozanne, 1985). If early interactions and exchanges did not meet expectations, relationships were unable to progress favourably (Vaaland, 2004) and became unstable because partners were unwilling to make the adjustments required to maintain relations (Scanzoni, 1975). Consequently when partners did not provide the levels of support and commitment required to develop effective relationships, the perception was that short term gains

were pursued rather than engaging with activities that promoted long term effectiveness, including economic and social benefits (Heffernan & Poole, 2004).

6.2.3.4 Interpersonal Relationships

There was a clear absence of good interpersonal relations in weak relationships (Gedeon et al, 2009) which often led to situations where conflict occurred and was counter-productive in exchanges (Ulaga, 2003; Bruner & Spekman, 1998). Individual behavioural characteristics such as aggressiveness and opportunism caused damage, even to the point of trying to destroy a partner's business (Reid et al, 2004; Lewicki et al, 1998). When OMs formed relationships, certain predisposing factors such as difficult individuals were overlooked, even when the SME had been warned about negative behaviours by other businesses (Heffernan & Poole, 2004). Early indications often confirmed these challenges "*I was warned ... I had heard the stories*" (OM, Electronics SME) but sometimes OMs continued to interact as they made a conscious decision to enter the relationship to see if they could benefit from it long-term. This left them vulnerable to dissolution once trouble began (Bigley & Pearce, 1998).

In summary, underlying predisposing factors had an impact on the processes of relationship dissolution and repair (Heffernan & Poole, 2004; Vaaland et al, 2004). However, if both partners acknowledged these potential issues and if they were understood between individuals, they were dealt with when the need arose. In some cases, OMs kept negative perceptions to themselves rather than raise potential issues with their partner because they needed the business resources (Doz, 2006). Thus, there was a certain amount of vulnerability in uncertainty about interdependence to fulfil obligations (Jap & Anderson, 2007). It was not the existence of these challenges but the ability of the relationship to withstand them that led to eventual repair or dissolution (Holmlund & Strandvik, 2005).

This research identified both strong and weak relationships in the SMEs researched. The characteristics of these relationships are now discussed.

6.2.4 Strength of Relationship pre Transgression

It was interesting to note that relationships characterised by high strength based on satisfaction, trust and commitment facilitated the resolution of conflicts when they arose (Wong & Sohal, 2002; Storbacka et al, 1994). Building relationship strength during the early years helped the OMs to

create a sense of goodwill between the partners that endured throughout exchanges (Arino et al, 2005; Das & Teng, 1998). Specifically both social and economic rules were found to mix in B2B interactions (Friman, Garline, Millett, 2002; Mattsson & Johnston, 2002) highlighting that the strength of the relationship pre transgression had both economic and social ties (Lang & Colgate, 2003; Donaldson & O'Toole, 2000). Consequently, a favourable effect on the strength of these relationships was that a number of OMs had a tendency to engage in interaction behaviours with a long term focus (Barry et al, 2008; Crosby et al, 1990). Interacting in a cooperative manner was crucial in attempting to repair relations following a breakdown. If partner's perceived that OMs were cooperative rather than competitive, they were reassured of the SMEs intention to commit to the relationship and were willing to engage in problem solving (Crosby et al, 1990).

Of note, strong relationships were more future-oriented as OMs were able to anticipate future interactions because of the positive exchanges they experienced with their partners on an on-going basis (Young & Wilkinson, 1997; Crosby et al, 1990). The strength of these relationships contributed to lasting bonds as there were assurances that the partner was able to meet expectations and even more importantly, they were trusted (Arino et al, 2005). If conflicts arose in the course of interactions and exchanges, immediate dissolution was less likely because bonding had been allowed to develop between the partners (Davies & Price, 1999; Scanzoni, 1979). A summary of the state of the relationship is offered in Table 6.1.

Table 6.1 The State of the Relationship pre Transgression

	Strong Relationships	Weak Relationships
Establishing norms	<ul style="list-style-type: none"> • Motives and behaviours were mutually understood • OMs learned how to work together to achieve their goals despite differences 	<ul style="list-style-type: none"> • Norms were difficult to develop • Interactions were strained due to predisposing factors either at an individual or dyadic level that left the parties vulnerable to dissolution
Expectations/ partners ability to perform	<ul style="list-style-type: none"> • Partners were happy with the level of performance and service so they were satisfied with the relationship • Expectations were met and partners made on-going efforts to maintain this satisfaction through adaptation 	<ul style="list-style-type: none"> • Satisfaction was low • There was a lack of trust in the individuals and partners ability to deliver on their promises
Building trust and commitment	<ul style="list-style-type: none"> • There was a high level of trust between the partners • Through past interactions and exchanges, OMs had built trust by delivering on expectations • OMs put in efforts to maintain the relationships as they viewed them as long term • SMEs made adaptations to products and maintained a high level of involvement with partner organisations 	<ul style="list-style-type: none"> • It was difficult to build trust in the first instance • Lack of interpersonal relationships or differences between partners • Earlier exchanges that were not delivered to satisfaction led to a lack of trust • Differences in company objectives and expectations led to less committed actions
Interpersonal relationships	<ul style="list-style-type: none"> • Strong interpersonal relationships existed between OMs with enhanced information exchange and openness 	<ul style="list-style-type: none"> • Inability to establish interpersonal relationships led to a lack of trust in individuals
Inter-dependence	<ul style="list-style-type: none"> • Mutual respect for the other party's goals. • Interdependence reached as there was on-going investment and maintenance of the relationship • Relationships were maintained when SMEs performed services to generate on-going commitments to reciprocate benefits received 	<ul style="list-style-type: none"> • Too much power exerted from one side leaving the SME vulnerable to dissolution. • Relationships were unstable because of this power imbalance
Strength of relationship	<ul style="list-style-type: none"> • Strong relationships were characterised by collaboration and mutual agreements • Underpinned by trust in the individuals involved and a commitment to maintaining the relationship 	<ul style="list-style-type: none"> • Strained relations between the individuals on both sides made it difficult to establish interpersonal satisfaction and trust

Pre-conditions and predisposing factors played a key role in enhancing or inhibiting the development of cooperative B2B relationships (Halinen & Tähtinen, 2002; Doz, 1996). They provided the platform on which OMs understood how relationships should be managed and also gave them an idea of expected norms which proved important when conflicts arose (Macaulay, 1963).

6.2.5 Interim Conceptualisation 1

Based on the foregoing and as illustrated in figure 6.1, the state of the relationship pre transgression played an important role in understanding the repair of B2B relationships (Dirks et al, 2009).

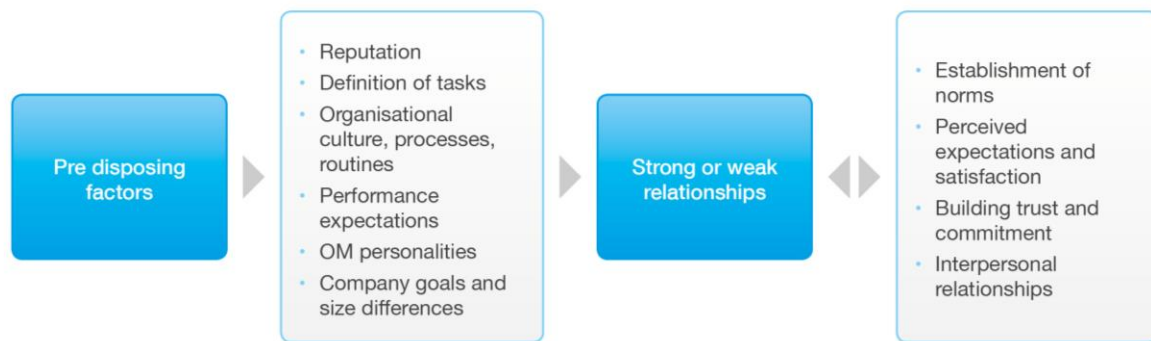


Figure 6.1 The State of the Relationship pre Transgression

OMs dealt with partners who had different technologies, ways of working, experiences and markets (Doz, 1988). By coordinating tasks to pursue their goals and by undertaking activities to maintain the relationship including value creating exchanges and specific investments, cooperative relationships emerged (Anderson et al, 1997; Hakansson, 1982).

Interpersonal attachments influenced the initiation of repair efforts and decreased the likelihood of dissolution (Jensen, 2006; Baker, Faulkner & Fisher, 1998; Halinen, 1997; Seabright, Levinthal & Fichman, 1992; Cook & Emerson, 1978). Interpersonal relationships were so well developed in some relationships that even when two OMs entered into a cooling off period for a year, they repaired and continued their relationship after a breakdown. In such situations, exchange relied heavily on personal knowledge and trust. Therefore, at a cognitive level, partners had to prove that they had the ability to perform the tasks whereas at a behavioural level, interpersonal relations affected on-going interaction and affected the continuous evaluation of the relationship.

In weak relationships the existence of vulnerable predisposing factors meant that it was difficult to develop long term partnerships. Early interactions often confirmed OM suspicions but they continued to interact and exchange as they had made a conscious decision to enter the relationship to see if they could get benefits from it that would outweigh the costs of maintaining it: “*Well we knew a certain amount...we knew that they were charmers and you know, they could talk the talk*” (OM, Security Services SME).

Partners in strong relationships were satisfied as their expectations had been met during the course of interactions and past exchanges (Geyskens et al, 1999). These businesses had established strong

cooperation at interpersonal and B2B levels characterised by relational norms, mutual satisfaction, trust and commitment (Salo et al, 2009; Harris et al, 2003; Morgan & Hunt, 1994; Dwyer et al, 1987). They understood each other's businesses and learned how to work together thereby producing norms of behaviour in order to reach their goals (MacNeil, 1980; Heide & John, 1992). When an event caused the relationship to breakdown, OMs were more inclined to consider the reasons to stay and therefore they initiated repair.

In contrast, weak relationships had predisposing factors that were unfavourable which made them more vulnerable to dissolution (Vaaland, 2004). Psychological contracts were characterised by suspicion so the levels of trust and commitment were much lower. As a result when the relationships broke down, the evaluation of the events in the context of an already vulnerable relationship led OMs to pursue dissolution (Vaaland, 2003).

The existence of relational norms, satisfaction with performance, commitment and trust reduced the partner's intention to dissolve their relationships (Morgan & Hunt, 1994) and as such contributed to the decisions to remain in the relationship (Hocutt, 1998; Rusbult, 1983). Therefore, a complex understanding of the changes in the state of the relationship was needed, as any or all of these components were affected by precipitating events that changed the relationship.

6.3 Precipitating Events that caused the Relationship to Breakdown

Precipitating events started the dissolution process, but were not necessarily the reason that eventually led to dissolution of SMEs relationships (Tähtinen et al, 2007; Tuominen & Kettunen, 2003; Michalski, 2004). Events initiated by individual managers or attributed to organisational actions created tension (Dirks et al, 2009; Halinen & Tähtinen, 2002) and changed the course of relationships because they were recognised and memorised by the individuals within them (Holmlund & Strandvik, 2003).

A discussion of these events is now undertaken which have been divided into those where the relationship repaired and those where the relationship dissolved. The events were found at cognitive and behavioural levels and existed at individual, B2B relationship and network levels.

6.3.1 Precipitating Events where the relationship Repaired

6.3.1.1 Cognitive Events

6.3.1.1.1 Individual/Company

Individual and company level events had an impact on the breakdown of B2B relations (Halinen & Tähtinen, 2002; Perrien et al, 1995). Product and service performance issues varied across B2B relationships and created disruption to interactions because they caused partner dissatisfaction (Farrelly, 2010; Salo et al, 2009; Beloucif et al, 2006; Helm, 2004; Bennet, 1999; Keaveney, 1995; Michell et al, 1992; Doyle et al, 1980).

One variation of product and service performance issues related to the adaptation of products and services to meet partner's specific needs. These adaptations were important in the on-going maintenance and stability of exchanges but in some cases caused problems for partners depending on the amount of time and financial resources that were required to complete such projects (Axelsson, 2010): *"they can see that it is extra to what we originally agreed, so we would agree to pay for some of it or all of it"* (OM, Software SME D). The OMs gave numerous examples where their relationships broke down due to disagreements concerning product adaptations that were required by their B2B partners. Examples of this were found when software organisations installed new systems or where industrial machinery suppliers installed a new piece of equipment.

These changes involved considerable time and effort and partners were generally willing to undertake such activities (Axelsson, 2010). Consequently, feelings of inequity existed where partners felt that they deserved to be paid more or should have contributed less because of the effort they put in, but their counterpart was unwilling to provide additional financial support (Wang, Kayande & Jap, 2010; Tuusjarvi & Blois, 2004): *"Suddenly we went from a situation where we had this wonderful relationship...to them feeling betrayed...and our side feeling that we had been unfairly treated"* (OM, Software SME E). Therefore, a complex set of issues arose, where OMs had to renegotiate financial agreements which proved very difficult.

Other events identified related to structural and policy changes which had an effect on dissolution (Michell et al, 1993). When procurement personnel changed, new demands led to possible losses of contracts for partners because flexibility in working arrangements was lost. When new personnel did not have any prior interpersonal relationship with the partner (Gedeon, Ferne &

Poole, 2008; Perrien et al, 2005; Michell et al, 1992), the OMs felt vulnerable to dissolution because they had to restart a new interpersonal relationship again which meant they were uncertain regarding future revenue (Perrien et al, 2005; Ring & van de Ven, 1994; Michell et al, 1992; Doyle et al, 1980). In addition, tensions in the relationships were also found when structural and financial changes such as reductions in revenue and profitability left partners in situations where they were unable to commit to buying levels (Tähtinen et al, 2007; Harrison, 2001).

6.3.1.1.2 Relationship

Cognitive events at B2B relationship levels such as different commercial objectives or buying agreements caused conflict, between firms leaving OMs to question how they were treating/being treated by their partners (Tuusjarvi & Blois, 2004; Vaaland, 2004; Bennet, 1999). The inability to arrive at shared ways of distributing benefits caused tension and thus created the potential for dissolution (Farrelly, 2010; Tuusjarvi & Blois, 2004; Smith, 2002; MacNeil, 1980): *“it was very...one sided in favour of them...and we were getting very frustrated with that.”*(OM, Software SME C). OMs entered into relationships with good intentions but when revenue, profit or product development did not meet expectations, dissatisfaction existed (Bennet, 1999; Bucklin & Sengupta, 1993).

6.3.1.1.3 Network

Precipitating events were related to environmental changes which demonstrated that network events external to the SME relationship had negative consequences on the SME's relationships (Tähtinen et al, 2007; Halinen & Tähtinen, 2002; Halinen, 1999). A network related factor highlighted by OMs was the effect of the economic recession (2008-12) on the company's relationships, particularly when they were buying from international suppliers (Smith, 2002). Partners found it more difficult to manage credit and banking relationships in economic uncertainty so when they were unable to pay their partners, the relationship came under strain (Hallen & Johanson, 2004). Although these issues were unfavourable, they were not viewed as very serious, because OMs attributed the blame to external forces rather than behavioural actions by the involved partners (Tähtinen et al, 2007). Thus, external events curtailed on-going interactions and exchanges between the partners (Tähtinen et al, 2007) but did not necessarily affect the underlying relationship. However, if these cognitive events were not resolved early in the process, they

became behavioural when issues concerning exchanges were not communicated effectively to the B2B partners (Vidal, 2006).

6.3.1.2 Behavioural Events

6.3.1.2.1 Individual

Behavioural events were found at an individual level when personnel from other departments became involved in exchanges but were not usually part of the B2B relationship (Ring & Van de Ven, 1994). As these individuals were not close enough to the day to day norms of working in the relationship, their actions and decisions were based on rational responses as opposed to the social elements that already existed between the OMs and senior directors (Ring & van de Ven, 1994; Macaulay, 1963). In these instances, the stability of the relationship was altered because these individuals outside the relationship interrupted the normal working of exchange and caused considerable tension (Tähtinen et al, 2007; Holmlund-Rytönen & Strandvik, 2003).

Another event leading to dissolution related to the behaviour of the offending partner towards handling performance issues (Tähtinen & Havila, 2004; Keaveney, 1995): “*we overpromised, you know, we promised scope that we couldn’t deliver and it became apparent...*” (OM, Software SME B). Swift action to resolve issues was important as well as being open and honest regarding the time it took to make the necessary changes required to meet expectations.

If there was a lack of communication from one partner concerning necessary product changes or if additional work had to be carried out to adapt products after installation, further issues arose regarding partnership agreements (Salo et al, 2009): “*We didn’t communicate that the change was coming down the line because we didn’t think it would affect anyone and it was one of the things we learnt about.*” (OM, Software SME C). When performance problems were not resolved properly, B2B partners became dissatisfied with the level of service so relations began to breakdown as a result of such actions (Stewart, 1998). More importantly, when offending partners did not recognise that they caused dissatisfaction, the offended partner assumed that they were ignoring them which caused further damage to relations. At this stage, problems became even bigger issues than the original precipitating event (Pressey & Salassie, 2007; Stewart, 1998). Consistent with the services marketing literature, satisfaction within B2B relationships was a

function of product and service delivery (Athanassopoulos, 2000; Keaveney, 1995; Taylor, 1994; Doyle et al, 1980).

6.3.1.2.2 Relationship

OMs were forced to re-evaluate their relationships when partners displayed behavioural actions at the relationship level such as breaking the rules of the relationship. These events threatened ongoing and future exchanges between partners. Examples such as copying product or not following procedures caused considerable damage (Tähtinen et al, 2007; Kogut, 1989) and disturbed the norms of behaviour because there was an inability to trust the other partner to trade fairly (Holmlund-Rytönen & Strandvik, 2003; Harrison, 2004; Smith 2002; Worthington & Horne, 1995).

Other examples, such as changing strategy without prior notice to partners (Serapio & Cascio, 1996) had a negative effect on the relationship because SMEs were forced to absorb the costs of investments already made (Törnroos, 2004; Smith, 2002). Taking advantage of the SME's resources and abilities were found to cause significant problems (Tähtinen et al, 2007; Kogut, 1989) and left partners feeling betrayed for a considerable amount of time due to heavy resource and financial losses in addition to future uncertainty (Vaaland et al, 2004).

6.3.1.2.3 Network

Several OMs mentioned the influence of the end customer on their buyer supplier relationships (Salo et al, 2009; Tähtinen et al, 2007). There were instances where end customers surpassed their supplier to go directly to the manufacturer thus disrupting the focal relationship: *“the end user approached us directly”* (OM, Software SME). This involved a complex set of financial and operational arrangements between the partners and if not properly managed by OMs, led to a breakdown of trust between the partners in the focal relationship (Alajoutsijarvi, Moller & Tähtinen, 2000; Moller & Halinen, 1999).

