

Interaction and Actors' Identities in Business Relationships

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ABSTRACT

The existence and importance of continuous buyer-seller relationships in business-to-business markets has been evidenced in numerous empirical studies (Håkansson, 1982; Dwyer, Schurr & Oh, 1985; Ford, 1990; Håkansson & Snehota, 1995) and the impact of relationships on marketing has been more recently acknowledged in marketing in general (e.g. Morgan & Hunt 1994; Vargo & Lusch, 2004; Palmatier et al., 2006; Ramani & Kumar 2008). Research on business relationships has shown that interaction is the critical process in the development of business relationships (Håkansson et al., 2009). In this study we focus on how actors interact and on how actors' behaviours in interaction affect the development of relationships. We believe that in order to explain the formation of a business relationship we have to investigate the interaction processes and in particular the interactive behaviours of the actors.

Analysing how actors interact in business relationships is a challenge. In this study we review three fields of research that offer impulses for re-examining the concept and role of actors from the perspective of interaction: studies of relationships in marketing, mainly those in the Industrial Marketing and Purchasing (IMP) research tradition; the social interactionism stream in sociology (e.g. Goffman, 1959); and the so-called sense-making stream in social psychology (e.g. Weick, 1995). Taking the interaction perspective on actors entails re-examining the very concept of actor and the variables that underlie actors' behaviours. In our study we assume that actors' interaction behaviours in business relationships reflect how they interpret each other's behaviours and, in particular, the identities attributed to the counterpart. We focus, therefore, on the mutual attribution of identity and the consequences on the unfolding interaction, and argue that it is a central process in explaining how business relationships develop.

We start discussing how the existence of relationships impacts the concept of markets and leads to put forward the concept of business networks. We continue by reviewing the literature on analysis of relationships and behaviours of actors in interaction which is followed by formulating two propositions that drive the empirical study and regard relational specificity and emergent nature of identities in interaction.

Empirically, the paper is based on primary data collected on 32 customer relationships of an industrial company through structured interviews with actors acting as agents for both the supplier and customer organizations regarding their perceptions of the counterpart. Two aspects of the perceived identity were the object of the data collection: the counterpart's (performance) quality and the organization personality. The interviews were repeated before and after a meeting between the sales and customer representatives, using identical questionnaires. In all, we have 128 observations on 32 relationships: 64 pictures of counterpart identity prior to the interaction event and 64 pictures of counterpart identity after the interaction event.

The findings provide support for two broad propositions derived mainly from the IMP literature (Håkansson et al., 2009) and tested as two hypotheses: The first is that identity attributed to the counterpart changes from interaction to interaction; it is continuously emergent and becomes only temporarily stabilized. The second is that identity of a business is relationship specific and, as a consequence, every business tends to have multiple identities that differ across relationships. Subsequently we discuss the consequences of our findings for the conceptualization of actors from interaction perspective and conclude the thesis by examining the implications for further research and practice. Discussing the implications for further research we argue that there is a need to develop a conceptual framework that identifies more systematically the critical dimension of actors' identity in business relationships related to actor roles. Among the implications for practice we discuss the management challenge to cope with and to manage multiple identities projected by the own organization.

Key words: actors, identities, interaction, market relationships, business relationships, business networks

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The story of this thesis reflects in a remarkable way one of the cardinal points of this work. The thesis is the result of various and continuous interactions during which ideas emerged, were formulated and reformulated, adjusted and interpreted, and defined. If I had to explain how and why this manuscript is as it is, I should start from the relationships in which I was intensively involved in this exciting learning experience.

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*I dedicate this work to my nephew Nicole,
With the hope she will be as proud of me as I am of her.*

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Chapter 1

INTRODUCTION

1.1 Business relationships as a research field

In the broadest sense this study is about business relationships. We will not deal in this study with consumer markets where buyers are individuals or families but with markets commonly referred to as business markets or B2B markets, in which buyers are businesses and other organizations. We will explore how buyers and sellers, when both are businesses or economic organizations, interact and develop business relationships. Business markets are much less visible than consumer markets and tend to be somewhat neglected not only by the public at large, but also – somewhat unexpectedly – by many management and marketing scholars. While most of us experience the consumer markets more or less daily, few have information about, and experience of, markets for airplane engines, medical equipment, nuclear power plants, disc drives, braking systems for cars, reinsurance services, or international logistics, just to name a few of the myriad business markets. Being less visible does not mean these markets are marginal and of little interest. They possess peculiarities consumer markets do not and are important for at least two reasons.