6.3.2 Precipitating Events where the Relationship Dissolved

6.3.2.1 Behavioural Events

Precipitating events where the relationships dissolved were primarily due to the behaviours of individual and company actions that caused disruption and tension between partners.

6.3.2.1.1 Individual

Consistent with services research, a number of OMs mentioned difficult individuals as a reason for relationship failure (Gedeon et al, 2009; Pressey & Selassie, 2007; Purinton et al, 2007; Perrien et al, 1995; Michell et al, 1992): “*we would have a very fractious relationship with him*” (OM, Transport Services SME), and that unreasonable demands made it extremely hard for OMs to maintain positive exchanges in the relationship (Gedeon, Ferne & Poole, 2008). In certain cases, OMs had no desire to see or deal with individuals because they knew that their behaviour strained interactions. Unethical behaviour in terms of dishonesty and aggressive outbursts were provided as examples of events that caused relationships to break down: “*his behaviour that day was just unacceptable from a director.*”(Manager, Merchant services SME). In some cases, individuals tried everything they could to disrupt exchanges and effectively destroyed their relationships (Andersen & Kumar, 2006; Keaveney, 1995; Worthington & Horne, 1995) which was seen as the highest form of betrayal (Gregoire & Fisher, 2008). The effect of such behaviours was profound on the B2B relationship as there was a negative perception of the whole company’s ability to deliver which had a damaging effect on the individual and company’s reputation (Salo et al, 2009; Jensen, 2006; Worthington & Horne, 1995; Ganeson, 1994).

Individual acts such as over promising product delivery that partners was unable to fulfil, were viewed as opportunistic behaviour and trust in the partner began to break down (Elangovan & Shapiro, 1998).

OMs became very frustrated by partners who were unwilling to solve on-going product and service issues (Smith, 2002; Keaveney, 1995). Any lack of acknowledgement of issues threatened future exchanges because OMs became very dissatisfied with the level of service they were getting. If they felt that their needs were not been met, and this continued for a substantial period of time, smaller issues became bigger problems to solve, as there was continuous behavioural breakdown (Gregoire & Fisher, 2008). What was most annoying for OMs was the denial of any product or service problems when they were clearly evident (Bougie, Pieters & Zeelenberg, 2003).

Lack of communications coupled with low levels of trust concerning product or service level issues led to dissolution (Farrelly, 2010; Salo et al, 2009; Hallen & Johanson, 2004; Heffernan & Poole, 2004). OMs reflected that all issues had to be communicated to their partners as early as possible so that they could be resolved. When this did not happen, issues became much harder to resolve at

later stages because behavioural relations were severely strained (Vidal, 2006). If communication was not timely, confidence in the partnership was reduced and there was a perceived lack of openness and honesty between the partners, which had a negative effect on fostering future interactions and exchanges (Farrelly, 2010; Salo et al, 2009; Hallen & Johanson, 2004; Heffernan & Poole, 2004).

6.3.2.1.2 Relationship

Consequently, the dissolution of B2B relationships may not have eventuated had offending partners paid more attention to company needs (Michell et al, 1992). OMs wanted to feel that their B2B partners were committed to them, they wanted to be valued and assured that their needs would be fulfilled (Smith, 2002; Harris & O'Malley, 2000). If resources were not engaged to preserve such relationship values, the OM's perception of mutual benefit was weakened and therefore issues were difficult to resolve (Hallen & Johanson, 2004; Harris & O'Malley, 2000).

When OMs questioned the other party's commitment to the relationship or vice versa, the prospect of dissolution became greater. As Barnes (2001) pointed out "*Commitment represents a long term orientation to the relationship including a desire to maintain relationships both in good times and bad*" (p.121). At times offending partners were not even aware of the negative impacts of their actions due to neglecting the needs of their partner (Grohaug et al, 1999). This aggravated the situation even more as lack of maintenance efforts left the OM feeling that their partner had no interest in future relations (Gronroos, 1994). Consequently, OMs didn't want the relationship to work anymore following such events, and hoped that they could find an alternative partner who would be more willing to make an effort to maintain the relationship (Harris & O'Malley, 2003): "*I am kind of at the point where I actually don't want the contract from them now. I want it not to work, I want to find an alternative supplier*" (OM, Services SME).

One of the elements that bonded these B2B relationships was a mutual exchange and fulfilment of promises (Gronroos, 1994). When partners felt that their actions were not reciprocated, the relationship was adversely affected (Wang, Kayande & Jap, 2010; Tuusjarvi & Blois, 2004). OMs provided examples of situations where reciprocal arrangements were withdrawn without any prior notice, which had a detrimental effect on the partnership (Smith, 2002): "*and over a period of time, they started becoming greedier with my time*" (OM, HR Services SME). As these actions

were carried out by one party, the other partner felt that trust was broken between them so they initiated dissolution.

6.3.2.1.3 Network

Network related precipitating events also caused dissolution when partners decided to dissolve their relationships because they wanted to change strategy and enter their partners markets (Gedeon, Ferne & Poole, 2008). Such an act caused considerable disruption for the partner and other players in the industry as supply had to be replaced: *“until they decided to open their own branch...so our supplier was actually our competition then...so there was a huge uproar.”*(Manager, Healthcare SME).

More serious behavioural events related to the network where B2B partners made negative comments to the end customer about their partner’s ability to perform: *“they contacted the client directly and basically slandered us”* (OM, Security SME). Trust was completely broken and damaged all connections in the network. Following the event the partner had to try and repair their reputation with end customers, which proved very difficult (Rhee & Valdez, 2009).

In summary, the precipitating events and their impact on B2B relationships are summarised in table 6.2.

Table 6.2 Precipitating Events where Relationships Repaired or Dissolved

Precipitating events	Impact
Different expectations at the beginning Financial changes/constraints Internal influences Cultural differences Over promising Product/service performance Level of product adaptation required Putting pressure on partner to perform better External events	Repair
Untrustworthy behaviour Lack of effort to maintain the relationship Aggressive behaviour Unwillingness to solve issues Taking advantage of the relationship External events	Dissolution

Understanding these events was an important part of the repair process as it forced the re-evaluation of the relationship against alternative options which led to a change in the relationship and the perception of the other partner.

6.3.3 Interim Conceptualisation 2

The events discussed above were found to be simple or complex but could also be traced back to the state of the relationship before the trouble began (Dirks et al, 2009). Single events alone did not necessarily lead to dissolution (Edvardsson & Strandvik, 2000) but several events became interrelated, which increased conflict to the level of questioning the continuation of interaction between the partners (Tähtinen et al, 2007). When these events unfolded, predisposing factors that existed before were converted into open conflict as there was disruption to the normal course of B2B exchange and interaction, which in turn affected activity links and partner bonds (Halinen & Tähtinen , 2002; Levinger, 1983).

Based on the above discussion and illustrated in figure 6.2, this research found that different precipitating events initiated the breakdown of SMEs relationships (Tähtinen et al, 2007).

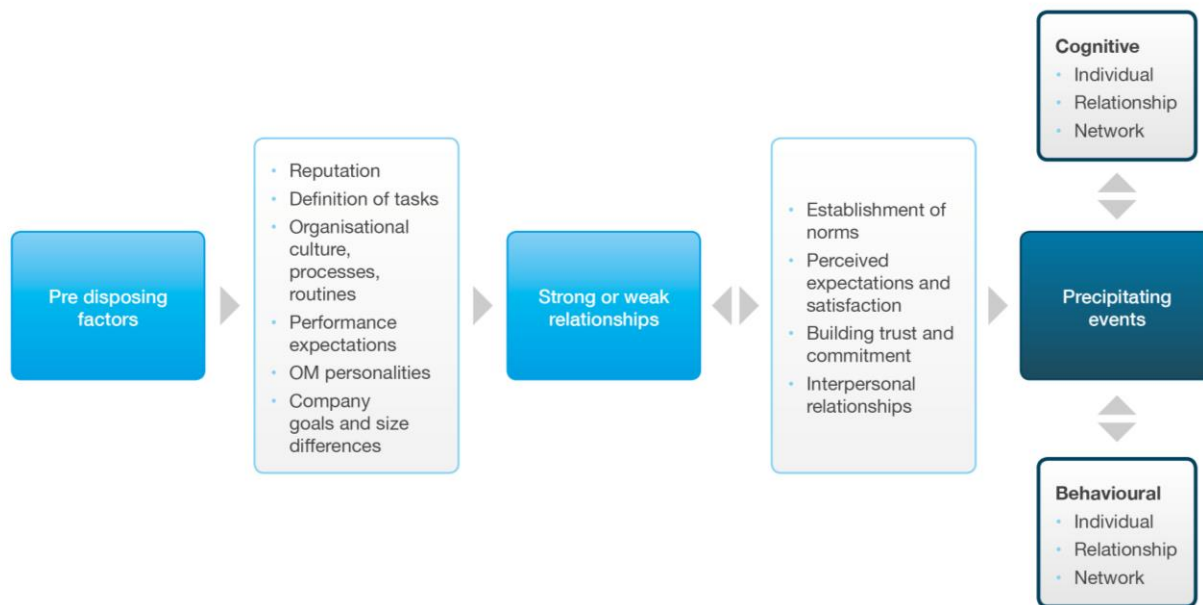


Figure 6.2 Precipitating Events causing Relationship Breakdown.

The events identified were both cognitive and behavioural and were found at individual, relationship and network levels (Dirks et al, 2009; Tähtinen et al, 2007). The state of the

relationship was affected by these events as some or all of the components including; norms, satisfaction, trust, commitment and interpersonal relationships were damaged (Dirks et al, 2009; Salo et al, 2009). Depending on the type of event, whether it was cognitive or behavioural and also depending on the state of the relationship, certain partnerships were more easily repaired than others (Duck, 1982). The events had an influence on the repair process but were highly contextualised within the pre-transgression state of the relationship (Dirks et al, 2009). In most cases more than one event started the dissolution process as the reaction of OMs created further events to disrupt exchanges (Tähtinen et al, 2009).

When relationships were strong, less importance was placed on single precipitating events because partners were confident that conditions would improve. However in weak relationships, precipitating events were viewed as yet another ‘destructive act’ so they proceeded to dissolve relationships (Hibbard, Kumar & Stern, 2001).

Whatever the reasons for breakdown, the transition of the relationship depended on how the partner reacted to interpersonal, relationship and network influences on its interactions (Levinger, 1983).

6.4 Responses to Dissatisfaction

These events caused dissatisfaction in exchanges and led OMs to different types of reactions following the precipitating events (Hirschman, 1970). The findings highlighted a number of reactions to dissatisfaction in the SME relationships examined (Tähtinen et al, 2007).

6.4.1 Voicing

Consistent with research studies on reactions to dissatisfaction, there was an association between the use of voice and the overall satisfaction within the relationship (see Ping, 2001; Hirschman, 1970). When offended partners became dissatisfied with an event but were happy with the overall strength of the relationship, they reacted by voicing their issues with their partner (Ping, 2001, 1999, 1993): “*and we approached them about it and we sat down with them and we discussed it*” (OM Software SME). Voicing helped to bring the relationship issues out in the open and made them aware to all parties involved (Salo et al, 2009). The use of voice reduced exiting as it was a constructive attempt to change negative relationship conditions (Ping, 1997; Fornell & Wernerfelt, 1987; Hirschman, 1970). OMs used voice to signal the importance they attached to the relationship (Hirschman, 1970). Similarly, offended partners voiced as they believed that they would get

remediation and were willing to work together to undertake such actions (Ping, 1993, 1997; Hirschman, 1970).

6.4.1.1 Blackmail

Blackmail was also used as a reaction to breaking the rules of the relationship (Tähtinen et al, 2007). The findings did not report many instances related to blackmail, however the small number that were reported included offended partners threatening to stop supply or halt orders until the problem was sorted: *“We are getting close to the final straw here with you”, you know, where we were saying, “Look, we can go somewhere else”* (OM, Training SME).

6.4.2 Loyalty

Loyal behaviour was also evident as a reaction to dissatisfaction in dissolving relationships (Ping, 1999). For example, when partners had distributor arrangements in foreign countries, they relied on their partners to gain access to and learn about those markets. Even when distributors were taking advantage of the relationship, partners remained silent because they needed representation in these new markets so they remained loyal to their partner in the hope that exchanges would improve and mutual arrangements could be reached eventually (Farrell, 1983; Hirschman, 1970): *“but at the same time, they were very strong in their own way”* (Sales Manager, Consumer Electronics SME). Some partners used voice to air their concerns but the threat of exit was always present if this sort of behaviour persisted.

6.4.3 Exit

When conflict had reached high levels of intensity where aggressive behaviour caused a complete breakdown of trust, it was difficult to initiate repair so, on these occasions, partners began to exit the relationship almost immediately following the event: *You see, that was kind of the beginning of the end (OM, Homeware Manufacturer SME)* (Ping, 1999; Perrien et al, 1995; Hirschman, 1970).

6.4.4 Interim Conceptualisation 3

Cognitive events such as product performance, product quality and discrepancies in service levels led to deterioration of relationships, but not necessarily dissolution (Tähtinen et al, 2007). However, when these events were interrelated with behavioural factors such as aggressive responses, denials of wrongdoing, dishonesty and general unethical behaviour, the relationships

got into more serious trouble and repair was more difficult to achieve (Tähtinen et al, 2007; Vidal, 2006). In essence, the consequences of these events extended beyond cognitive and affective evaluations to behavioural actions. Depending on the reactions to these events (see figure 6.3) and the level of dissatisfaction created, partners could have dissolved their relationships at any point during this stage of the process (Keaveney, 1995).

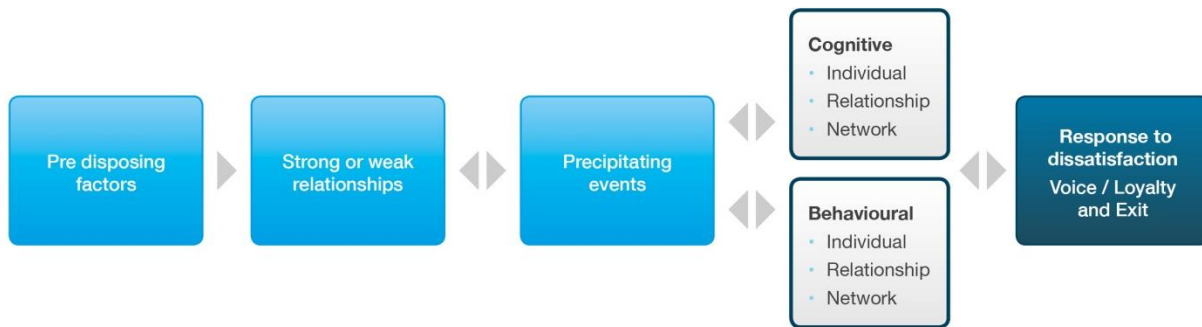


Figure 6.3: Immediate Responses to Dissatisfaction

Negative emotions that resulted from the behaviour of individuals in response to a transgression became much more important to resolve as opposed to the transgression itself (Gedeon, Ferne & Poole, 2009). These immediate responses to dissatisfaction represented a key turning point in the dissolution process (Alajoutsijarvi et al, 2000). When dissatisfaction was low, offended partners used voice as an immediate reaction to precipitating events in order to make their frustrations known to the offending partner (Salo et al, 2009; Ping, 1997, 1993; Hirschman, 1970). In other situations, the precipitating event was so severe that the partner initiated dissolution and exited the relationship immediately (Ping, 1997; Hirschman, 1970).

On occasions, partners were forced to use the silent approach to dissatisfaction in the hope that relations would get better with their partner company. Partners chose this option rather than voicing because the dependence was greater on the partner company so they were loyal to the partnership (Rusbult et al, 1982). Once immediate reactions to the breakdown were highlighted, partners were in a better position to make a considered response to their partner's frustrations which led to evaluations of the relationship in the context of the state of their relations (Salo et al, 2009).

6.5 Evaluating and Analysing Attenuating Factors

6.5.1 Intra-company Evaluation

In order to manage and develop cooperation and collaboration between partners and avoid dissolution, considerable efforts to maintain SME's relationships were necessary (Morgan & Hunt, 1994). However, if a relationship was already in trouble, maintenance efforts alone did not repair the damage and a different approach was required (Tähtinen & Vaaland, 2006). Precipitating events had an influence on OMs' decisions and actions to either repair or dissolve their relationships (Halinen & Tähtinen, 2002) as they interrupted the normal course of interaction and activities between partners (Ford et al, 2003). To make sense of what had happened, OMs had to evaluate the relationship on a number of levels. For instance, they needed to know how the state of the relationship had been affected by the transgression in order to decide the best solution to resolve it (Salo et al, 2009). In an SME context, these relationships were formed for multiple reasons. As interdependence had developed the consideration of the dissolution or continuance of the relationship was clearly necessary, because it was not easy to dismantle such relations after all the effort that went into forming them in the first instance (Tähtinen & Vaaland, 2006).

Firstly, the re-evaluation of the relationship was undertaken at an individual/intra-company level (Mattila et al, 2002) where a number of criteria were assessed internally including an evaluation of the past interactions with the partner, the events themselves and their severity (Tähtinen & Vaaland, 2006). OMs noted that they looked at the extent to which the outcomes they experienced were either positive or negative (Ulaga, 2003; Weiner, 1986) which involved an assessment of the degree to which their expectations had not been met, as well as the harm the damage had caused to working arrangements between the organisations (Tomlinson & Meyer, 2009; Meyer et al, 1995). Negative events weakened the strength of the relationship and therefore partners started to re-evaluate their satisfaction with their partner, assess their commitment towards their partner, and assessed their partner's trustworthiness (Tomlinson & Meyer, 2009).

OMs evaluated the satisfaction within the relationship including all the characteristics of the relationship they found rewarding, problematic and inhibiting (Halinen, 1997). Having re-evaluated past and current exchanges, the OMs then considered appropriate sanctions for future exchanges.

OMs also looked at the cause of the breakdown and assessed how much it was due to controllable causes (Wong & Weiner, 1981). If the offending partner had no control over the events that led to disruption, they were not blamed (Tomlinson & Meyer, 2009) therefore, trustworthiness was not severely broken. In these situations the OM's assessment of the situation was more favourable towards repairing the relationship (Ping, 1993).

In other instances, where the offending partner had control over events, trustworthiness was severely damaged, which left OMs in a situation where the future of the relationship was in jeopardy (Tomlinson & Meyer, 2009; Weiner, 1986). In these cases, the repair process was focussed on adjusting the perceptions of behaviour towards the partner or individuals within the partner company (Lewicki & Bunker, 1996).

Consistent with the work of Tähtinen & Vaaland (2006), this research highlighted that attenuating factors played a key role in the evaluation of the relationship. These factors were taken into consideration as they were revealed as reasons for continuing the troubled relationship (Vaaland & Tähtinen, 2003; Tähtinen & Vaaland, 2006).

6.5.2 Analysis of Attenuating Factors

6.5.2.1 Moderating Effect of the State of the Relationship pre Transgression

The first attenuating factor related to the state of the relationship pre transgression as it had a moderating effect of the precipitating events (Halinen & Tähtinen, 2002; Halinen, 1997). OMs put a considerable amount of time, effort and expense into forming and maintaining their B2B relations (Crutchfield, 2001; Moorman et al, 2002; Hocutt, 1998; Serapio & Cascio, 1996). During the dissolution process, the events and interactions experienced during early exchanges were re-evaluated and reinterpreted by OMs (Dirks et al, 2009). Trust, affect and exchange were impacted by the breakdown (Dirks et al, 2009; Purinton, Rosen & Curren, 2007; Duck, 1984; Levinger, 1983) and normal ways of working and interaction were disrupted. Before the events took place, B2B relationships were functioning well and there was a sense of certainty in each partner's behaviour and actions. However when these events unfolded, this level of certainty was called into question as partner's needs became unfulfilled (Ring & Van de Ven, 1994).

As part of the assessment of attenuating factors a reward-cost evaluation was undertaken where partners looked at the costs of servicing their relationship versus the value they are getting from

them (Thibaut & Kelley, 1959). Dissolution was more evident in partnerships that did not deliver a positive net-value. For example, if commercial gains were not favourable, the resources required to maintain such relationships were too difficult to sustain (Helm, 2004). Costs associated with the relationship included; a partner's lack of maintenance efforts, low levels of respect throughout repeated interactions and, aggressive/over demanding personalities (Harris & O'Malley, 2000). This was then taken into consideration when evaluating and assessing the decision to repair and continue exchanges (Harris & O'Malley, 2000).

A key insight was that OMs who had good interaction skills were viewed more favourably by their partners because they were able to adapt to business needs by displaying positive attitudes and goodwill towards their relationships (Thibaut & Kelley, 1959), despite precipitating events. Similarly if good interpersonal relationships existed, relationships were considered rewarding (Coulter & Ligas, 2000). When OMs were open and honest, fair and dependable, they were evaluated as a reward in the relationship and not a cost to it (Smith, 2002).

Reciprocity played a role in the evaluation and assessment. If partners felt that they were putting work into the relationship which was not reciprocated, they questioned the state of the relationship and considered dissolution. In contrast, if partners felt that there was general give and take before the transgression, they were prepared to continue relations, ensuring that the sum of all experiences with partners were assessed rather than just one negative event (Abdul-Muhmin, 2005). Thus, a sense of reciprocal action on the part of involved parties influenced the partner commitment to relationship repair (Abdul-Muhmin, 2005).

6.5.2.2 Sanctions for Future Business Interactions

The second attenuating factor found to have an influence on the repair process was the possibility of losing future business (Tähtinen & Vaaland, 2006; Tähtinen, 2001; Alajoutsijarvi et al, 2000; Ping, 1993; Felmlee et al, 1990). OMs made attributions concerning stability, so if events were attributed to negative behaviours, they felt that the possibility was greater that they would happen again in future exchanges (Tomlinson & Meyer, 2009; Sitkin & Roth, 1993). An interesting point to note was that the partners regarded their reputation as important. They believed that their reputation would be damaged as a result of dissolving relationships too easily and needed to be perceived as partners who were committed to their relationships (Jensen, 2006; Alajoutsijarvi, 2001).

When relationships were in difficulty, partners had to accept a certain ‘level of pain’ during the process so that future business would materialise (Tähtinen, 2001; Felmler et al, 1990). A transgression in the relationship caused damage to future tendering for contracts (Tähtinen & Vaaland, 2006; Tähtinen, 2001): *“you don’t want to break the relationship with them because you want them, they potentially will be customers in the future”*; *“I think it was 75% of our customers were repeat business you know.”*(OM, Industrial Machinery SME). If conflict continued to exist, interactions would be negative or non-existent. For this reason, repair efforts were needed to show that the partner was committed to the relationship in the long term. On an individual level, OMs were also conscious of upsetting and undermining partner employees as they could potentially meet these employees when they moved to other organisations (Seabright et al, 1992).

6.5.2.3 Availability of Alternatives

The third attenuating factor was the availability of alternatives in the market. If SMEs perceived that there was a lack of alternatives, their propensity to end the relationship decreased (Vaaland & Tähtinen, 2003; Sharma & Petterson, 2000; Stewart, 1998; Hocutt, 1998). In some cases, even if there were alternatives, the partners did not end the relationship without serious consideration as the effort involved with transferring production and knowledge was too great (Vaaland, 2002; Kelly, 1983). In truth, the partner realised the inherent opportunity costs associated with a decision to dissolve the relationship.

When relationships were strong, partners avoided switching to alternatives (Thibaut & Kelley, 1959). Some OMs pointed out that they did not want a reputation for switching which was detrimental to the continuance or formation of future relations (Rhee & Valdez, 2009). Indeed, levels of satisfaction and performance had an impact on the stay or leave decision for OMs (Crosby et al, 1990; Jackson, 1985) who were also faced with a further challenge in assessing the balance of relationship necessity with desire. In some relationships, they were bound by loyalty as well as a desire to continue exchanges (Barry et al, 2008). OMs based their commitment on a sense of allegiance and the costs of switching which was a reflection of their behavioural intentions towards the partner company (Barry et al, 2008; Gyeskens et al, 1996).

6.5.2.4 Associated Opportunity Costs

The fourth set of attenuating factors related to the exit and set up costs of finding new partners if the relationship dissolved (Helm et al, 2006; Ping 1999, 1997; Worthington & Horne, 1995). All

investments were lost as partners had to absorb the cost and invest more time and effort to form new relations (Tähtinen & Vaaland, 2006; Weiss & Anderson, 1992; Heide & John, 1990). In an SME context, significant losses in investments were very challenging.

In addition, the loss of interpersonal relationships was also considered important (Ping, 2003; Seabright et al, 1992; Roos, 1999). Project teams formed to undertake tasks, and knowledge bonds created between teams were lost if the relationship dissolved (Tähtinen, 2001; Heide & Weiss, 1995). As noted by the OMs, developing new relationships involved greater investments of time, effort and money so they decided to repair relationships on that basis (Vaaland, 2002; Weiss & Anderson, 1992; Gronhaug & Gilly, 1991; Heide & John, 1990; Johnson, 1982; Levinger, 1976). Indeed, the uncertainty of forming new relationships was a key concern for OMs because in a competitive environment, they needed to ascertain if they would be able to replace partners quickly enough to avoid losses in revenue (Kelley & Davis, 1994; Dwyer et al, 1987). Trying to establish new working relationships was viewed as having to *'start again'* and this scenario was *'too much to take on'* such that OMs felt that they were *'better off'* repairing the existing relationship, then facing the costs and uncertainty of establishing a new one.

6.5.2.5 Financial Costs and Resource Dependency

Dissolution process costs represented the fifth attenuating factor where the possibility of legal battles had an effect on the evaluation process (Vaaland & Freeman, 2002). OMs made conscious decisions to avoid lengthy legal battles as much as possible because this action would also damage their reputation in the future (Tähtinen & Vaaland, 2006; Vaaland & Freeman, 2002). There was a lot of cost and effort to dissolve relationships so this was a key attenuating factor when considering the dissolution or repair of their relationships in trouble (Tähtinen & Vaaland, 2006; Weiss & Anderson, 1992; Heide & John, 1990). In some instances, issues were resolved but only because of serious financial penalties if they did not deliver: *"suddenly the amount of money becomes significant and important ...on both sides of the fence there"* (OM Software SME F). Sometimes sanctions were posed by the end customer via *"the threat of very serious penalty payments"* (Sales Director, Software SME) and involved not only financial costs but also legal costs in negotiations so partners had to come to an arrangement (Tähtinen & Vaaland, 2006). Of note was that SMEs were more vulnerable in the face of dissolution as there were considerable revenue and resource losses as a result of such dissolution costs (Nielson, 1996). Linked to these

dissolution costs was resource dependency on the partner company. SMEs were more vulnerable in the face of dissolution because of considerable revenue and resource losses (Ping, 1999; 1997; Nielson, 1996).

6.5.2.6 Emotional Impact of Transgressions

Whatever the reasons for breakdown, the transition of the relationship depended on how the companies reacted to interpersonal, business and environmental influences on their interactions (Levinger, 1983). Part of the process of repair was to change the perception of the partner company when relations were strained. However, the process was contingent upon the willingness of the parties to continue the relationship. They also had to enter negotiations following the evaluation of the relationship and assessment of attenuating factors in order to restore the social order (Ren & Gray, 2009). Even if the relationship was considered important enough to save, partners needed to be convinced that future exchanges would have favourable outcomes.

In summary, the evaluations and assessments represented a standard of evaluation and analysis of attenuating factors that influenced the SME's decision to continue or dissolve B2B relationships (Salo et al, 2009; Tähtinen & Vaaland, 2006). By comparing the costs of ending the relationship with the benefits of remaining in it, OMs were able to make decisions on whether the relationship had a future and was worth saving (table 6.3).

Table 6.3 Summary of Findings: Evaluation and Analysis of Attenuating Factors

Attenuating Factors	Supporting Literature
Re-evaluation of earlier exchanges	Halinen & Tähtinen , 2002
Lost relational investments	Crutchfield, 2002; Moorman et al, 2002; Hocutt, 1998
Sanctions for future business	Tähtinen & Vaaland, 2006; Tähtinen , 2001; Alajoutsijarvi et al, 2000; Felmlee et al, 1990
Dissolution process costs	Tähtinen & Vaaland, 2006; Vaaland & Freeman, 2002; Ping, 1993; Weiss & Anderson, 1992; Heide & John, 1990
Availability of alternatives and opportunity costs	Sharma & Petterson, 2000; Stewart, 1998
Financial and resource dependencies	Nielson, 1996; Tähtinen & Vaaland, 2006

Following the evaluations of economic and social reward-cost outcomes and the assessment of the attenuating factors, the partnerships were in a state of suspension until OMs renegotiated their future. Partnerships changed since the transgression so subsequent interactions and exchanges involved the re-establishment of the relationship. Decisive actions and reactions were required from the partners in the initiation of repair or dissolution (Halinen & Tähtinen, 2002).

This period of transition was stressful for OMs as there was uncertainty regarding the future of the relationship, which would translate into future revenue losses and reputation damage for the SMEs. Nevertheless it was the starting point of steps towards repair, the renegotiation of commitment with new conditions and the evolution of the relationship to a positive state (Levinger, 1983).

6.5.3 Interim Conceptualisation 4

Following the immediate response to dissatisfaction, OMs undertook an assessment of the value of the relationship once they realised that it was in trouble (Tähtinen & Vaaland, 2006; Ulaga, 2003). As illustrated in figure 6.4, various forces influenced this evaluation including, the costs and benefits of the relationship and the loss of interpersonal relationships (Thibaut & Kelley, 1959). If the costs outweighed the benefits then OMs considered dissolution or made plans towards future dissolution (Tähtinen & Vaaland, 2006).

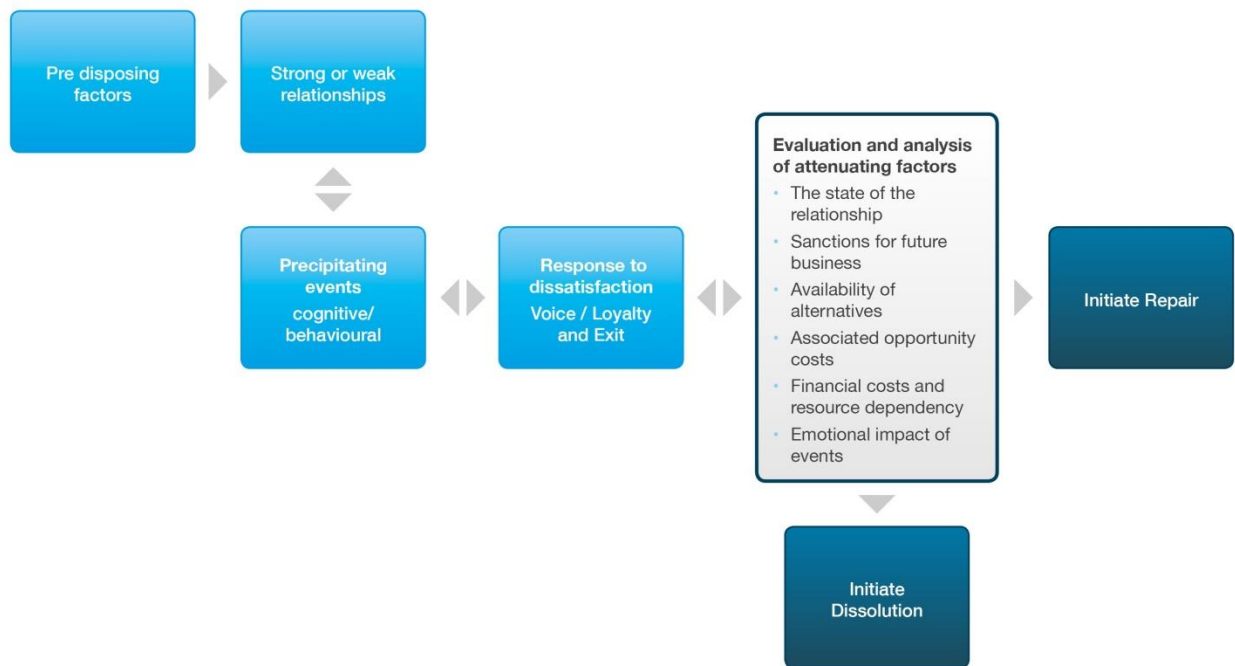


Figure 6.4 Evaluation of the Relationship and Analysis of Attenuating Factors

The rewards associated with strong relationships included openness and trustworthy individuals versus the costs associated with weak relationships such as aggressive and disinterested individuals who did not maintain their relationships. Positive evaluations included adherence to the rules of exchange and consistent delivery of products and services versus negative evaluations which included opportunistic behaviour and a lack of respect towards B2B relational norms (Tähtinen et al, 2007).

In addition, OMs undertook an assessment of the severity of the reasons for breakdown as they made attributions concerning how and why the events came about. This had an influence on the perception of the future of the relationship and whether or not such events might happen again. These evaluations led OMs to assess the reasons to continue the relationship. Consistent with Tähtinen & Vaaland (2006) and Vaaland & Tähtinen (2003), this research found that the state of the relationship, possible sanctions for future business, availability of alternatives, associated opportunity costs, financial costs and resource dependency and the emotional impact of events were considered important reasons to repair relationships in dissolution. As illustrated in figure 6.4, both the evaluation and analysis of attenuating factors led to positive or negative outcomes for

the partnership. If it was worth saving then the repair process was initiated as one or both partners were willing to undertake activities needed to repair the relationship (Geyskens et al, 1996; Anderson & Weitz, 1989; Dwyer et al, 1987). The outcomes of the process included the dissolution of the relationship or the decision to continue it and therefore repair was initiated (Tähtinen et al, 2007).

6.6 Renegotiation of the Relationship following Breakdown

Renegotiations can be defined as the process whereby in the face of resistance or disagreement, actors rearrange or change their distributions of rewards and obligations (Scanzoni, 1979, p. 72.).

An integral part of the repair process was to change the perception of the offended partner because the process could not commence unless both parties were willing to repair the relationship (Ren & Gray, 2009). The findings suggested that engagement during the conflict led to more satisfactory outcomes between the companies (Lee, 1984; Peterson, 1983). OMs felt that the renegotiation process allowed them to focus on proactive responses to the issues facing the relationship and allowed OMs to show their identities to increase positive perceptions towards the partner, which proved important in repair (Ping, 1999; Rusbult, Johnson & Morrow, 1986). Even in tough negotiations if partners got around the table, a compromise was reached (Lee, 1984).

Initially renegotiations involved discussions regarding the problems in the relationship and possible ways of sorting them out. Complaints were raised and the responses to these varied as discussed in section 6.5. Some negotiations were affective dominated where one partner reacted negatively and in other cases, reactions were suppressed while partners were trying to understand the other company's feelings (Peterson, 1983). In the course of renegotiations, issues other than those immediately threatening the relationship were also exposed. For instance, OMs uncovered underlying issues they did not know existed before such as, previous or current employees who had been neglecting the relationship. SMEs who encountered severe behavioural issues in renegotiations could no longer support the relationship and thus dissolution proceeded. When contemplating the challenges of renegotiation, a number of key criteria arose in context, specifically; re-establishing trust, open communications and interpersonal relations in the pursuit of new norms. These are discussed in the following sections.

6.6.1 Trust as a basis for Repair

B2B relationships that displayed a high level of trust and commitment responded more constructively to a breakdown as opposed to weaker relationships (Lee, 1984). Renegotiations were driven by the goals and expectations of the partners as the state of relationship trust pre transgression allowed OMs to evaluate each other's intention and motives (Puranam & Vanneste, 2009). If trust existed, OMs were more likely to initiate problem solving in an amicable manner, as prior beliefs formed the basis of predictable future behaviour (Ring & Van de Ven, 1992; Anderson & Narus, 1990; Anderson & Weitz, 1989). In these renegotiations, OMs had to display trustworthy behaviour in order to change the partner's evaluation of the relationship and repair the levels of trust that had been affected (Puranam & Vanneste, 2009; Ring & Van de Ven, 1992; Anderson & Weitz, 1989). Both partners needed to be willing to continue the relationship as this helped to reconstruct trust. Notably, if there was mutual interest in the survival of the relationship, partners continued to interact during the crises (Matila et al, 2002). OMs who did not enter renegotiations at this early stage had clearly decided that they would be better off dissolving the relationship rather than continuing it.

This form of governance also allowed OMs to make adaptations and adjustments to their relationships (Puranam & Vanneste, 2009). They were prepared to rely on their partners if they had confidence that they would deliver on their promises and that the relationship was important enough to the partners to not take advantage of it (Puranam & Vanneste, 2009; Moorman, Zaltman & Deshpande, 1992).