The first reason why business-to-business (B2B) markets are important concerns the value of transactions that take place between businesses and organizations. The volume and value of products and services sold between economic organizations dwarf those sold to consumers. The explanation for this is simple; for instance, behind a consumer's purchase of a computer from Dell are numerous transactions that have taken place between Dell and its direct suppliers of components, materials, and services. Dell

had to purchase several parts from many manufacturers of computer components as well as equipment and facilities required to assemble its computers. The company also has a wide spectrum of costs related to its products: investments in communication and promotion, insurance and accounting and financial services to keep its operations running smoothly. However, these are not the only transactions; there have also been transactions between the suppliers of Dell's suppliers, and possibly between the suppliers' suppliers. The chain of transactions that is concluded when a consumer purchases a product tends to be very elaborate in contemporary business. It reflects all the necessary transformations of primary resources into products we consider fit for use as consumers. Multiple transactions precede the purchasing event.

It is estimated that the volume of sales and deliveries between businesses and organizations is three to four times the volume of sales in consumer markets, which clearly suggests business markets as the most common type of market. Most of the academic literature on marketing underestimates the economic importance of business markets, even though they account for a significant share of markets in general.

A second reason why business markets are important is somewhat more complex. Business markets represent the backcloth of economic efficiency, development and innovation in the economic system. The efficiency and productivity of economic systems, the rate of growth of an economy and innovation rates appear closely linked to how well business markets perform and develop. In turn, how well business markets work depends on how well the businesses that operate in these markets can become related to each other and co-evolve. Without well performing business markets there would be no technological progress, no innovation and no globalisation. Well performing business markets are also conducive to new business development.

1.2 The specificity of business markets

Having considered the importance of business markets, we must find out whether they are really different by examining the extent to which they display features that cannot be captured in conventional conceptual frameworks and market theories. Substantial

empirical evidence suggests that business markets differ from the consumer markets with which we are more familiar. Research shows that business markets tend to have several peculiarities that diverge from common assumptions about how consumer markets and markets in general work and that these peculiar features cannot be explained using mainstream conceptualizations of markets. In broad terms the main peculiarity of business markets is the importance of business relationships that emerge among customers and suppliers that are mutually important to one another. As a consequence, business markets appear to be more about how buyers and sellers connect to each other rather than simply about single discrete market transactions (Håkansson, 1982; Håkansson & Snehota, 1995; Håkansson et al., 2009).

Buyer-seller relationships in business markets tend to be complex in the content and impact they have on the two organisations involved in the relationship. It has been observed that buying and selling activities can be seen as episodes in complex and often long-term stable relationships between companies (Håkansson, 1982; Turnbull & Valla, 1986). A lot of different activities are going on in a relationship between two companies, even among small and medium-sized enterprises (SMEs). The complexity is stunning if we observe relationships such as that between Bosch automotive components and car manufacturer Daimler Benz or that between ISS (supplier of cleaning services) and Zurich Airport. People communicate and interact in order to find solutions to various problems (technical, economical, organisational or social) as they arise; products and facilities can be mutually adapted; a lot of activities need to be co-ordinated; and so on. Empirical studies (e.g. Håkansson & Snehota, 1995) have shown that business relationships are characterised by continuity, tend to be complex in terms of the number of persons and roles involved from the two organizations, embrace more than one product and offer a significant service component. At the same time business relationships tend to be more symmetrical than those in consumer markets in terms of the resources and initiative of the two parties involved. At the same time business relationships tend to display several typical processes. There are continuous adaptations in various dimensions in the relationships that can regard the technical, business or organisational issues (Anderson, Håkansson & Johanson, 1994). There is always a

certain amount of conflict between the parties but also co-operation that yields actionable solutions. Social exchange is an important ingredient in all business relationships. These features have been highlighted in numerous empirical studies, especially, even if not exclusively, by the so-called IMP stream of research on business markets (Håkansson, 1982; Turnbull & Valla, 1986; Håkansson & Snehota, 1995; Ford et al., 2002; Håkansson, Harrison & Waluszewski, 2004; Håkansson et al., 2009).

The existence of business relationships with features that emerge from cited empirical research impacts the relevant businesses in many ways. The main customer-supplier relationships of a business tend to be individually economically significant. Typically a dozen of these main relationships represent a significant portion of the sales and purchases of a business; a few other relationships are important for different reasons such as the contribution to new solution development (Håkansson, 1989). These tend to require high involvement from the organizations involved and deeply affect operations and economic outcomes of the connected parties. These main relationships have been shown to be important for the economic efficiency of the parties involved but also for development and innovation in technical and business dimensions (Gadde & Håkansson, 2001). They enable and constrain the autonomy of the businesses involved, and in many ways businesses can also be seen as a product of their main business relationships (Ford et al., 2010).

Because of their involvement in the main relationship with their customers and suppliers neither the supplier business nor the one that is the customer are fully independent. They are not isolated but inter-connected in relationships that are important because “it is in relationships that companies access, provide and exchange resources from, to and with others” (Håkansson & Snehota, 1995, p. 38).

High-involvement relationships tie companies in a network-like structure and make them mutually dependent. As a consequence, businesses appear embedded in business networks. Companies do not survive through their own individual effort; rather, they are dependent on the activities and performance of other companies. Changes in one relationship can have an effect on other connected relationships, and changes elsewhere in the network can affect a given relationship. Change transmits through inter-connected

relationships characterized by continuity and dynamicity. On one side, prevailing interdependencies between actors become institutionalized, and as a consequence difficult to change. On the other side, business relationships change continuously in content, strength and nature through the ongoing interaction between involved parties. Actors adapt to each other, which makes the overall pattern of business-to-business markets seem rather stable (Anderson, Håkansson & Johanson, 1994; Håkansson & Snehota, 1995; Benassi, 1995). However, these networks are not static, but rather evolutionary (Easton, 1992). Stability and change are thus an inherent duality of business networks (Håkansson & Snehota, 1995). Since organizations are connected through relationships so as to produce network structures, dyadic change in a relationship spreads and affects other relationships as well (Halinen, Salmi & Havila, 1999).

The existence of continuous business relationships underlies the peculiarity of business markets. It accounts for the interdependences and limited autonomy of single businesses and for the existence of the network-like structure that makes it seem business markets are more like business networks. Coping with relationships is a critical issue in business markets. Indeed, the way business relationships develop is important not only for the single businesses involved but also for the way in which the network as whole operates, both in terms of efficiency and development.

1.3 The research question

Once we assume that, in business markets, relationships matter both for single businesses and for the development of the business network (market) at large, the question arises: how do these relationships form, how do they emerge and develop, and why do they eventually decay and dissolve. Past research on the dynamics of business relationships shows that interaction is critical to the process of the formation of business relationships (Håkansson & Ford, 2002; Håkansson et al., 2009; Ford et al., 2010). In short, the development of business relationships is dependent on how the actors involved in them interact.

Past research has shown that in a business relationship between two or more organisations a complex set of resources needs to be interfaced, elaborate patterns of activities need to be coordinated, and numerous individuals are involved in the process, acting and mutually influencing each other (Håkansson & Snehota, 1995). Actors in both organisations act under considerable ambiguity and uncertainty and represent variable entities to each other. The way actors behave, act and react in their interactions appears to depend on how they interpret each other's features and characteristics. They form expectations about what the other party can do and is willing to do, and what the counterpart can offer. The conduct in the interaction is highly dependent on what the actors represent to each other, which is how they see each other. In this study we use the concept of identity to denote features and properties that the other actor(s) attribute to the actor as they interact in a relationship. We thus share the concept of identity in the IMP tradition that "a company has to acquire the identity (meaning) of an actor in the eyes of others" in order to become an actor (Håkansson & Snehota, 1995 p. 195). The concept of interaction of actors that we use refers to Goffman's definition: "An interaction may be defined as all interaction which occurs throughout any one occasion when a given set of individuals are in one another's continuous presence" (1959, p. 15).

Studies of relationships and interactions in both interpersonal relationships and inter-organisational relationships (Thibaut & Kelley, 1959; Weick, Sutcliffe & Obstfeld, 2005; Håkansson, Harrison, & Waluszewski, 2004) show that the manner in which relationships develop depends heavily on how the actors involved process and elaborate data, form opinions and make sense of the context and each other. Studies of interaction and relationships like the above have also shown that actors are not omniscient and that their knowledge, even if extensive, is always limited, so much the more because interaction always involves time dimension, expectations and data from past experience.