6.6.2 Open Communications as a basis for Repair

The ability to listen to partner's issues and gaining an understanding of each business environment facilitated the repair process (Salo et al, 2009). SMEs entered into several face to face meetings with their partners, some of which were held away from their respective premises in order to avoid disruption to negotiations: "*we both met in sort of, in an airport hotel halfway between*" (Sales Director, Consumer Electronics SME). This allowed both sides to reveal the real reasons for the breakdown and to express any issues they had. OMs were then able to decide the best course of action to take as they were in a better position to make a judgement call in terms of how much they were able to support the relationship in the future. Bringing company individuals together provided a way of altering each partner's expectations and helped to create a shared understanding of events

(Weick et al, 2005). These actions provide the communication which people see and hear in order to discover what they think (Weick, 1995). Thus, the communication process undertaken by partners allowed them to make sense of events and circumstances that affected them (Rutledge, 2009; Weick, 2005).

Different negotiation tactics were conducted on the basis of the evaluation of the relationship (Matila, 2002). OMs noted that any actions to repair relationships would not halt dissolution unless the partners engaged in open communications and co-operation that enabled them to show their commitment to repair (Salo et al, 2009; Tähtinen & Vaaland, 2006) and verbal communication helped shape each partner's interpretation of these events (Goffman, 1971). Even though communication links had been disrupted, in order to initiate repair efforts, communication had to be revived, as a minimum: *“generally people will, will compromise if you're allowed to talk to them”* (OM, Services SME). Open communication was considered an active behaviour in response to dissatisfaction and was highly associated with attempting to regain trust in B2B exchanges (Salo et al, 2009; Purinton et al, 2007).

The way in which the renegotiations were conducted was extremely important and relevant to repair because the reactions of OMs were different depending on the transgression (Hirschman, 1970). Firstly partners needed enough time to respond before issues got more serious (Hirschman, 1970). Secondly, while some OMs were willing to engage, in other situations, OMs did not take matters seriously and compounded the issues even further: *“basically we were in a serious situation because we couldn't service our customers”* (OM, Security Services SME).

The renegotiation of the social order was a means to overcoming indifference and repairing relationships (Ren & Gray, 2009). In some cases many issues had to be negotiated so the repair process was complex and involved discussions regarding possible trade-offs in reaching agreements on the most appropriate actions. Through the inter-communicative process, OMs were able to make adaptations to each other's values and in turn created positive outcomes for both partners (Mattila, 2001).

6.6.3 Interpersonal Relationship during the Renegotiation Process

Those SMEs whose relationships repaired did so as a result of the existence of strong interpersonal trust before the transgression began which helped the initiation of repair and the types of repair

actions undertaken (Fam & Waller, 2008; Abdul-Muhmin, 2005; Ring & Van de Ven, 1994; Kanter, 1994). Consistent with previous studies which stressed the importance of interpersonal relations in avoiding dissolution, (Beloucif, Donaldson & Waddell, 2006; Ulaga, 2003; Halinen & Salmi, 2001; Perrien et al, 1995) the events that led to breakdown caused disruption to the social order between partners. As a result, norms that governed the relationship were affected.

Several OMs commented on individual behaviours during renegotiations, which were influenced by the attributions they made regarding the issues within the relationship. Taking these into consideration, different behaviours were witnessed. If OMs attributed blame to partners at a behavioural level and responded with aggression, the conflict further increased and the relationship spiralled into dissolution. Thus renegotiation was very difficult because individual actions that should have enabled constructive negotiations often made matters worse (Weick, 1988). As Weick (1988) notes ‘initial responses do more than set the tone, they determine the trajectory of the crisis’ (p. 309). So, if individuals used destructive voice tactics including, blackmailing and threatening dissolution, complaining and venting, or taking “*high moral ground*” (OM, Services SME), more damage was inflicted on the relationship and resulted in a dissolution process with some B2B relationships ending up in high court legal battles.

In contrast, relationships with a high level of collaboration and personal involvement from the OMs, more open information exchange and constructive negotiations regarding the problems in the relationship was undertaken (Zhang, Griffith & Cavusgil, 2006; Hibbard, Kumar & Stern, 2001). Most OMs expressed the notion of being honest and that “*generally the best way of handling [issues in the relationship] is to sort it out up front.*” (OM, Industrial Machinery, SME) OMs also recommended that one should use voice early on in the process so as to avoid issues escalating further: “*you have to first of all be honest and straightforward with them.*” OMs did not know what they were facing until they faced it (Weick, 1988), but acknowledged that, “*you have to meet your problems head-on*”. It was only through renegotiations that they could find out the roots of the problems in the relationships, and ultimately “*take responsibility for the good things as well as the bad things*” (OM Software SME E). During these discussions the offending partners were able to provide justifications for their actions. This provided meaning when partners were confused as to what was going on and allowed them to get accurate views of what happened and what their options were (Weick, 1988).

In terms of the level of involvement in negotiations, bargaining and negotiation occurred at a functional level to begin with. Then, when issues escalated, OMs entered negotiations. Nevertheless, OMs pointed out that in important situations such as relationship repair, they preferred to get involved earlier in the process. At a functional level, managers felt that by bringing their OMs to the table, emphasised to their partner that they were willing to repair and were committed to the relationship. In some cases, partners just wanted to air their grievances so needed to be reassured that the relationship was considered important. This effort made a huge contribution to repair. Senior level negotiations helped to repair the relationships in a timely manner as decisions were made quickly as opposed to intermediaries having to go back and forth all the time.

Negotiations were curtailed when no interpersonal relationships existed between OMs and with individuals who are not familiar with the B2B relationship (Gedeon et al, 2009). Sending functional managers to resolve issues were also considered damaging because the offended partner felt that the issue was being passed down to someone who could not deal with it properly. However, that did not mean that functional managers were unimportant in repair, they had to be involved in the process with OMs which meant that the process involved: “[making] *sure everyone is in the room that needs to be there*” (OM, Software SME).

6.6.4 Establishing new Norms

At a B2B level, partners were uncertain regarding their future and OMs did not know what course of action to take until they were in negotiations (Weick, 2005). While they felt they were prepared concerning the appropriate actions to take before negotiations, they were surprised at how upset their partner was. In these cases, OMs noticed irreconcilable points of view that required a response at senior level (Weick et al, 2005). Appropriate responses could only be made when partners were in face to face negotiations because discussions led to the changes that had to be made in order to repair the damage. It was important that OMs agreed to the changes and repair actions, because they had the capacity to make the decisions and initiate committed repair actions. These renegotiations helped to ease tensions and search for ways to repair the relationship and restore the social order which has been affected by the transgression (Ren & Gray, 2009).

During these negotiations, OMs had to be very careful not to upset the offended partner as tensions could get out of hand: “*the minute you say something to somebody and see that they are not happy*

or you have really upset them...that's an important part of any, of any resolution."(OM, Software SME). However, being clear and concise about their positions and where they were coming from helped, thereby acknowledging the need to establish new norms in these relationships.

OMs searched for explanations that were appropriate to the issues in the discussions that also preserved each partner's self-esteem and reputation (Weick, 1995). OMs had to explain what had happened, to use the face-to-face meetings as a way of restoring balance: *"it needs to be face-to-face"* as *"a way of getting it into a positive meeting environment"*. This process involved creating new perceptions and beliefs regarding the relationships or reinforcement of beliefs that existed prior to the transgression. The rationale for this was to reduce negativity and to prevent problems from escalating (Dirks et al, 2009; Weick, 1998). Thus, troubled relationships were contained if both partners understood the precipitating events that caused negativity, and in turn these events could be managed at a cognitive level before they reached behavioural levels which were more difficult to contain (Vidal, 2006)

When the state of the relationship was affected and normal ways of working and interacting were interrupted, OMs agreed that they needed to change the current processes for interacting (Weick, 1995). To change processes, they had to know their own expectations and goals from the relationship as well as their partner's aspirations and goals for the future of the relationship. In order for renegotiations to be successful, these views had to be expressed clearly and openly (Peterson, 1983) which required an element of trust where each partner would acknowledge and be receptive to the issues at hand.

This showed that reciprocity, which is fundamental in social exchange, was present in these renegotiations. As expressed by OMs, if one partner acted aggressively in meetings they felt they had to defend their position aggressively, even though they did not expect to before the meeting: *"he just started going on and on, and really speaking down to me, you know, and I suppose, well I, well I probably lost it a bit"* (OM, Transport Services, SME). In contrast, when the offending partner was willing to accept responsibility openly the offended partner was more understanding and willing to participate in renegotiations. In strong relationships, cooperation, openness and honesty were encouraged in renegotiation by the OMs as opposed to weak relationships that were one sided and unbalanced from the outset, which led to hostility and further escalation of conflict.

In summary, through negotiation at interpersonal and B2B level, different perceptions were understood to form a balanced view of the situation. Renegotiation of the social order was a continuous process and changes were made as a result of understanding the partner's evaluations of the issues. To undertake repair actions, a level of trust had to be present (Salo et al, 2009). Therefore, through the process of negotiation, open communication and awareness of interpersonal relations, partners had to show that they were trustworthy and would deliver on expectations in the future (table 6.4). Strong relationships were more likely to keep their negotiations on the cognitive issues and to keep the discussions focussed on the events that caused disruption. In contrast, weak relationships were more inclined to block negotiations, get third parties involved or end up in legal battles.

Table 6.4 Renegotiating the Relationship

Criteria	Literature
Trust as a basis for repair	Puranam & Vanneste, 2009; Moorman, et al, 1992; Ring & Van de Ven, 1992; Anderson & Narus, 1990; Anderson & Weitz, 1989; Lee, 1984
Open communications	Ren & Gray, 2009; Rutledge, 2009; Salo et al, 2009; Purinton et al, 2007; Tähtinen & Vaaland, 2006; Weick, 2005; Matilla, 2002; Weick, 1995; Goffman, 1971; Hirschman, 1970
Interpersonal relations	Zang et al, 2006; Hibbard, Kumar & Stern, 2001; Scheer & Stern, 1992; Weick, 1988
New Norms	Dirks et al, 2009; Weick, 2005; Weick, 1998; Peterson, 1983

6.6.5 Interim Conceptualisation 5

After the breakdown in relations, partners had to work very hard to rebuild trust which involved negotiations at all levels in the partner organisation. This took a considerable amount of time but OMs were prepared to invest that time in order to repair trust. Based on the foregoing and illustrated in figure 6.5, an important part of the repair process involved the renegotiation of the state of the relationship. When the decision was reached to continue the relationship by one or both partners, a renegotiation of the social order was necessary to re-establish new boundaries for future exchanges and interactions (Daft & Weick, 1984). Following the reactions to dissatisfaction and the evaluation of the relationship, the timeliness of this process was extremely important (Salo et al, 2009).

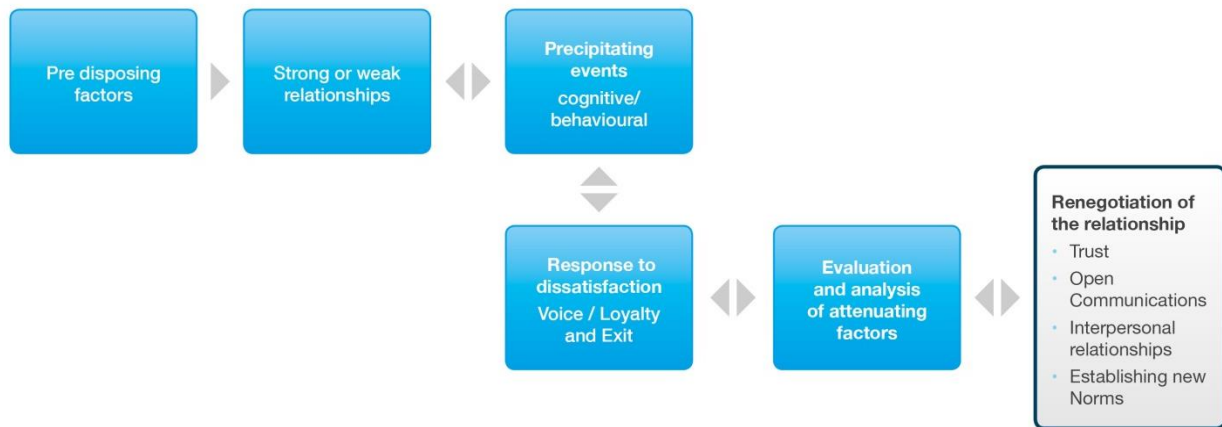


Figure 6.5 Renegotiation of the Social Order.

Different communication styles adopted by OMs could alleviate dissolution and facilitate repair (Zhang et al, 2006). The role of open communications was much more effective in dealing with negative events than written communications. The majority of OMs commented that the use of written communication only escalated the problems further, whereas the use of open communication in the form of face to face meetings allowed for better interaction between the parties, better interpretation of how the issues had been viewed by the partner and greater understanding of what actions were needed to repair the relationship (Salo et al, 2009). Partners felt closer to the other company when there was more contact and open dialogue. Certainly, face to face contact boosted the collaboration between the partners.

If the relationship was strong to begin with, the approach to repair was more constructive where partners engaged in problem solving, as they were confident that having reached agreement, exchanges would be restored. In strong relationships both partners had developed an understanding of expected and accepted norms of behaviour. As these identities were known (Turner, 1983) the efficiency of collaboration increased (Buchel, 2000). The timing of such negotiations and the degree of open communication as a foundation for this process was important (Salo et al, 2009). Repair could not happen unless open communication took place, because OMs were faced with different issues during the course of negotiations. As a result, better decisions were achieved regarding the best course of action to take to repair elements of the relationships that had been damaged. As relationships were built on foundations of social exchange, the process helped facilitate repair through the renegotiation of the social order at interpersonal and B2B levels.

The existence of interpersonal relationships between OMs acted as a mediator and reduced conflict because psychological contracts and relational norms approved or prohibited certain activities (Ring & Van de Ven, 1989). Negotiations were less affective dominated and more constructive in relation to understanding each partner's position regarding the breakdown. OMs were able to rely on their personal bonds and trust in the goodwill of the partner to act in the best interests of securing future relations and agreeing positive committed actions to repair B2B relations. The involvement of OMs was paramount to the finalisation of the renegotiation process.

In weak relationships, negotiations were affective dominated at individual and organisational levels (Ensley et al, 2002). If the evaluation led to a decision to dissolve the relationship, the ending process proceeded where activity ties reduced and resource ties and partner bonds ceased (Halinen & Tähtinen, 2002). Some of the relationships ended amicably while others required third party involvement to settle the disputes as tensions were extremely high and the parties were unable to reach a settlement themselves through negotiations.

The last stages of renegotiations involved agreements on appropriate repair strategies to ensure the relationship continued. The types of actions varied depending on the events that caused disruption and the outcome of the negotiation process.

6.7 Repair Strategies: Readjustment and Reformulation

As highlighted in the discussion on negotiation, when the relationships broke down, interrelated factors such as trust, exchange and commitment were damaged and needed to be repaired for the relationship to continue (Dirks et al, 2009). Any failure in the negotiations to identify problems only prolonged the inevitable dissolution of the relationship. If issues were not dealt with or ignored, they became harder to repair as they advanced further into dissolution (Hirschman, 1970): *“he never responded to phone calls and emails... we just cut it out and let him go”* (European Sales Manager, Consumer Electronics SME). The timing of repair actions was very important in the repair process (Duck, 1984). Once the problems had been identified and understood by both parties, OMs then decided to examine the various strategies available to them (Vidal, 2006).

6.7.1 Repair Strategies

The conclusions from the renegotiation stages determined that different types of repair strategies were needed to restore relations (see section 6.5.3, p. 215). Repair actions had different rates of success depending on the stage of relationship decline to which they were applied (Duck, 1984).

This situation called for different repair strategies on three levels:

- 1) Cognitive: The relationships that were in the early stages of dissolution which were characterised by disruption of the cognitive elements (Dirks et al, 2009; Duck, 1984).
- 2) Affective: They were at a more advanced stage of dissolution where behavioural elements needed to be repaired (Dirks et al, 2009; Vidal, 2006; Duck, 1984).
- 3) Process: The partners needed to put structures in place to discourage future transgressions (Dirks et al, 2009).

6.7.1.1 Cognitive

6.7.1.1.1 Perceived Effort

In the early stages of breakdown OMs tried to shape their partner's perceptions of the transgression. Tactics such as apologies and denial were used to explain to partners the reasons for the transgression. Apologies enabled the offending partner to show that they were taking responsibility and that similar acts would not be repeated again in the future (Dirks et al, 2009; Ren & Gray, 2009). *"Look, we made a mess here...it's our fault, and we will try our best to rectify it"* (OM, Print Services SME). OMs needed to show the partner that the event was not a reflection of their true nature, that they had taken responsibility for the act and acknowledged the damage they caused: *"we decided that no, we would tell the client because if we were going to base everything that we are on trust and respect and reputation"* (OM, Security SME).

If trust existed, the reactions from partners tended to be quite positive. OMs acknowledged that they had to supplement apologies with adaptations to tasks and behaviours regarding future interactions and exchanges (Duck, 1984). These adaptations were further demonstrations of commitment and trust so that the processes regarding products and services were more flexible to suit the partner company in future exchanges (Salo et al, 2009; Hallen et al, 1991).

6.7.1.1.2 Rational Explanation

OMs offered accounts or rational explanations of what happened as a way of rebuilding relationships (Tomlinson & Meyer, 2009) which helped them explain the causes and events for the breakdown. If partners had no control over the events, they had to highlight the external factors that caused the problems. This provided the offended partner with an opportunity to understand what went wrong so that they could give the offending partner the benefit of the doubt. OMs also demonstrated that they were not acting in their own self-interest, that they understood and acknowledged the event and that they were still highly committed to collaboration. The offending partner had to turn this action into the provision of greater services to improve their partners business and in doing so garnered dispensation from them in return (Ren & Gray, 2009); “*so we went 50:50*” (OM, Print Services SME).

6.7.1.1.3 Display Commitment

Any demonstration of concern for the other company’s needs and interests was also a form of repairing the cognitive elements that broke down in dissolution. Acting in a way that protected the partners’ business, showed the company that they were benevolent in their actions and intentions towards the relationship (Ren & Gray, 2009). These actions signalled commitment and gave the partner company a chance to forgive the events that caused breakdown. Indeed, partners were more forgiving if these actions were implemented as agreed by the OMs. Thus, these actions had to be followed through in exchanges post repair in addition to reassuring the partner company that they were serious about repairing B2B relations: “*we really had to work with a number of key stakeholders... that was three years ago*” (OM, Software SME).

Notably, although these repair strategies were suitable for the cognitive components of relationship repair, they were not highlighted as repair mechanisms to solve interpersonal or social aspects of the SME’s relationships that were affected following a breakdown (Dirks et al, 2009). Apologies were effective to a degree but the partners needed to show continued committed actions in order to achieve effective behavioural repair and different actions were required depending on the seriousness of the damage.