Ideas alternative to those of human beings as rational and omniscient have emerged gradually in a number of research fields, all having in common the argument that since there are limits to consider on actors' cognitive capacity, actors tend to impose interpretations that make the situations manageable for them. What plays an important role in shaping the actual behaviours, and thus how relationships and networks evolve, is

the way actors elaborate, interpret and enact the stimuli rather than the actual features of the context. Interpretation affects the course of action and can thus be a way to conduct the behaviour in line with a purpose. An actor's subjective interpretation of the actions of others is the basis for that actor's actions in interaction (Ford & Håkansson, 2006).

Business relationships are always an interlocking of behaviours of various actors. How a business relationship develops cannot be deduced or explained from one actor's intent and planned behaviour because the actors' acts interfere. Indeed, the interdependence endemic for any relationship entails that each of the actors must give up some of their own autonomy (Thibaut & Kelley, 1959). The moments of interactions determine what the actors mutually represent – mutual interpretations of behaviours and thus attribution of identity to the counterpart. This process is important for how interaction, and thus the formation of the relationships, will unfold. The process of mutual representation and attribution of identities is critical in the dynamics of the single relationship and, as a consequence, central to the dynamics of business networks.

While actors' interpretations of others in business relationships shape their behaviours in interaction, the same interpretations are also a product of the interaction. How actors see each other is not given and static but changes as a consequence of their respective actions and reactions.

Our primary interest in this study is the process of interaction in business relationships and the role of actors in the interaction process. Our main specific *research question* is how actors attribute identities to counterparts with whom they interact in business relationships. In other words, this study deals with the process of interpreting counterparts' identities in interaction and the effect of this process on the development of business relationships between two organizations. We will put forward two arguments: the first is that attributed identity tends to be relationship specific and, second, that identities change from interaction to interaction and are therefore always emergent.

Our aim in this study is not to picture the attributed identities but rather to capture the dynamics behind how the identities are attributed. We thus focus on the process, and in exploring this process we aim to contribute to the development of the

existing conceptual framework with regard to the formation and evolution of business relationships and networks.

The argument that interaction is the central and critical process in the development of business relationships is rather well established (Håkansson & Snehota, 1995; Turnbull, Ford & Cunningham, 1996; Ford et al., 2003; Håkansson et al., 2009). It is implied that the mutual attribution of identities by actors impacts on how the interaction unfolds and how buyer-seller relationships develop in business markets. Also, there's a growing consciousness in the marketing literature of the relevance of relationships, and an increasing interest in interaction processes as the issue of relationship formation is brought to the forefront (Vargo & Lusch 2004; Gronroos, 2007a; Palmatier et al., 2006; Tuli, Kohli & Bharadwaj, 2007). However, there are no studies we know of that explicitly address the issue of actors' role in interaction. Even research that has relationship marketing at its centre, tends to focus more on antecedents and consequences of relationships, in particular the benefits and costs (e.g. Ulaga & Eggert, 2006; Lindgren & Wynstra, 2005), than on actually exploring the processes underlying the formation and development of relationships. Since there is only limited attention to the process in the extant marketing research, our study aims to make a contribution in that direction. We will explore how interaction reflects and forms actors' identities, which we take for a key process in relationship development.

1.4 The study approach

Studying business relationships, and interaction processes in particular, is a demanding task. It involves a change in perspective and several methodological difficulties. The change in perspective is not simple and has rather far-reaching consequences. There is an added complexity in studying business relationships when we approach them from the perspective of the interaction process compared to approaching it from the point of view of a given actor, such as a single company or individual. We are, in fact, convinced that one reason for the lack of contribution both at the theoretical and empirical level is the

methodological and conceptual difficulties in addressing the relationship phenomenon in general and those of inter-organizational business relationships in particular.

Relationships are the interlocking of behaviours and interaction, which implies acting that is mutually dependent. Action in interaction and autonomous action are different phenomena and require different approaches (Thibaut & Kelley, 1959). Our interest in the role of actors when businesses interact requires that we take the interaction perspective in the study of actors. To paraphrase one of the important representatives of the interactionist school in sociology, Goffman, taking the interaction perspective amounts to conceiving moments and their actors, rather than actors and their moments (1967, p. 3).

That means adopting a conception of actor that differs from the one dominating in the management literature, which is defined as an entity capable of purposeful action, acting on intent and cognitive elaboration of the context. We will discuss this issue in more detail in Chapter 3, but can anticipate here that it requires conceiving actors from the action and its consequences and not necessarily from intent and cognitive assessment of the context of action. Adopting the traditional conceptualization of an actor as capable of intentional and purposeful action implies: 1) a priori assessment and evaluation of the different courses of action leading to the fulfilment of certain desired goals, and 2) a programmed behaviour, acting according to a sequence of acts chosen a priori. Such assumptions and the resulting perspective appear to be of only limited use for analysing the behaviour of actors as they interact in business relationships.

Another methodological difficulty we have to face is the variability of the concept of actor when we approach it from the perspective of interaction. In business relationships we have to address the complexity of the type of actors involved (Håkansson et al., 2009). Parties that interact in business relationships are collective entities – mostly formal organizations such as companies, and individual actors represent these variable entities. This complicates the task of assessing the phenomenon and providing a useful framework to understand it. Addressing the relationship between economic organisations, such as supplier and customer firms, is challenging because it implies an intricate interplay between individual and organizational identities. In the

organizational context the problem of attribution of identity (or self) is amplified. Each interacting actor is simultaneously perceived as a single individual and, as part of a larger entity, the organization, it is part of. In this study we do not intend to de-emphasize this ambiguity; on the contrary, we believe it is this ambiguity that is characteristic of the phenomenon.

On the conceptual level this study draws in particular on two streams of research. One is the IMP stream of research on business relationships and networks presented in numerous publications over the past 30 years or so (Håkansson, 1982; Håkansson & Snehota, 1995; Ford et al., 2003; Håkansson et al., 2009). This stream of research is used to frame the empirical phenomena which are the object of our study – business relationships and actors interacting within them. Another stream of research on which we will draw rather heavily is perhaps less integrated. We will make use of the contribution provided by the “interactionists” stream in sociology (Blumer, 1969; Goffman, 1959, 1967) and the cognitivist stream of research in social psychology (e.g. Kelley & Thibaut, 1978; Weick, 1969, 2001). The latter is used to highlight some of the specific issues involved in analysing and interpreting interaction behaviours. IMP studies suggest that what an actor believes the counterpart is and how it will act, play an essential role in the formation and evolution of business relationships and, as a consequence, in the formation of business networks. In fact, in interaction one actor’s behaviours depend on what counterpart(s) believe the actor is. On the other hand, interactionism provides a framework to understand why and how behaviours are dependent on the counterpart(s).

In this study we follow two lines of enquiry. First, we review the literature on the identity attribution processes in business interaction (Håkansson & Snehota, 1995) and the literature on interaction in sociology and behavioral studies (Goffman, 1959; Blumer, 1969; Weick, 1995, Kelley & Thibaut 1978). The literature review leads us to formulate propositions and hypotheses regarding actor’s identity formation in business relationships. The second line of enquiry consists of an empirical study of business relationships and how actors perceive each other in them. The empirical study is carried out to test two broad hypotheses regarding change and differentiation in mutual perceptions of actors in business relationships.

The empirical study concerns a multinational company, a global market leader operating in three business sectors: Laundry & Home Care, Cosmetics/Toiletries and Adhesive Technologies. The company Adhesive Technologies division, market leader for adhesives, sealants and surface treatments, has been chosen for the case study. The author followed the company's sales force for seven months – from January 2009 to July 2009, participating in meetings with 32 customers, interviewing sales representatives of the company before and after the meetings, and interviewing representatives of the customers twice, first before and then after the meeting.

We adopt a partly quantitative approach to the case study and use the data to validate propositions we formulate on the basis of our literature overview of the theory. We do not consider, however, the empirical data set as the main contribution to this study. The empirical study has focused on getting a more comprehensive description of the problems and phenomena involved. The main purpose of this study is to contribute to the development of a conceptual framework that can effectively capture the critical process of interaction among actors in business relationships, rather than simply testing hypotheses.

1.5 Personal motivation

My interest in interaction and actor identities in business relationships is linked to my personal background. I concluded my undergraduate studies in communication sciences and was then particularly interested in organizational communication. Later, when I started my PhD studies, I became interested in marketing with a focus on communication processes in business markets.