6.7.1.2 Behavioural

Repair actions directed at restoring the social order included offering compensation and even accepting losses in the short term to fulfil obligations to partners (Ren & Gray, 2009). When the partner company had suffered damages following the transgression, compensation was necessary to rebuild the trust and commitment in the relationship (Ren & Gray, 2009). The OMs noted that if they were at fault they had to accept responsibility for their actions. In addition if the partner company's own customers had been affected, their goals were blocked so the offending partner had to compensate for their fault in disrupting B2B exchanges: *we had to pay that amount plus an extra amount then to show them as a gesture of goodwill that basically we could do it*" (OM, Services, SME).

If OMs were loyal and committed to their B2B partners they tried to resolve issues at their cost as much as possible. In a number of the incidents, compensation was used as a key repair mechanism to demonstrate long term commitment to the relationship and secure repeat business. Offending partners also took steps at considerable costs to themselves in the form of punishment for their own actions. For example, in some situations, offending partners paid the entire bill when they caused disruption to exchanges. This effort paid off for them as partners came back and ordered more products later.

6.7.1.3 Structural

In Dirks et al's (2009) process of relationship repair, structural processes were offered as a mechanism to save relationships. These processes involved efforts to reduce negative exchange through legalistic remedies and social structures. While structural repair strategies were appropriate in contractual relationships, they were difficult to enforce in relational exchanges because the norms governing the relationship were undermined (Ring & Van de Ven, 1994). As cognitive and affective elements needed to be repaired, social equilibrium processes were crucial. However, future negative exchange had to be discouraged and a certain amount of psychological contracts were put in place following the process.

Following negotiations, OMs noted that each partner had to agree that they were happy with the repair actions agreed, that the issues were in the past and should not be brought up in future exchanges. Over time, partners became more confident from experience of dealing with these

situations. If a B2B relationship was in trouble or likely to be in trouble, they were able to negotiate with their partner by explaining to them how these issues were resolved before.

The repair actions discussed above allowed partners to show their on-going and future commitment to the relationship. SMEs made sacrifices in the short term in order to ensure the long term survival of the relationship (Anderson & Weitz, 1992). These actions started the repair journey and as partners began to see the commitment involved, they both continued to interact towards future exchanges. OMs emphasised that beyond the repair actions, they also engaged in continuous communication with their B2B partners in order to keep them informed of their efforts (Salo et al, 2009). Thus, OMs learned to update their B2B partner if something was going to change or if there were potential issues because when they communicated to partners, they had given advance notice and both sides were able to deal with the issue before it became unresolvable (table 6.5).

Table 6.5 Summary of Repair Strategies

Attributional Cognitive	Social Order Affective	Structural Process
Apologies	Compensation	Psychological Contracts
Denial	Punishment	Little evidence of formal contracts

Source: (Dirks et al, 2009)

6.7.2 Interim Conceptualisation 6

The timing of negotiations was a key factor in establishing the appropriate strategies to repair the issues facing the relationship (Vidal, 2006). Repair strategies showed the offended partner that management was committed to the long term durability of the relationship (Geyskens et al, 1996; Morgan & Hunt, 1994). Investments in relationships increased commitment (Salo et al, 2009). To rebuild trust and commitment, OMs had to put in a considerable amount of personal time during the implementation of repair actions to ensure their success. If the partner company was positively exposed towards the relationship, they were more likely to desire a resolution to the problems in order to re-establish mutual commitment and strengthen the relationship (Salo et al, 2009; Morgan

& Hunt, 1994) post repair. Following the renegotiation, a number of repair actions were put in place depending on the severity of the events and the state of the relationships (see figure 6.6).

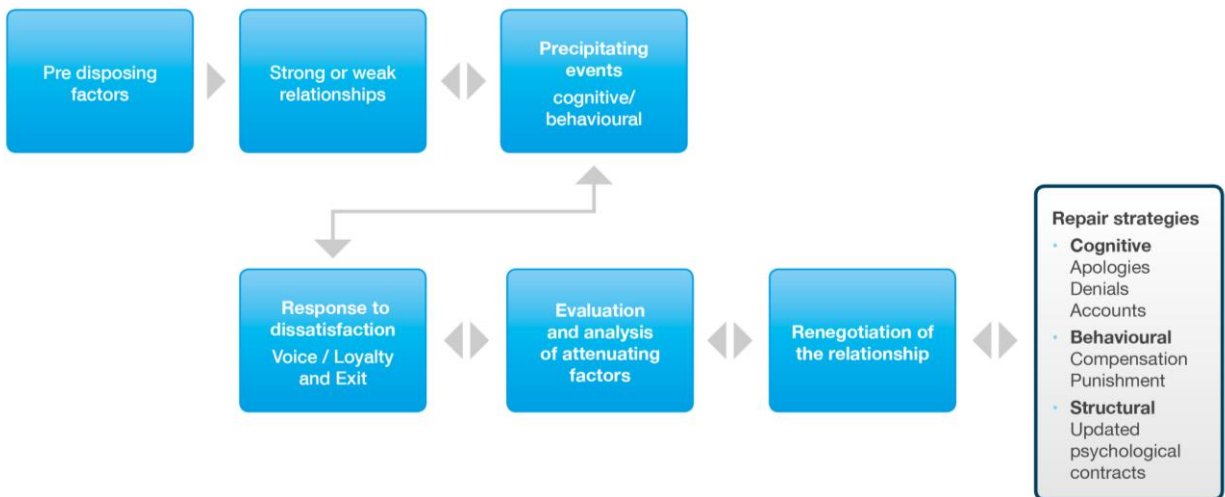


Figure 6.6 Repair Strategies

In the early stages of dissolution, events were related to the disruption of the cognitive elements and therefore repair strategies involved apologies and denials in order to shape the partners perceptions of the individuals and organisation (Dirks et al, 2009; Ren & Gray, 2009). This showed that partners were willing to take responsibility for their actions and restored faith in any future interactions. Consistent with Duck (1984) and Salo et al (2009), adaptations were made and changes applied to B2B processes to rebuild trust. Repair at this early stage was important as any doubt regarding the trustworthiness of the other party needed to be alleviated (Tomlinson & Mayer, 2009).

Beyond cognitive repair, actions were more focussed on restoring the behavioural elements. Offending partners used compensation, while offended partners used punishment as a way of restoring trust and commitment (Ren & Gray, 2009). Acting in a way that protected the partner's business, showed the company that the OMs were benevolent in their actions and intentions towards the relationship. These actions signalled commitment to the relationship and gave the partner company a chance to forgive the events that caused breakdown (Dirks et al, 2009).

In order to ensure that events would not happen again, OMs also put in small structural processes so that partners would agree to raise issues if they were about to unfold (Dirks et al, 2009). OMs

also revised their psychological contracts to incorporate early warning indicators and learned from their actions.

Continuous communication and interaction post repair efforts was important in order to restore both trust and commitment in the B2B relationships and to ensure better outcomes for both partners (Salo et al, 2009; Anderson & Weitz, 1992).

6.8 The impact of the Repair Process on the State of the Relationship

6.8.1 Post Repair Environment

The state of the relationships and norms governing them changed either positively or negatively following repair. New insights revealed during negotiations changed the views that each partner had towards the other. If OMs accepted differences and learned how to deal with them, B2B relationships became far more positive and easier to manage which resulted in more lucrative relationships.

The norms governing the relationship also changed in relation to handling disputes. Business relationship conflict was hard to avoid but it was not the conflict itself that caused dissolution, it was the failure of individual OMs to develop constructive ways of repairing relationships for future interactions. If OMs displayed an open and honest approach to repair and accepted that there were differences in perceived performance, then constructive outcomes were reached (Peterson, 1983).

When the interpersonal relationship was strong and goals were understood by both Oms, then repair became part of the on-going management of the relationship in so far as each partner knew the response they would get if they expressed a need to change. In other relationships, where differences were vast, OMs went through a contentious cycle of disputes, where issues were repaired but each party had kept to their own goals and agendas and had not created a platform for integration and mutually agreed solutions and changes (Good & Evans, 2001).

Even though repair efforts were undertaken and the relationships continued, interactions and exchanges were not necessarily restored to pre transgression levels (Dirks et al, 2009; Good & Evans, 2001). A greater understanding of outcomes of the repair process was undertaken by looking at the impact that repair actions had on the state of the relationship. Research to date has not provided a distinction between repair and restoration (Dirks et al, 2009). Of note was the differentiation between outcomes: a constructive outcome was one that had a beneficial effect on

future interactions (Coser, 1956) while a destructive outcome had a damaging effect on later interactions (Peterson, 1983). While in some cases SMEs relationships were restored to pre transgression levels, in other cases the relationship was still left vulnerable to future transgressions because the scars had not been fully healed (Dirks et al, 2009). OMs felt that B2B exchanges were not the same as before the precipitating event. Even though a relationship repaired and the partners were still working together, a reduced level of trust existed (Tomlinson & Mayer, 2009). These outcomes are now discussed in relation to their constructiveness or destructiveness.

6.8.2 Constructive Outcome

6.8.2.1 Stabilised

Other situations included occasions where one or both partners withdrew from the relationship without fully resolving the conflict (Peterson, 1983). One manager reported that after an unsuccessful negotiation when both OMs could not reach an agreement, there was a cooling off period between the partners for approximately a year. However these OMs had a good interpersonal relationship pre transgression so the ‘cooling off’ period allowed them to consider their actions and to look at other ways of repairing the relationship, which was eventually stabilised.

6.8.2.2 Stimulated

In restored relationships, more constructive outcomes related to the satisfaction of both company’s goals and provided motives for remaining in the relationship (Peterson, 1983). A level of cooperation between the OMs had to exist so that agreements could be reached. Subsequently, each party was able to achieve what they wanted from renegotiations (Good & Evans, 2001). One OM explained that when they compensated for a breakdown of a product, the partner company came back and ordered a higher value product the next time. This provided tangible evidence that the partner was satisfied with the level of support they received following the breakdown, and both parties were happy with the outcome.

In other situations, the repair process actually strengthened relationships (Scanzoni, 1979). The outcome of repair resulted in relationships where cooperation greatly improved and better communications helped partners create a deeper understanding of each other’s motives and goals (Salo et al, 2009). This ensured that trust was worked on from both sides where both partners felt

that they had reached a fair outcome (Blau, 1964; Coser, 1956). Increased interdependence was generated in the form of more rewards and less costs than those which existed before the breakdown (Scanzoni, 1979). OMs gave examples of being offered bigger partnership deals post repair and there were also examples of SMEs being given strategic partnerships.

6.8.3 Destructive Outcome

6.8.3.1 Eventual Dissolution

Certain events remained vivid in the partner's mind for some time after they occurred. OMs had reservations on the future of the relationship, explaining that it was difficult to go through a negative experience again. As one OM reflected, there was a psychological piece in the middle of the whole process where people in both partner companies felt *"trust was broken very, very clearly"* (OM, Software SME F).. When partner's views of each other became negative, all subsequent exchanges were viewed with suspicion which eventually led to withdrawal, reduced interactions and ultimately dissolution: *"I was planning... to make sure that we wouldn't have to work for them"* (OM, Software SME F).

6.8.3.2 New Repair Actions Required

Consistent with channel studies, dissolution was impossible between certain partners due to the impact on the end customer and the amount of investments made (Ping, 1999). These partners were no longer attitudinally or behaviourally committed to the relationship, but were structurally committed until they were able to reduce exit costs (Ping, 1999). The aftermath of repair led to the reduction of goals and aspirations for the relationship. Partners settled on services or products that they were able to deliver. Working arrangements changed and, to a certain extent, the B2B relationship was diluted. OMs felt that better repair strategies should have been undertaken but were not used to this process, so both partners compromised on the best solution they felt was necessary to move forward.

Other OMs revealed that they entered a neutral kind of resolution rather than a happy resolution for both sides (Peterson, 1983). In negotiations they were pleased that certain agreements were reached but would have felt better had both partners left the table with a more mutual understanding and commitment to the relationship focussed on the future (Good & Evans, 2001).

6.8.4 Interim Conceptualisation 7

As illustrated in figure 6.7 repair actions alone were not enough to return the relationship to pre state levels. Relationships changed as a result of this process where both partners had updated evaluations regarding the relationship they had with their partners. The implementation of the repair actions including apologies, rebuilding trust and more open communications took time to build, so it was a continuous process of negotiation and renegotiations (Ring & Van de Ven, 1994).

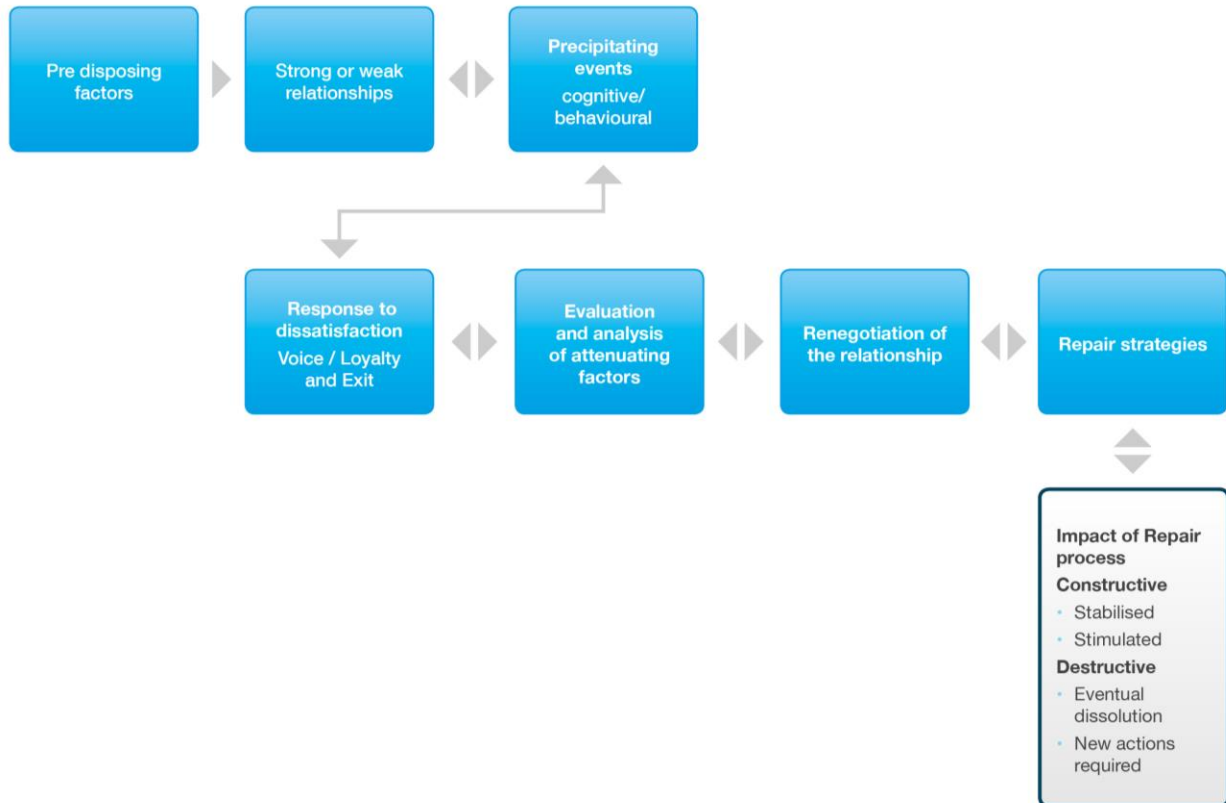


Figure 6.7 Updated Relationship following Repair Strategies and its Outcome

Following the repair process, B2B relationships didn't necessarily return to pre transgression states (Dirks et al, 2009; Ren & Gray, 2009). Different outcomes were experienced following the repair process between partners (Dirks et al, 2009). While some relationships actually strengthened as a result of the implementation of committed actions and visible management efforts, other relationships were left vulnerable to dissolution, as trust levels were diminished. In these instances, OMs were planning to exit in the future. Other partners were forced to compromise without each party fully content with the outcomes they received, which meant that they had to rebuild optimum

levels of trust and commitment. Based on the foregoing, even though exchange was restored, trust remained low and lingering psychological scars could ultimately lead to dissolution. In order to repair the affective state of the relationship, considerable effort in time and resources was necessary.

6.9 Conclusion

This research project showed that when disputes arose in B2B exchanges, effective repair was achieved when negotiations were directed towards reducing the negative effects of the disputes and restoring the social order through committed actions that allowed the relationships to be more flexible and adaptive to change (Dirks et al, 2009; Ren & Gray, 2009; Salo et al, 2009).

In general, the state of the relationship had a significant effect on the evaluation of the events that led to breakdown and any subsequent negotiations to solve the disputes. A major finding emanating from this work was that the process of dissolution and repair was dynamic and moved through a cycle of actions, reactions and renegotiations to restore balance to B2B exchanges. What was particularly noteworthy was that these sub-processes were significantly influenced by the involvement of individual OMs and the existence of strong interpersonal relationships. It was vitally important that negotiations were timely and remained flexible to deal with any changes that had to be made to business relationships (Duck, 1984).

The state of the relationship and norms governing the relationship changed either positively or negatively following repair. New insights that OMs revealed during negotiations changed the views each company had towards each other (Gedeon, Ferne & Poole, 2008). If OMs accepted differences and learned how to deal with them, the relationships became more positive to manage. The norms governing the relationship changed in relation to handling disputes. B2B relationship conflict was hard to avoid but it was not the conflict itself that caused dissolution, it was the failure of the individual OMs to develop constructive ways of repairing relationships for future interactions.

If OMs displayed an open and honest approach to repair and accepted that there were differences, constructive outcomes were reached (Peterson, 1983). The renegotiations in the SME's relationships formed the basis for stronger relationships as, OMs that were committed to cooperation found more reasonable ways to deal with problems.

The next chapter examines the insights in light of the research objectives and in relation to theoretical, managerial and methodological contributions and concludes with implications for future research.

7 Chapter 7: Conclusions

7.1 Introduction

This chapter concludes the research outcomes in terms of the aim and objectives of the research study. Drawing on the insights gained from the findings and discussion, a repair process framework of SME's B2B relationships is presented to explain how these activities and sub processes work. Thereafter, key contributions of the research pertaining to theory and managerial practice as well as methodology are discussed. Finally the chapter concludes with future directions for research.