In the course of my PhD studies I had the opportunity to establish contact with a group of IMP researchers interested in business relationships and became interested in the role of actors in business relationships. Incidentally, it turned out that the actor's role was the least developed issue in studies of business relationships in the IMP research tradition. I therefore took the opportunity to jump aboard. I find the field of study particularly challenging because it offers the opportunity to make use of my

communication background and competence in that area and to apply it to the marketing issue – the formation and development of business relationships and networks.

There is a communication aspect of interaction that has led me to the interactionist perspective in sociology. This perspective is particularly interesting because it contains different elements that can be applied to studies of business relationships. Dealing with how individuals interact, how individuals interpret their own and others' self or, more broadly, dealing with how to link cognition and action is definitely a necessary step.

1.6 How is the work organised?

This thesis is structured as follows: In *Chapter 2*, we review how different disciplines treat the ideas of what a market is and how it works. In particular, we focus on the distinction between conceptualization of markets in economics and in the disciplines that approach market from an empirical perspective. In discussing what market is and how it is formed and works, we start with ideas from economics, since it is the discipline that has mainly elaborated on market concept. A common critique has been that economics are more concerned with a normative idea of market rather than with market institutions and practices. We will therefore review several other disciplines (sociology, anthropology, political science and management) that are concerned with market in some form, and we will discuss some interesting contributions that emphasize features of market practices that have been sometimes neglected in the dominant idea of market in economics. Since the purpose of this chapter is to discuss how the relationship perspective affects current ideas and conceptualizations of markets, we conclude the chapter by discussing IMP (Industrial Marketing and Purchasing) ideas of markets – market as network – which is the perspective that was first to underline the relevance of relationships for market dynamics.

Chapter 3 is dedicated to the issue of analysing business relationships and the critical processes underlying their formation. The discussion refers mainly to literature in industrial marketing, especially to research following the IMP tradition. We discuss the

Activity-Resource-Actor (ARA) model (Håkansson & Johansson, 1992) that provides a framework for analysing the content and functions of business relationships. It is argued that business relationships are the locus of complex interaction processes and that these interaction processes are important for relationship dynamics, for how the parties to relationships develop, and ultimately for the dynamics of the business networks. Interaction in business relationships is discussed in order to point out why and how interaction processes are fundamental in the attempt to explain economic behaviours. Particular emphasis is given to interaction in the actor layer. Finally, we discuss some contributions in the literature on interpersonal relations that have dealt with interaction processes. This allows us to introduce the important concepts of perception and interpretation and how these impact actors' behaviours in interaction.

In *Chapter 4* we discuss the concept of actors from the interaction perspective. Analyzing actors' interaction behaviours in business relationships is challenging as it entails revisiting the concept of the actor and re-examining the variables underlying actors' behaviors. There are two research streams in particular that can offer impulses for re-examining the concept and role of actors from the perspective of the interaction processes in business relationships: the first is the social interactionism stream in sociology (e.g. Goffman 1967); the second is what is known as the sensemaking stream in social psychology (e.g. Weick, 1995). In this chapter we start from the assumption that actors' behaviours in interaction in general, and in business relationships in particular, reflect their mutual perceptions and, in particular, the identities they attribute to the counterpart with whom they interact. We focus therefore on the mutual attribution of identity and on the consequences of the ascribed identities on how interaction unfolds, and argue that this is a central process if we are to explain how business relationships develop. We conclude the chapter by discussing what dimensions of the role of customers and suppliers really matter in the eyes of the counterpart?

Chapter 5. In this chapter, we articulate the research topic by presenting an empirical case. Firstly, we formulate two propositions derived from the literature on the nature of business actors' identity. Hypotheses are then formulated and tested in order to validate the propositions. Secondly, we present a case history of the supplier and the

business context. Thereafter we outline the design of the field study aiming at exploring the identity of actors in interaction processes in customer-supplier relationships. A description of the sample, data collection and the measurements constructs is provided. Finally, we briefly describe the survey carried out to collect the data for testing the hypotheses. The case study is based on data on 32 customer relationships of a large international industrial business collected in 128 interviews. We have carried out structured interviews with actors acting as agents for both the supplier and customer organizations regarding their perceptions of the counterpart. The interviews were repeated before and after a meeting between the sales and customer representatives. Two aspects of the perceived or attributed identity have been the object of the data collection: the counterpart's "quality" and "organization personality".

Chapter 6. In this chapter we report the results of the empirical case. Firstly we validate the scales used to collect data: supplier service quality, customer quality and supplier and customer organization personality. Then we report the results concerning the first and second hypotheses. Concerning Hypothesis 1 – *Different customers attribute different identities to the same supplier*, we start with descriptive quantitative analysis. Thereafter we analyse the frequency distributions and carry out a cluster analysis of the data. Concerning Hypothesis 2 – *The identity attributed to a counterpart in a business relationship changes from interaction to interaction*, we analyse data concerning the change in the reciprocally attributed identities of both customers and supplier. We use data collected before and after the customer-salespeople interaction episode. We proceed here by examining how perceptions of supplier quality (expressed by the customers), of customer quality (expressed by the supplier agents) and mutual perceptions of the organization's personality have changed. Finally, we also examine how perceptions of reciprocal identity have changed. We conclude with commenting on the inferences that can be made of the data analysis undertaken.

Chapter 7. In the last chapter we discuss the findings and implications of the study. On the basis of the findings we argue that identity attributed to a business (organization) is both an input of interaction behaviours of actors and an outcome of interaction. Our findings suggest that the identity attributed to the counterpart changes

from interaction to interaction and therefore the identity is continuously emergent and only temporarily stabilized. We also argue that, being the outcome of interaction, the identity perceived and attributed to one and the same business will be different in each relationship. In other words, we argue that the identities of a business are relationship specific and that, as a consequence, every business tends to have multiple identities. We conclude the chapter by discussing the implications of our findings for further research and practice. Among the implications for practice, we discuss the challenge to management in coping with and attempting to manage multiple identities. Among the implications for further research we contemplate the need to develop a conceptual framework that identifies the critical dimension of the identity of actors in business relationships and how these can be related to actors' roles.

Chapter 2

MARKETS, RELATIONSHIPS, NETWORKS

In this chapter we will review ideas about what market is and how it works. In some of the disciplines concerned, market is treated as an empirical phenomenon and an object of study. The purpose of this chapter is to provide evidence and discuss how relationship perspective affects current ideas and conceptualizations of markets. In discussing the topic, we will try to keep the distinction between “ideas” of market as they are elaborated in various disciplines (in particular in economics) and “empirical phenomena” managers, entrepreneurs, marketers, politicians and the general public refer to as market.

In tracing ideas about what markets are and how they work, one soon discovers that the discipline of economics has proposed the most elaborate market concept but it is far from being the only discipline concerned with market phenomenon. Economics pretends (to have) ownership of the concept and mastery of the phenomenon, but a common critique has been that economics is more concerned with a normative idea of market rather than with market institutions and practices. Several other disciplines are concerned with market in some form and we can find some interesting contributions pointing out features of market that are sometimes neglected in the dominant idea of market in economics. We will see that sociology (Swedberg 1990; Granovetter, 1985; Fligstein, 1996), anthropology, the political sciences (Lindblom, 2001) and not the least management, deal with the idea and phenomenon of market.

2.1 The idea of market

The most elaborate idea of what market is, and what it accomplishes, comes from neo-classical economics. It is important, however, to keep in mind that we face here a concept of market that is more normative than positive. Economists do not even claim that the idea of market as the exchange mechanism of neoclassical economics describes situations market actors are actually meeting. The idea of market prevailing in neo-classical economics is hardly a proper theory of market phenomena found in the empirical world; it rather defines the implications of price theory for market efficiency as a resource-allocative mechanism.

2.1.1 Market in economics

The prevailing idea of market in economics today is a consequence of the marginalist revolution (e.g. Walras, Jevons and Marshall) that replaced the "classical" theory of value of Adam Smith and David Ricardo and has established the foundations of the neoclassical theory of value. It is interesting for our purpose because it contains foundations of a theory of value based on *exchange* rather than production and distribution of classical theory. It reflects the fact that at that time, in tune with the 17th scientific revolution and its developments, science was about measurement. Because exchange links value to utility that has been considered as a measurable variable, the primary task is to define the laws of utility variation with the change of the amount of goods owned (Jevons, 1871).