7.2 The Outcome of the Research Study related to the Aim of the Research Study.

The aim of this research, as stated in the beginning of this thesis, was *to explore all the actions and activities of individuals in repairing dissolving B2B relationships in the context of the state of their relationships in order to gain a complete understanding of the total process.*

To achieve this aim, the primary focus of the research was the examination of the dynamic sub-processes in repairing dissolving B2B relationships, leading to the development of an integrated repair framework.

To focus on these sub-processes the following research objectives were produced;

- To examine the state of the B2B relationships pre transgression and assess its impact on the repair process.
- To explore the actions and reactions of actors to precipitating events in the repairing or dissolving of B2B relationships
- To explore how SMEs evaluate and assess the reasons to repair B2B relationships.
- To identify important criteria in the renegotiation of the state of B2B relationship.
- To explore different repair strategies used to repair dissolving B2B relationships.
- To explore the outcome of the repair process on the state of the relationship.

The following sections reflect on the overall aim of the research and these research objectives from a process perspective. The researcher goes on to contemplate a greater understanding of the repair process of B2B relationships in Irish SMEs as a result of this research.

7.3 Framework for Repair

In order to focus the following discussion, a framework for repair is presented (fig. 7.1 overleaf) that exemplifies the dynamic nature of the sub-processes identified in this study and inherent in interactions during repair. The pattern that emerged from the research can be best described in terms of a temporal process of activities and actions undertaken at owner manager and business to business levels. These activities and actions are taken in the context of the state of the relationship pre transgression. The research strategy was to explore critical incidents in a number of Irish SMEs' B2B relationships in both manufacturing and service industries, and relate the insights to the lack of empirical knowledge of relationship repair in dissolving B2B relationships.

The overall aim of this research was to *explore all the actions and activities of individuals in repairing dissolving B2B relationships in the context of the state of their relationships in order to gain a complete understanding of the total process*. As indicated in table 1.2 (p.7), extant literature leaves unanswered questions regarding the repair process. Compared to the current repair models in Salo et al (2009) and Tähtinen et al (2007), this research took a more detailed view of the impact of the state of the relationship and the events causing breakdown on the repair process. Thus, the current study goes some way towards Salo et al's (2009) call for further research on "*the antecedents of the process of repair and that more attention should be given to such questions as 'how do the relationship's characteristics and the type of reasons for the troubles influence the outcome of the recovery process?'*"(p. 631). Indeed, to research one without the other results in inaccurate understanding of the phenomenon (Dirks et al, 2009).

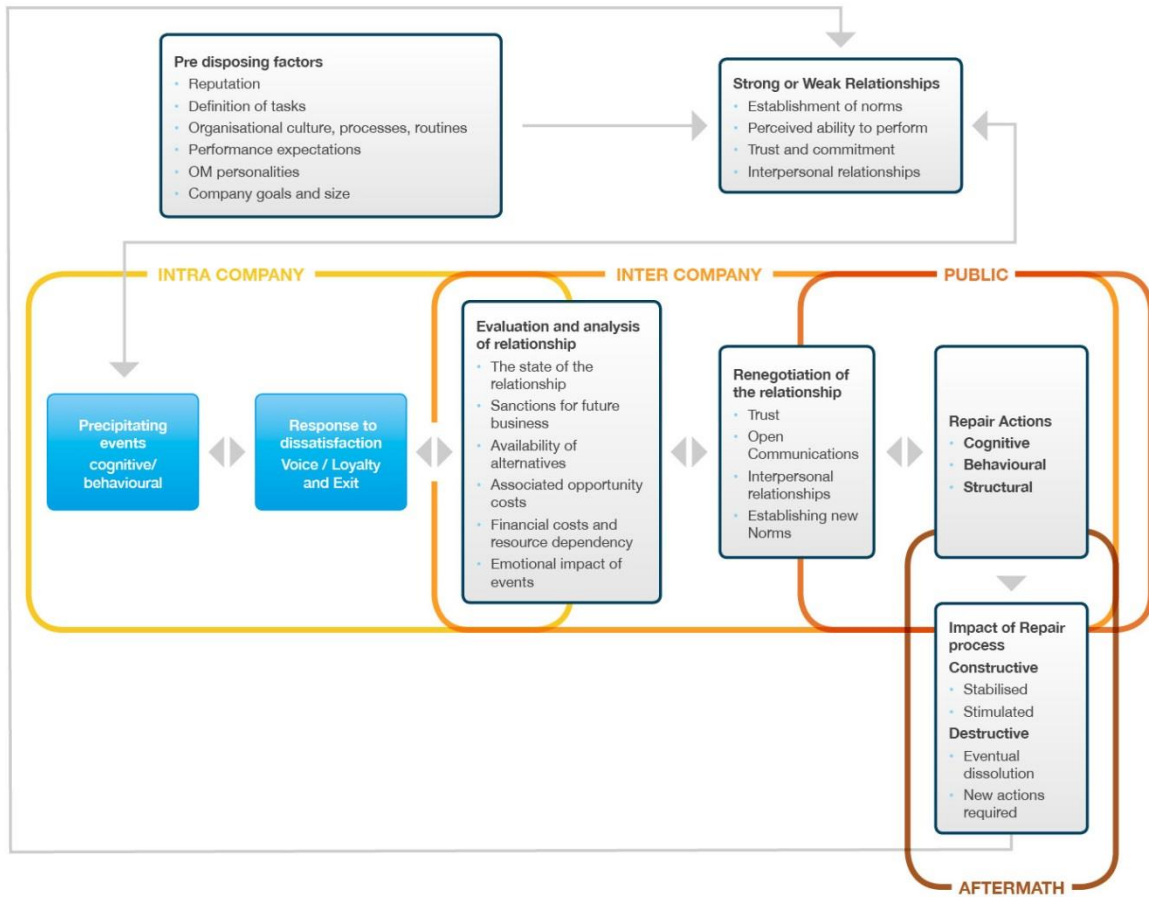


Figure 7.1 Framework for repairing SMEs B2B Relationships in Dissolution

As illustrated in Figure 7.1, the framework consists of a series of states, activities and actions of repair during the process of dissolution. It starts with the state of the relationship pre transgression, then includes; the precipitating events, the responses to dissatisfaction, the assessment and evaluation of the relationship, the renegotiation of the social order leading to the agreement of repair strategies and the final part consists of the outcome of the repair process leading to updated evaluations of the B2B relationships.

Following the events causing breakdown, the trajectory of the process is further influenced by the immediate and considered response from individuals and firms which is again undertaken in the context of the state of the relationship. This research supports previous studies indicating the impact of attenuating factors on decisions to repair or dissolve relationships (Tähtinen & Vaaland, 2006).

Once the decision has been made to repair the relationship, the process enters a renegotiation of the social order leading to agreement of the appropriate repair strategies. To date, as far as the researcher is aware, no study has linked different repair strategies to different events causing dissolution. This study closes this gap by the identification of different strategies that are needed to repair different elements of the relationship that have broken down (Dirks et al, 2009).

However the implementation of such strategies can lead to different outcomes and there is a paucity of understanding regarding the state of the relationship post repair. This study concludes that repair can be effective or ineffective whereby relationships are improved following the process or they are still vulnerable to dissolution.

This study's broader view of repair provides a more general view of the phenomenon and the contributions have important theoretical implications for future studies. The following sections discuss the conclusions related to the research objectives of the study.

7.3.1 Research Objective 1

To examine the state of the B2B relationships pre transgression and assess its impact on the repair process.

Consistent with Halinen & Tähtinen (2002) and Duck (1982), this research concludes that the state of the relationship pre transgression plays a significant role in understanding the repair of B2B relationships (Dirks et al, 2009). The interplay between predisposing factors and the state of the

relationship pre transgression is evident in the critical incidents examined. Factors such as; reputation, definition of tasks, organisational culture, performance expectations and OM personalities facilitates the construction of relational exchanges, which forms the basis of strong or weak relationships (Halinen & Tähtinen , 2002; Duck, 1982).

SMEs in strong relationships are generally satisfied with their partners as their expectations have been met during the course of interactions and past exchanges (Geyskens et al, 1999). These businesses establish close cooperation at interpersonal and B2B levels characterised by relational norms, mutual satisfaction, trust and commitment (Salo et al, 2009; Harris et al, 2003; Morgan & Hunt, 1994; Dwyer et al, 1987). What is noteworthy here is that the presence of commitment and trust provides a fertile environment for the creation of strong inter-personal relationships (Ring & Van de Ven, 1994). The existence of personal bonds and social ties are important in the development and formation of psychological contracts (Ring & Van de Ven, 1994; MacNeil, 1980). They also act as a buffer in times of trouble where they are known to reduce conflict (Gedeon et al, 2009; Halinen & Salmi, 2001; Ring & Van de Ven, 1994). When precipitating events cause these relationships to breakdown, the existence of such relational commitment and trust reduces the partner's intention to dissolve their relationships (Morgan & Hunt, 1994) and as such, creates voluntary decisions to repair them (Hocutt, 1998; Rusbult, 1983).

The study provides insight into the impact of weak relationships on the repair process. These relationships are generally characterised by unfavourable predisposing factors pre transgression, such as the inability to agree commercial terms, power imbalances and acknowledgement of poor reputation which makes them more vulnerable to dissolution (Halinen & Tähtinen, 2002). OMs find it difficult to build strong relationships from the outset because of these factors, so when the relationship breaks down, the evaluation of the issues in the context of an already vulnerable relationship makes the repair process very difficult (Vaaland, 2003). This study provides a greater understanding of the impact of the state of the relationship on the outcomes of the repair process as past studies have failed to capture the importance of influencing factors on B2B relationships (Salo et al, 2009; Dirks et al, 2009).

7.3.2 Research Objective 2

To explore the actions and reactions of actors to precipitating events in the repair or dissolution of B2B relationships

Consistent with Tähtinen et al (2007), this research provides new knowledge concerning different precipitating events that cause dissolution and have an impact on the repair process of B2B relationships. Following a call for more in-depth analysis of these events (Dirks et al, 2009; Ren & Gray, 2009; Salo et al, 2009), the study concludes that they not only influence the process of repair but influence each other as there are different reactions from OMs depending on the severity of the event (Dirks et al, 2009, Ren & Gray, 2009; Hibbard et al, 2001). Evidence suggests that more than one event can start the dissolution process, as reactions from either party can cause further precipitating events that disrupt exchanges (Tähtinen et al, 2009). As depicted in figure 7.1 by two-way arrows, the role of the partners is influential here (Salo et al, 2009) because their input at this stage is vital to the trajectory of the repair process. Indeed, their reactions can accelerate or decelerate the process of dissolution.

In order to make sense of the severity of the events, this study classifies them into cognitive and behavioural levels. One or all of the characteristics of the relationship such as trust, affect and exchange are impacted by different levels of events (Dirks et al, 2009). To date the impact of these events on the outcome of the repair process have been insufficiently explored and this research provides greater clarification in this regard. Referring to Duck's (1984) notion that different strategies are needed to repair different elements of the relationship that are affected during dissolution (Dirks et al, 2009), behavioural events appear to accelerate the process of dissolution and are much more difficult to repair compared to cognitive events (Dirks et al, 2009; Tähtinen et al, 2007; Duck, 1984).

The empirical findings show that these events influence the repair process but when evaluated in the context of the state of the relationship, add further dynamics to the process of repair as there are many considerations to be made concerning the changes that have taken place. Before any repair takes place, the elements of the relationship that have been damaged need to be understood in order to apply the most appropriate repair solutions (Dirks et al, 2009; Vidal, 2006). This point of the process is very important, as the subsequent reactions from the offender or offended partner are conditioned by the severity of the act and its source (Hibbard et al, 2001).

The reaction of the partners to dissatisfaction represents a key turning point in the dissolution process (Alajoutsijarvi et al, 2000). The deterioration of the relationships brings about constructive, destructive and passive responses from partners (Vidal, 2006; Baxter, 1985). Apparent in this study is that when partners adopt a constructive strategy such as voice, the opportunity for negotiation towards repair increases. If dissatisfaction is low, OMs have the opportunity to use voice as an immediate reaction in order to make their frustrations known to the partner company and express their desire to change an uncomfortable situation to improve satisfaction (Ferguson & Johnston, 2010; Salo et al, 2009; Ping, 1997, 1993; Hirschman, 1970). The use of voice signals an intention to try and resolve the issues and offers larger opportunities for repair by making the issues aware to all parties (Salo et al, 2009; Vidal, 2006; Ping, 1993; Hirschman, 1972). This also moves the process into the inter-company stage as depicted in figure 7.1 by the shaded circles.

In other instances, SMEs can use the silent approach to dissatisfaction by remaining loyal to the partnership in the hope that relations will improve. Partners choose this option rather than voicing because the dependence is greater on the other company (Ping, 1993; Rusbult et al, 1982). While this could be considered as a constructive approach, it is nevertheless a passive approach to repair and can leave relationships vulnerable to dissolution at a later stage, because the issues facing partners are not addressed properly (Blois, 2008; Ping, 1999).

Destructive immediate responses feature when the event is so severe that repair appears impossible or unwanted (Vidal, 2006). In these cases, OMs' pursue the exit option and immediately dissolve their relationship (Ping, 1997; Hirschman, 1970). The study concludes that the potential for repair reduces as the partners get closer to the exit option.

The response to dissatisfaction is undertaken in the context of the state of the relationship pre transgression (Ren & Gray, 2009). Customer value which Anderson & Narus (1998) brought to research attention, can influence response behaviour and influence the reasons to stay in the relationship (Liu & Liu, 2006; Liu, Leach & Bernhardt, 2005). Whatever strategy OMs adopt has an impact on the potential to repair the relationship as partners either enter the next stage of repair or initiate dissolution (Alajoutsijarvi et al, 2000). If constructive responses such as voice and loyalty are used, partners start to evaluate and assess the reasons to stay in B2B exchanges (Salo et al, 2009).

7.3.3 Research Objective 3

To explore how SMEs evaluate and assess the reasons to continue B2B relationships.

OMs undertake an evaluation of the troubled state of the SME's B2B relationships once they realise how much trouble the partnership is in (Tähtinen & Vaaland, 2006; Ulaga, 2003). At this stage, various elements of the relationship such as trust and satisfaction are weakening. Therefore, the timing of the evaluation is vital because events that appear to be cognitive can turn behavioural depending on OM reactions. Similarly, behavioural events require quick reactions by OMs in order to halt the dissolution process (Duck, 1984).

For the repair process to proceed, various forces influence OM's decisions including the costs and benefits associated with the relationship (Thibaut & Kelley, 1959). If the costs outweigh the benefits, OMs consider dissolution or indeed make plans towards future dissolution (Tähtinen & Vaaland, 2006), whereas if rewards associated with the relationship are greater, the evaluation is more in favour of repair. At this point, interpersonal relationships play a key role in the evaluation as partners who are perceived as open and trustworthy are considered valuable in comparison to the costs associated with partners who are perceived as aggressive and disinterested in maintaining relations (Gedeon et al, 2009; Ring & Van de Ven, 1994).

It is important to consider here that context and actions are inextricably linked and the state of the relationship pre transgression has a moderating effect on dissolution (Salo et al, 2009; Halinen & Tähtinen, 2002). This is underpinned by social exchange and interdependence between the partners (Kelly, 1979). At B2B levels, positive evaluations include adherence to the rules of exchange and consistent delivery of products and services as opposed to negative evaluations concerning opportunistic behaviour and a lack of respect towards business relational norms (Tähtinen et al, 2007). At this part of the dynamic process, partners make attributions concerning how and why the precipitating events took place and this uncertainty forces OMs to consider the factors attenuating dissolution (Tomlinson & Meyer, 2009).

Consistent with Tähtinen & Vaaland (2006), the empirical research findings suggest that the loss of future business, the availability of alternatives, associated opportunity costs, dissolution process costs and resource dependency have a huge influence on the decision to repair relationships (Tähtinen & Vaaland, 2006; Vaaland, 2003).

For SMEs, the loss of future revenue coupled with the potential damage to reputation can threaten their survival in the long term, so this has to be considered in the decision to repair the relationship (Tähtinen & Vaaland, 2006). An analysis of the attenuating factors support earlier investigations which show that time, effort and uncertainty impacts the decision to move to alternative partners (Panther & Farquhar, 2004; Gronhaug & Gilly, 1991). Even if alternatives exist, partners can still remain in the relationship because the effort involved in transferring production and knowledge is too great. The OM may also be conscious of gaining a reputation for switching partners too easily (Rhee & Valdez, 2009). A key concern for OMs is the uncertainty in establishing new interpersonal relationships following dissolution (Helm et al, 2006; Seabright et al, 1992). Underlying this uncertainty is the notion of meeting individuals in future exchanges so it is important not to lose sight of potential future relationships with individuals in other firms. Finally, if partners are facing substantial legal, financial and reputational costs of dissolving the relationships, they are more inclined to find a way through their problems rather than endure the consequences of these losses (Ping, 1999; Nielson, 1996).

This evaluation and analysis of attenuating factors leads to positive or negative outcomes for business relationships (Tähtinen et al, 2007). Some relationships start to dissolve at this point if the evaluation is unfavourable toward repair. Activity links and resource ties begin to be withdrawn, or the decision is made to continue the relationship and repair proceeds (Tähtinen et al, 2007). Previous studies suggest a repair process based on the analysis of attenuating factors and have not provided insights into the sub-process that follows the evaluation (Tähtinen & Vaaland, 2006).

7.3.4 Research Objective 4

To identify important criteria in the renegotiation of dissolving B2B relationships

As Ren & Gray (2009) contend “*effective restoration involves the efforts of both parties and success involves assessing both individual and dyadic behaviour*” (Ren & Gray, 2009, p.116). This sub-process is contingent upon the willingness of both partners to repair the relationship (Salo et al, 2009; Geyskens et al, 1996; Anderson & Weitz, 1989) and the need to restore the social balance (Ren & Gray, 2009). The framework presented in figure 7.1 operates at both individual and dyadic level and highlights the importance of interaction in repair (Ren & Gray, 2009; Ring & Van de Ven, 1994). OMs are uncertain regarding future interactions because they have

established the elements of the relationship that have broken down i.e. trust, affect and exchange (Dirks et al, 2009). Therefore, a renegotiation of the social order is necessary to re-establish new boundaries for future exchanges and interactions (Ren & Gray, 2009; Daft & Weick, 1984). An important finding from this study suggests that both partners have to meet face-to-face in these negotiations because they need to take account of the issues most prominent in their partner's minds with regard to their desire to continue or dissolve the relationship (Dindia & Baxter, 1987; Duck, 1984). Moreover, during these negotiations, partners will adapt and adjust their initial expectations for the meetings as they interact with each other and more information becomes available during the process (Weick, 1995; Ring & van de Ven, 1994).

A key conclusion from this research is that when B2B relationships have established trust and commitment, the approach to renegotiation is more constructive where OMs engage in problem solving because they are confident that having reached agreement, exchanges will be restored (Puranam & Vanneste, 2009; Lee, 1984). When both partners have developed an understanding of expected and accepted norms of behaviour, collaboration is facilitated (Buchel, 2000; Ring & Van de Ven, 1992). However, the renegotiations in weak relationships are different because trust and commitment is lacking due to unfavourable predisposing conditions. The research concludes that these renegotiations are behaviourally dominated at interpersonal and B2B levels (Ensley et al, 2002). Some relationships can dissolve amicably whereas others require third party involvement to settle disputes as tensions are extremely high and partners are unable to reach a settlement themselves through negotiations (Duck, 1984). Noteworthy here is that intervention by a third party at this stage usually means that the relationship has reached serious levels of behavioural breakdown where the will to repair the relationship is lost in renegotiations (Duck, 1984).

Important criteria identified in the study includes, the timing of negotiations and the degree of open communication as a foundation for this process to succeed (Salo et al, 2009; Zhang et al, 2006). The use of open communication is considered vital to repair as it allows OMs to get a clear understanding of the breakdown and how each individual and company feels about the issues facing the relationship (Salo et al, 2009). Indeed, offending partners can justify their actions thereby providing meaning to their partner in relation to the events (Weick, 1988). As a result, better decisions regarding the appropriate repair strategies can be achieved (Ring & Van de Ven, 1994).

Notably, the presence of OMs at these meetings is also considered important as partners are reassured of the commitment to the relationship, that the relationship is important and that there is long term orientation in partner actions (Ping, 1999; Ganesan, 1994). Moreover, OMs are in a better position to make the final decisions on appropriate repair strategies, in the presence of their counterparts in the partner organisation, which allows the process to proceed to action in a timely manner.

It is also important to note here that the existence of interpersonal relationships between OMs acts as a mediator and reduces conflict because psychological contracts and relational norms prohibit certain activities (Ring & Van de Ven, 1989). OMs are able to rely on their personal bonds and trust in the goodwill of their partner to act in the best interests of securing future relations and agreeing positive committed actions to repair B2B relations (Gedeon et al, 2009; Beloucif et al, 2006; Ulaga, 2003; Ring & Van de Ven, 1994).

Part of the renegotiation process is to establish new norms of accepted and expected behaviour and the strategies applied to repair the relationship can influence this behaviour by providing committed actions. In order to change the troubled state of the relationship, the empirical findings in this research conclude that different strategies are needed depending on the severity of the precipitating events and the state of the relationship pre transgression (Dirks et al, 2009; Duck, 1984).

7.3.5 Research Objective 5

To explore different repair strategies used to repair dissolving B2B relationships.

The framework (figure 7.1) shows that different repair strategies are deemed appropriate and necessary to address cognitive and behavioural breakdown (Ren & Gray, 2009; Duck, 1984). Indeed the timing of renegotiations is a key factor in establishing the appropriate strategies to repair the issues facing these relationships (Vidal, 2006). Early stages are related to the disruption of the cognitive elements and therefore repair strategies involve apologies and denials in order to shape the partner's perceptions of each other (Ren & Gray, 2009). This shows that partners were willing to take responsibility for their actions and restore faith in any future interactions. In early stages and consistent with Duck (1984) and Salo et al (2009), adaptations and adjustment are made including changes to B2B processes in order to rebuild trust and demonstrate continued

commitment (Salo et al, 2009). Repair of cognitive events is important as any doubt regarding the trustworthiness of the partner needs to be alleviated at this stage (Dirks et al, 2009; Tomlinson & Meyer, 2009). Acting in a way that protects the partner's business, demonstrates that OMs are benevolent in their actions and intentions towards the relationship. These actions signal commitment to the relationship and give partners a chance to forgive the events that cause the breakdown (Salo et al, 2009).

Consistent to that proposed by Dirks et al (2009), this study concludes that while apologies and changes to processes are important to repair cognitive events, they are not enough to repair the social and interpersonal aspects of relationship breakdown (Ren & Gray, 2009). In this instance, repair actions are directed towards the reestablishment of the social order and the future of the relationship (Ren & Gray, 2009; Reb et al, 2006; Duck, 1984). As norms of expected behaviour have been violated, the relationship is in a state of disequilibrium until actions are implemented (Dirks et al, 2009; Ren & Gray, 2009). In order to repair the social elements such as trust and commitment, efforts are directed towards reaffirming the norms that govern the relationship. This study shows that strategies such as compensation and penance in the form of costs to the partner are used to restore balance (Ren & Gray, 2009; Reb et al, 2006). These repair actions are used by OMs to show their future intentions towards the relationship and according to Ren & Gray (2009) are useful for restoring positive exchange.

A final conclusion regarding repair strategies involves the implementation of revised psychological contracts between firms as OMs learn from their experience (Ren & Gray, 2009). Any future relationships they have may have unwritten rules of behaviour to avoid the same issues occurring again. The learning here also implies that issues can be detected earlier by OMs so that dissolution can be avoided (Dirks et al, 2009).

Despite the agreement and implementation of these repair strategies, the success of such repair strategies is contingent upon the continuous communication, time and effort put in by the OMs. If this is not undertaken, then trust and affect cannot be repaired effectively (Salo et al, 2009; Hirschman, 1970).

7.3.6 Research Objective 6

To explore the outcome of the repair process on the state of the relationship.

Previous repair studies have neglected to capture in detail, different outcomes of the repair process on the state of the relationship (Dirks et al, 2009). Despite the agreement of strategies and the implementation of repair actions, they may not be enough to return the relationship to pre state levels of cooperation. Relationships change as a result of the dissolution and repair process where both partners have updated evaluations regarding future B2B exchanges (Ren & Gray, 2009). The implementation of repair strategies including apologies, rebuilding trust and communications takes time so it is a continuous process of negotiation and renegotiation within the documented accounts. If OMs are not prepared to put in this effort, repair will not succeed and as Hirschman (1972) noted effective repair lags repair efforts as a result. The empirical findings in this study find different outcomes following the B2B repair process (Dirks et al, 2009; Ren & Gray, 2009). While some relationships actually become stronger following the implementation of committed actions and visible management efforts, other relationships are left vulnerable to dissolution at a later date as trust levels are low (Dirks et al, 2009; Tomlinson & Meyer, 2009). In these instances, the study finds that OMs are planning to exit in the future but are continuing relations until the time is right to leave their partner. Other partners are forced to compromise where neither party is content with the outcome. In these scenarios, the relationships remains strained until they rebuild levels of trust and commitment.

Based on the foregoing, there are different outcomes following repair efforts. Effective repair includes relationships that are stabilised or even strengthened (Dirks et al, 2009; Vidal, 2006) whereas ineffective repair leads to a continued lack of trust and lingering psychological scars which ultimately lead to dissolution (Dirks et al, 2009; Vidal, 2006). Other actions slow down the dissolution process without achieving repair and therefore require more negotiations and repair actions (Vidal, 2006) to achieve a favourable result.

7.4 Contributions of the Study

The contributions of the study can be divided into theoretical and practical. Each are discussed in turn.

7.4.1 Theoretical Contribution

This project advances research on B2B relationship repair in a number of important aspects. First, the B2B relationship repair framework developed in this research brings new knowledge to the general understanding of relational dynamics. Relationship breakdown is not an isolated event but plays a bigger role in preserving, disrupting and changing the social order (Ren & Gray, 2009). This research closes a significant gap in the extant literature by examining the entire process of relationship repair (Salo et al, 2009; Tähtinen et al, 2007; Tähtinen & Vaaland, 2006; Tähtinen, 2003), the examination of the actions and reactions of the OMs provides insights regarding the dynamic nature of the processes involved (Halinen & Tähtinen, 2002). These OMs are not only responsible for the state of the relationship pre transgression but are also responsible for the renegotiation of the social order (Ren & Gray, 2009; Ring & Van de Ven, 1994) and the continued efforts to restore the relationship post repair. Through the development of this holistic process framework (see figure 7.1), researchers can analyse several points in the process that can halt successful relationship repair

Second, following the call from Salo et al (2009), this research contributes to the antecedents of the repair process with the inclusion of the state of the relationship pre transgression and the different precipitating events that influence the outcome of the recovery process. Prior to this research, only two studies that attempted to map the repair process. This study maps the process from beginning to the outcome and in doing so, extends previous typologies used in exchange relationships (Salo et al, 2009; Tähtinen et al, 2007; Halinen & Tähtinen, 2002; Tähtinen & Vaaland, 2006; Rusbult et al, 1998; Ping, 1993).

Third, although trust and commitment continue to emerge as key criteria in exchange relationships, much research has emphasised their antecedents rather than the exploration of their consequences (for important exceptions see: Hibbard, Kumar & Stern, 2001; Dahlstrom & Nygaard, 1995; Morgan & Hunt, 1994). Although the B2B literature has been examined extensively (for example, Morgan & Hunt, 1994; Mohr & Spekman, 1994; Dwyer et al, 1987), the findings in this study

suggest that if business partners take the time to build, nurture and maintain strong relationships, then they are more likely to react to dissatisfaction with a constructive response (Peterson, 1983). In addition, the use of different empirical settings shows that different causal conditions and different relationships produce different outcomes of the repair process. Therefore, this study's focus on the consequences of the repair process rather than on the typologies themselves enabled a more thorough understanding of the connection between the factors, the renegotiation of the state of the relationship and the outcomes of repair.

Fourth, the research confirms Dirks et al's, (2009) view that the state of the relationship before any transgression has a huge impact on the process of repair. However, missing from their conceptualisation is the evaluation of the relationship in the context of this pre-state. In addition, the study contributes to the work of Ren & Gray (2009) by gaining a deeper understanding of the different types of repair strategies that are used, depending on what has been affected by the transgression. The study also confirms Dirks et al, (2009) view that there are different outcomes of the repair process whereby different scenarios were presented including 1) the repair actions proving ineffective and thus the relationship was still open to dissolution in the future, 2) the repair actions were entirely effective and the relationships moved on to a new positive phase with new opportunities and 3) the relationships were stabilised to their pre state before the transgressions.

Fifth, this research makes a significant contribution to the repair literature by understanding the sub-processes that occur in the repair process and how they should be managed to increase the likelihood of repairing a relationship.

Finally, this study also contributes to the relationship dissolution literature. Even though research on relationship dissolution dates back almost two decades, the literature still remains heterogeneous when it comes to understanding the phenomenon. Havila & Tähtinen (2010) encourage researchers to probe more deeply into the functional and dysfunctional effects of relationship dissolution. This study attempts to provide one empirical reply to this call. The empirical grounding is based on a variety of business settings from manufacturing industries to service industries (Tähtinen & Vaaland, 2006). Rather than examine different aspects of dissolution and repair, as it has been done in past studies on B2B relationships, this study focusses

on the process of repair in B2B dissolution in order to probe more deeply into the wider phenomenon (Dirks et al, 2009).

7.4.2 Practical Contribution

From this research there are a number of managerial contributions. The empirical findings suggest that a challenge for SMEs in building long term relationships is the development of policies at all levels to foster trust and cooperation through open communications. Management involvement and monitoring of the progress of relationships is essential to the on-going success of their B2B relationships. Indeed, this needs to be communicated within the SME so that all employees understand the importance of maintaining strong relationships with their partners. This research provided insights that help OMs create and develop relationships at all levels within their partner companies. It is argued in this project that there is still a gap in the literature concerning the dissolution of relationships and that companies need to know how relationships become dysfunctional. Furthermore, there is even less understanding of the repair of such relationships in difficulty. In closing this gap, the critical incidents in the studied SMEs provides practitioners with insights into the dynamic processes that will enable OMs to save important relationships should they go wrong.

Support the maintenance of important relationships: This research provides insights that will aid SMEs to protect and maintain their most profitable relationships and in turn to evaluate those relationships that are not worth saving. A greater understanding can help SMEs to rebuild or maintain the relationship as a whole or indeed make a current relationship even stronger. The assessment of relationships will help OMs understand the value of the relationship and the reasons to continue working together.

On-going management of B2B relationships: OMs have to be realistic in their management of B2B exchanges that at times there will be tension. As highlighted in this research, post repair, the OMs engaged in open communications and maintenance tactics in order to secure cooperation on the continuance of their relationships. The important point to note is that OMs need to be flexible to deal with the changes that occur, as this flexibility encourages development and continuance.

Learning will support directors in their endeavours to pursue new relationships: Insight into the ending process and any repair strategies will aid in the establishment of new relationships as SMEs

are expected to learn from their experiences. OMs must also communicate this within their organisation as a way of monitoring behaviour in future exchanges.

Social and financial cost impact: Recovering an existing partnership will save SMEs the social and financial costs of dissolution and in establishing new relationships. More information about the ending process can decrease the possibilities of it happening again. Providing partners with opportunities to be open and honest regarding B2B exchanges will encourage greater levels of cooperation and indeed reduce possible tensions that arise in interactions.

The role of the Owner Manager: Responding constructively to B2B relationship issues is a prerequisite to the repair process. OMs noted that the avoidance of conflict should be considered by all and indeed embedded in the culture of the organisation. A desire and willingness to invest in long term relationships that are valuable to the company is needed as this shows the partner that the SME is committed to the relationship at all levels, which further enhances trust.

Understanding the network: OMs must be aware that even though they have direct relationships, there are also influences from other individuals and companies within the network, which have an impact on their relationships. In addition, OMs need to protect their reputation as this is considered very important to securing future relations.

Conduct in early interactions: Conduct in early exchanges is something that SMEs can exercise a great deal of control over. If they understand that their behaviour will have an impact on both current and future exchanges, then OMs can show the meaning of their behaviour to their partners, so that they have appropriate perceptions of the SMEs ability to perform.

Conflict is part of doing business: In strong relationships, directors should be aware that conflictual events are part of doing business (Anderson & Jap, 2007; Anderson & Narus, 1990). Indeed, the OMs response to conflict is an important part of the process. This research shows that while conflict has value, behavioural conflict should be avoided as it shows the partner organisation that they can be trusted. In addition, this helps the SME to build a good reputation for fair dealing within the industry. When open communication and negotiations are encouraged as opposed to behavioural conflict, decisions are facilitated (Amason, 1996). Therefore, conflict management skills should be honed within the SME organisation so that all employees realise the benefits of conducting favourable exchanges with partner companies. This research shows that SMEs learn

from their experiences which should then be passed on to other managers so that there are procedures in place to deal with these incidents if they arise in the future (Dwyer et al, 1987).

Interpersonal relationships are vital: An important managerial implication is that OMs must recognise the importance of developing strong interpersonal relationships across all levels of their partner companies (Ring & Van de Ven, 1994). This research demonstrates that there is a significant association between strong interpersonal relationships and B2B trust and commitment. Thus all employees involved in the B2B relationship must be encouraged to develop relationships with their counterparts in the partner organisation. Consequently when relationships break down, these interpersonal relations help to resolve issues.

Finally, SMEs must examine continually the way in which they interact with their relationship partners to assess whether interactions and exchanges meet company expectations and goals. Thus a regular evaluation of the SME's relationships should include the analysis of the strengths and weaknesses within their business relations (Turnbull, Ford & Cunningham, 1996).

7.5 Limitations and Suggestions for Further Research

This study has several limitations, most notably whether the findings apply beyond this research project. Further research could be utilised to refine, modify or confirm findings by replicating the study in larger case populations. By studying larger populations, reassurance is given that the findings developed in one research investigation are not wholly idiosyncratic.

Theoretically, the study is limited to a social exchange perspective. Other possible choices could have been agency theory, transaction cost economics, resource dependency theory and political economy theory. However, since the research is examining strong exchange relationships, social exchange theory can be justified.

Only one side of the dyad was researched, despite attempts to gain access to the other partner. Due to the sensitive nature of dissolution and repair this proved quite difficult. Should future studies gain access to both perspectives, this would be of benefit to researchers in this arena.

Future research could consider using larger companies as the comparative between large firms and SMEs may be interesting. The theoretical concepts provided should be explored in other contexts

and internationally where cross comparisons can be made. In addition, a future network analysis regarding network breakdown and repair should be considered.

This study provides new concepts describing different repair strategies required to repair cognitive and behavioural damage. More research is needed to find out what other strategies are required and how they can be applied. The role of third party intervention is an interesting one that could also be explored in greater detail.

More effort to explore the interpersonal level of B2B relationships within other cultures where personal relationships are more or less important would prove beneficial to B2B repair theory and practice.

A quantitative approach to these research findings could also be performed. Future quantitative research and scale development could address the impact of different criteria identified in this work on the repair process.

Finally, in the post repair environment, the passage of time could be explored in greater detail to understand if time heals all wounds or do the types of transgression fester with time? In addition, studies are needed regarding the reactivation and repair of relationships after they have dissolved.

Despite these limitations, the study does make an important contribution to our understanding of the phenomenon. In examining the broader view of relationship repair, it could be argued that simplicity is compromised. However, by taking a holistic view of repair, this research has provided a more in-depth view of the phenomenon. The empirical findings showed that in practice repair has to address a number of factors including both cognitive and behavioural issues. The framework presented here is a further step in building a theory of B2B relationship repair.

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Appendix 1 Sample email to participants

Dear [participant],

[Director of new frontiers programme] suggested I contact you regarding research I am currently undertaking concerning Business to Business (B2B) relationships.

I am at the primary research stage of my PhD and am looking for case companies to interview. I am researching the area of SME Business to Business relationship management and in particular my focus is on business relationships that have been in conflict but have repaired their issues and are continuing to work with each other.

I am exploring the process of how these relationships were repaired. This is a retrospective study on company experiences of B2B relationships in difficulty. The information provided to me is highly confidential and for the purposes of my thesis only.

Do you think you would have incidents of this in your current business? If so I would be very grateful if you could spare me an hour to interview you.

If you need any more information concerning the study, please do not hesitate to contact me.

Kind Regards

Deirdre

Deirdre Fleming
PhD candidate
Waterford Institute of Technology
Cork Road
Waterford
Mobile: [REDACTED]
Email: [REDACTED]

Appendix 2 Sample email response from participant 22

Hello Deirdre,

I'm happy to spend an hour with you at some stage next week, I can give you a couple of examples where I've worked with SME partners and relationships in some cases developed conflict.

How does Wednesday morning suit you?

Kind regards,



Appendix 3 Research protocol – Participant terms of reference

Introduction

My name is Deirdre Fleming, a doctoral student at Waterford Institute of Technology. To complete my PhD I am searching for a case company who has experience of developing and maintaining long term relationships with other businesses i.e. suppliers or customers. In particular, I am seeking to research business to business (B2B) relationships where you have experienced a breakdown and the relationship almost dissolved but it was repaired and you are continuing to work together. I would also be interested in finding out if a business relationship ended despite attempts to repair it.

Research Aim and Objectives

The general aim of this study is to explore and understand the process of repairing B2B relationships in dissolution. This research has important implications for managing relationships as dissolution represents a huge loss both financially and psychologically for SMEs, yet it is one of the most understudied aspects of relationship management. From a managerial perspective, it is necessary to understand the reasons why relationships go wrong and in turn what strategies can be used to repair them. At present there is no best practice on the types of repair strategies that can be used to stop the ending of a relationship, hence the practical and academic importance of this research.

Benefits

- The research will provide a best practice framework for maintaining and repairing valued relationships.
- The research will add new knowledge to the field of relationship management especially dissolution and repair where little research exists to date.

Important issues regarding your company

- All research techniques and schedules will be designed to your needs. First it is important to note that I have over 15 years industry experience and have been conducting business research throughout my career to date and in the process of this doctoral programme. I will not interfere with the working environment of the firm. The method designed to conduct this study is aimed to cause as little disruption as possible to your work.
- I will respect confidentiality of any events or documents that may be observed during the research period. In effect, Waterford Institute of Technology places a confidentiality agreement on all of its research students. Case findings and reports will not be discussed outside the academic environment (i.e. student and supervisor) without the agreement from you.
- Research findings and reports to be included in the thesis will be presented to you to ensure that all information included in them is accurate.

Data collection Template

1. Interviews

These interviews will be very informal and unstructured and will last approx. 45 minutes to 1 hour. Depending on the nature of the data gathered, I would be grateful if you allowed me to gain access to other participants both within and outside the firm that were also involved in the process of dissolution and repair. Any visits to your company or others will be pre-arranged to suit your schedules.

2. Documents and Records

Documents and records you wish to provide during the interview sessions or at any other stage during the research period will also be much appreciated.

Publications

The researcher will present findings to you once completed to ensure that interpretations made by the researcher are accurate. The researcher requests that each participant signs this release form allowing insights gained from this study to be used for publication purposes. Participants are allowed to withdraw from this research up to the point of data merge.

Final Comment

I know that you are working in a demanding hectic environment. If granted the opportunity and privilege of researching your company, I will conduct it in a diligent and professional manner. The research method is designed to facilitate easy access and cause no disruption in relation to working projects or practices. This research is a new area in relationship management that has not been studied before. By allowing me to research your company, you will aid in the completion of this PhD thesis but also in the generation of new knowledge in this field.

Signed _____ Deirdre Fleming

Signed _____ Research Participant Date.../.../....

Appendix 4 Summary node reports

Nodes

Name	Sources	References	Created On
Aftermath	1	1	07/03/2013 12:46
Attenuating Factors	0	0	03/12/2012 09:40
availability of alternatives	1	1	11/02/2013 12:32
End Customer	1	1	06/12/2012 11:13
external forces	1	2	11/12/2012 13:21
High Dependence	10	16	03/12/2012 09:49
Lost relational inventments	2	3	03/12/2012 12:34
Possible sanctions for Future Business	7	7	03/12/2012 10:03
Reputation	1	2	20/02/2013 13:30
Set up Costs	1	3	03/12/2012 11:33
Breakdown	4	5	17/12/2012 12:02
Individual	6	14	13/12/2012 12:33
Inter company	6	10	17/12/2012 13:52
Intracompany	9	12	11/01/2013 12:43
Outcomes of repair	11	21	17/12/2012 11:55
Precipitating Events	0	0	29/11/2012 12:25
Predisposing Factor	0	0	29/11/2012 13:12
Public	3	4	14/01/2013 11:53
Reciprocity	1	1	17/12/2012 13:01
Reflections on what happened	11	15	12/02/2013 13:08
Repair	0	0	17/12/2012 11:41
Reputation	3	3	03/12/2012 10:22
Response to Dissatisfaction	6	13	11/02/2013 10:04
SME Experience	1	1	05/03/2013 10:06
Timing	1	1	10/01/2013 12:25
trust	1	1	07/03/2013 10:52
Written Communications	1	1	10/01/2013 13:51
Written versus personal contracts	3	4	17/12/2012 12:41

Nodes

Name	Sources	References	Created On
Aftermath	1	1	07/03/2013 12:46
Attenuating Factors	0	0	03/12/2012 09:40
Breakdown	4	5	17/12/2012 12:02
Blackmail	1	1	15/01/2013 12:35
Denial	1	1	17/12/2012 12:04
Ignore	3	3	17/12/2012 12:15
Individual	6	14	13/12/2012 12:33
Inter company	6	10	17/12/2012 13:52
Intracompany	9	12	11/01/2013 12:43
Outcomes of repair	11	21	17/12/2012 11:55
Precipitating Events	0	0	29/11/2012 12:25
Actor Related	12	25	29/11/2012 12:51
dyad related	5	6	03/12/2012 12:37
Expectations	6	9	03/12/2012 11:53
External Factor	2	3	29/11/2012 12:27
Financial	6	11	11/12/2012 10:03
other internal influencers	4	6	11/12/2012 11:48
Performance based	11	17	03/12/2012 11:35
Product changes	1	1	11/01/2013 12:06
service delivery	1	1	10/01/2013 12:36
showed lack of commitment	1	1	18/12/2012 11:24
Task related	7	10	03/12/2012 12:30
Predisposing Factor	0	0	29/11/2012 13:12
Public	3	4	14/01/2013 11:53
Reciprocity	1	1	17/12/2012 13:01
Reflections on what happened	11	15	12/02/2013 13:08
Repair	0	0	17/12/2012 11:41
Reputation	3	3	03/12/2012 10:22
Response to Dissatisfaction	6	13	11/02/2013 10:04
SME Experience	1	1	05/03/2013 10:06
Timing	1	1	10/01/2013 12:25
trust	1	1	07/03/2013 10:52
Written Communications	1	1	10/01/2013 13:51
Written versus personal contracts	3	4	17/12/2012 12:41

Nodes

Name	Sources	References	Created On
Aftermath	1	1	07/03/2013 12:46
Attenuating Factors	0	0	03/12/2012 09:40
Breakdown	4	5	17/12/2012 12:02
Individual	6	14	13/12/2012 12:33
Inter company	6	10	17/12/2012 13:52
Intracompany	9	12	11/01/2013 12:43
Outcomes of repair	11	21	17/12/2012 11:55
Precipitating Events	0	0	29/11/2012 12:25
Predisposing Factor	0	0	29/11/2012 13:12
Actor Related	9	14	29/11/2012 13:12
Culture	3	6	03/12/2012 12:43
Customer too large	1	1	17/12/2012 13:32
Dyad Related	4	5	04/12/2012 13:10
End user influence	1	1	13/12/2012 13:38
Public	3	4	14/01/2013 11:53
Reciprocity	1	1	17/12/2012 13:01
Reflections on what happened	11	15	12/02/2013 13:08
Repair	0	0	17/12/2012 11:41
acceptance	3	3	11/02/2013 12:29
Apologising	4	4	12/02/2013 13:37
blackmail	2	2	12/02/2013 12:19
changes of process	8	10	11/01/2013 12:14
Compensation	9	17	17/12/2012 12:17
Culture	1	1	05/03/2013 11:54
End User acknowledgement	2	2	18/12/2012 11:55
Face to Face communication	12	32	17/12/2012 11:48
Forced into resolution	1	1	07/03/2013 10:24
Honesty and Clarity	3	4	18/12/2012 13:52
increase in effort to maintain	4	6	18/12/2012 11:16
Internal efforts first	1	2	12/02/2013 12:50
interpersonal relationships influence	4	4	12/02/2013 12:16
laid back attitude to repair	1	2	06/03/2013 13:36
Level of seniority involved	4	9	17/12/2012 11:42
negotiate a settlement	1	1	12/02/2013 12:48
Network	5	6	12/02/2013 10:28
New products and ways of working	2	2	12/02/2013 12:30
Open communication	2	2	11/02/2013 09:47
Reactive	1	1	11/02/2013 12:27
Third party involvement	5	7	11/02/2013 09:59
Voicing	3	3	13/02/2013 11:09
Reputation	3	3	03/12/2012 10:22

Appendix 5 Sample email for presentation of findings

Hi [Participant]

I hope you are well and all is good in [company name]. I am just about to finish the PhD process and hope to submit in the coming months.

As per our previous conversation, I would like to present the findings from the study to you. This is an important process as I need to ensure that I have made proper and robust interpretations from the interviews conducted. I can then make any changes to my findings should interpretations be deemed incorrect.

If possible can I set up a meeting with you next week? Please let me know your availability so that I can schedule an appropriate date and time to meet at your premises. I really appreciate your time and participation in this study.

Please do not hesitate to contact me on [Personal mobile Number] if you would like to discuss further.

Kind Regards

Deirdre

Deirdre Fleming
PhD Candidate,
Waterford Institute of Technology
Cork Road
Waterford
Mobile [REDACTED]
Email [REDACTED]

Appendix 6 Sample email confirming use of findings in future publications

Deirdre,

Thank you for going through your findings with me.

I have no problem with you using the quotations

Best of luck with your PhD submissions

I hope all goes well

Best Regards

██████████

██████████ Ltd

Appendix 7 CIT methodology

Table A6.1 Advantages and disadvantages of CIT

Advantages	Disadvantages
Collected from the respondents in his or her own words	There are confidentiality issues associated with the technique
Provides a rich source of data as the individuals determine the incidents that are most relevant to the phenomenon under investigation	It is regularly challenged by positivists due to insufficient generalizability
Allows the respondent free reign in their responses within the overall research framework.	CIT relies on events that have been remembered by respondents, so requires a truthful and accurate account
It links context, strategy and outcome as it is focused on a specific event recalled by the respondent where they are able to give a detailed account of their experiences	As the technique requires the researcher to gather retrospective data and for the respondent to recall the full details of the events, it is difficult to get respondents to take part
It does not restrict responses to specific criteria	
Provides a flexible set of rules that can change to suit the investigation	

Source: Gremler, 2004

Appendix 8: Primary foundations of Social Exchange Theory

Table A7.1 Primary foundations of SET

Governance	Embedded in a social structure where firms are interdependent and rely on reciprocation. Positive exchange	Donaldson & O'Toole, 2007; Granovetter, 1985; Homans, 1958; Blau 1964
Outcomes	Exchange interactions have both social and economic returns	Blau, 1964; Thibaut & Kelley, 1959
Cost & benefit analysis	Determines relationship commitment	Thibaut & Kelley, 1959
Criteria	Trust and commitment are two major components and mediate the use of power	Morgan & Hunt, 1994; Dwyer et al, 1987; Cook & Emerson, 1978
Power and dependence	Outcomes are compared to alternatives to determine dependence. Power imbalance causes relationships to be unstable. Interdependence is important to the continuance of a social exchange relationship	Emerson 1962; Thibaut & Kelley, 1959
Contract	Relational contracting	MacNeil, 1980; Macaulay, 1963.

Appendix 9 Sample of Pictures from Research Analysis



Appendix 10 Sample of Critical incidents by SME OMs

Table A8.1 Sample of Critical incidents covered by SME OMs

Precipitating Events	State of relationship	Attenuating factor	Repair or Dissolution	Repair Strategies	Outcome
Financial and internal influence Attribution Unstable	Good working relationship. Interpersonal at all levels. 8 years working together. Trusted this supplier	High dependence on supplier. Availability of good alternatives	Repaired	Apology and compensation as a gesture of good will to show they are committed to the relationship	Positive within 6-12 months
Untrustworthy Behavioural factors and events	Always vulnerable. Not totally satisfied with interactions	Loss of business but willing to forego as events so serious	Dissolved	Unable to resolve due to behaviour and total lack of trust after the violation	Negative even within industry. Certain individuals will not work with again
Financial and neglecting relationship	Good working relationship especially between buyer and seller. 10 - 12 years	Cost of setting up new distributor relationships	Repaired	Supplier agreed on a deal to help them through their crises showing their commitment to the relationship	Continuing and communications restored
Supplier Not maintaining the relationship and not respecting SME	Imbalance of relationship	Cost of getting new suppliers	Dissolved	Did give them a chance to improve service levels but they failed	Found alternative supply
Cultural differences	No close. SME is demanding though	Risk to reputation for jumping suppliers	Repaired	Learned to deal with cultural differences but probably not a strong close relationship	Repaired but still there is a threat of switching
Over committed leaving SME in business difficulty as they did the work. SME felt that they had been taken advantage of.	Worked with company on other projects.	High dependence Small industry	Repaired	Partner reinvested in the business and gave them other work	Still going through repair although there are still individuals who feel aggrieved
Overpromised and undelivered leaving customers reputation in jeopardy	Good relationship up until act. Divorce was impossible as major installation was underway	End customer repercussions	Repaired	High level of internal intervention.	SME relegated to a smaller role within partnership. Lost opportunities. People left. Sellers reputation tarnished.
Partner felt betrayed and used by partner company	Entered in good faith. Individual differences and expectations not met	High dependence	Dissolved as it got behavioural	Did try ad reach several settlements	In High court
SME new product didn't perform	Good interpersonal relationship.	Loss of future business	Repaired	Apologies. Regular contact. Improved communications	Still a customer 8 years on
Aggressive behaviour	Good relationship up until meeting with Director which led to a complete breakdown of trust	Available alternatives	Dissolved	One Director tried to resolve it	Work with other offices but not UK office because of a certain individual
Performance	Good relationship although company feels that they could be better at managing the relationship	Internal influences	Repaired through internal influences	Reset expectations and MD involvement	Good relationship now
Performance breakdown. Staff Stealing product.	V good trusting relationship. Integrated within company. Worked with them for over 11 years	High Dependence for supplier company	Repaired	Open and honesty with partner director	Good relationship following incident. In fact customer really appreciated the honesty and awarded the SME a new contract
Unwillingness to solve product fault	Poorly managed by supplier	Alternatives available	Dissolved	Never tried	Still doesn't supply and indiscrepancies in their accounts
Supplier took advantage and took business	Good relationship up until strategy change.	Alternatives available	Dissolved	Didn't try to repair	Negative feelings across industry

	Interpersonal relationship with sales person very good				
Lack of reciprocity and then became behavioural	Very good in the beginning and good interpersonal relationship	Reputation	Dissolved	Attempted to repair but effort came too late	Negative. Will not work with this individual again
Different expectations and difficult individual	Relationship not strong. Consultant doesn't make effort to cultivate the relationship in the first place	reputation	Repaired	Proved they could deliver on other services	Not completely repaired but work with the company on other services
Distributor broke rules of partnership and copied supplier products for their own advantage	Good interpersonal relations. Help SME out with other work such as translations	High dependence. Gave market coverage for company	Repaired	SME kept relatively quiet. Remained loyal	Stayed working together but an uneven relationship. Supplier only stayed because of potential loss of business
Quoted for initial project but on implementation more software required from client	Good relationship with IT manager and procurement	Loss of future business	Repair	Worked out difference and SME paid some towards that	Positive
Changes of person/buyer who decided to change or reduce suppliers led by company strategy.	Buyer change ment that SME had to build relations again	Loss of business	Repair	Re-Negotiated the service levels	Not positive with new buyer strained but still good relations with IT manager
Didn't put a contract in place relied on verbal agreement because of their relationship Financial issues coupled with contract duties	Very good relationship at all levels.	Dissolution costs Future Business	Repair	Several negotiations. Agreed settlement on both sides	Positive in the end but almost went to court.
SME brought in new distributor as current was good bit not penetrating the market enough	Very good working relationship just economic goals within SME	Dissolution cost in existing market plus reputation	Repair	Ring fenced their main customer to show that they still needed this distributor. Gave incentives	Compensation. Not letting other distributor take business. Still in partnership
Change of Owner in customer company. Competition and size of company lost their listings	Power and size of company. Had a good relationship with previous buyer	Loss of Business	Dissolved		Still in contact but difficult to get back in. Not behavioural just business
Product issues with UK distributor	Reasonable relationship	Loss of business	Repaired	Extra service. Change process	Much happier afterwards
Performance issues on going and affecting employees	Developing relationship	Loss of future business	Repaired	New contract and compensation	Continued working and put in monitoring procedures
Treating the customer with disrespect. Not doing work on time and blaze attitude	Badly managed relationship from supplier perspective	Finding alternatives	Dissolving	Partner has not tried to commit	Need to call SME
Agent Financial and technical issues but linked to that is the fact that the SME feels that they are not been looked after properly	Interdependence strong but bad interpersonal relations	High Dependence on supplier. Cost of exiting	Repair	Communication at all levels. Change process of business exchanges	Repaired but still a lack of trust in the company employees
Wrong equipment and conflict regarding payment	Good trusting	Loss of future business	Repair	Gave compensation to client	Supplier taking hit for the sake of future business
Partner felt betrayed and SME feeling they were being badly treated. Project required more work	Very good working relationship before	Lot of money on both sides. Depended on business	Repaired	Changed process	Breakdown of trust. Slowly exited afterwards

Customer perceived that the SME was taking advantage of the relationship over a new tender and not giving value for money	Very good working relationship. Investments from both sides	Sanctions for future business. Big business client	Repaired	Constant communications at all levels. Changed process	Still working together
Partners disagreement over running of the business and where the business was heading	Good for years but individual objectives changed	Loss of personal and business relationship over 15 years	Dissolved	Used third party to try and resolve but it didn't work	Never spoken since. Not a positive exit
Disagreement over the cost of a service but then an attack on the interpersonal relationship	Very good inter personal relationship between buyer and seller	Dependence on partner for service	Repaired	Interpersonal relationship broke down for a long period but company still dealt with other members of staff. Eventually personal relationship resolved it	After 6-8 months. One partner called and suggested that they move on.
Joint venture broke down as one partner decided to go it alone in the market after learning from Irish SME. SME left shocked and dismayed	Good relationship but underlying predisposing factor which SME ignored	Dependence	JV dissolved but they still do business together	SME didn't see the real reason for JV. Offered them other services	Almost ended in the high court but SME decided not to go and learned from mistake. They do business with this company now.
Individual	Not mutual.	Dependence	Most likely will dissolve at some stage	Have tried to negotiate but individual keeps undermining them	Fractious relationship. Absolutely no trust. Trying to make plans to exit
Lack of communication from previous CEO	Good working relationship between sales but interpersonal relationship not good with previous SME CEO	Future business	Repaired after previously breaking down	Changed business processes Assigned key personal to manage relationship	Slowing building up trust and commitment now.