Leon Walras opposed the concept of value based on production with one based on exchange, in which value is created when the market transaction is completed. That makes Walras interested in the functioning of market and in the conditions that determine equilibrium, the best allocation of resources so as to maximize utility. The world is seen as an immense market governed by rigorous laws, such as the law of nature, laws that define equilibrium among all the elements and subjects that constitute the system. In relation to the theoretical framework he developed, Walras observed that:

“Elle repose tout entière sur la théorie de l’échange, et la théorie de l’échange se résume tout entière dans le double fait, à l’état d’équilibre du marché: d’abord de l’obtention par chaque échangeur du maximum d’utilité, et ensuite de l’égalité de la quantité demandée et de la quantité offerte de chaque marchandise par tous les échangeurs” (1988, p. 15). The object of Walras’ economic theory is the determination of general economic equilibrium – quantities and prices of goods and services that maximize the utility given the initial endowment of resources, the preference system of each subject, and the state of the technology.

The idea of market is but a part of an attempt to construct a scientific theory of behaviour considering the theory of utility as an out-and-out scientific theory of sensations and acts. This is meant to provide a general definition of equilibrium in the choice of a single individual, who has to address the same resource to alternative ends. The final degrees of utility should be equal among different employments, if the person who chooses is a perfectly rational individual who allocates resources in order to maximize utility.

Choice theory or the theory of resources allocation based on the marginal principle is a theory of rational behaviour; behaviour of individuals who know clearly, and without making mistakes, the ideal conditions that achieve maximum utility. Market is then the mechanism that will permit utility maximising for the single market participant. Market is perfect if three conditions are satisfied. Firstly, the market is perfect only if knowledge is shared among market participants engaged in exchanging goods. Secondly, it is transparent with regard to information concerning the amount of goods available in the market and owned by each exchanger, the contracts, conditions and even the intentions of the participants regarding the exchanges they intend to engage in. Finally, market participants must pursue their own free interest following the principle of utility maximization. Market equilibrium, individual maximizing behaviour and stable preferences are among the central assumptions of neoclassical economics (Stigler & Becker, 1977).

The market, if well organized, produces in a natural and spontaneous way the set of prices and quantities that constitute the solution of general economic equilibrium. A

well-organized market, according to this concept, is a market in which there is perfect competition and no interference to the free movement of prices (either increasing or decreasing). As in rational mechanics, it is assumed that machines work without any friction. It describes a static state of the economy, supposing that the economic process is stationary for a moment so that the theorist can precisely identify the elements that constitute the structure of the economic system and its relationships independently on the changes, caused by the evolution of time, of the owned resources, prices and of the psychological attitudes of the subjects.

The neoclassical idea of market as an exchange mechanism is then formulated in the form of supply and demand of a given product and its substitutes expressed by a set of buyers (users) and sellers (producers). It revolves around exchange transactions between the set of buyers and sellers at various prices. An important ingredient of the “efficient market” in the context of economics is that there are no other relationships between market actors than single discrete transactions. The existence of other relationships that might impact agents’ preferences for buying from or selling to specific others would distort the allocative efficiency of the market. Therefore, any relationships of another kind are not desirable.

While the market idea of the neoclassical tradition has doubtless merits, it is characterised by at least two major shortcomings that result from the exclusive focus on the allocative efficiency of the market: first, it has been argued that market participants try to accomplish more through the market than to optimally allocate the given resources to given ends; second, it has been observed to offer little of use by explaining where markets come from and how they change over time.

2.1.2 The purpose of market

Friedrich von Hayek has been one of the most articulate economists who has argued that markets achieve more than allocative efficiency with respect to given resources. Hayek observed that markets are constituted over time by agency and guided by the interest and efforts of single individuals. He argued that the concept of the equilibrium (maximizing

the utility) of the individual planner cannot be applied to the economy as a whole: “I have long felt the concept of equilibrium itself and methods which we employ in pure analysis have a clear meaning only when confined to the analysis of the action of a single person and that we are really passing into a different sphere and silently introducing a new element of altogether different character when we apply it to the explanation of the interactions of a number of different individuals” (Hayek, 1937, p. 35).

Hayek develops the idea that markets can serve purposes other than the optimal allocation of given resources for given ends for the participants and community as a whole. The market permits the coordination of the independent activities of individuals who pursue different ends – having partial and local knowledge – through an efficient modality of the transmission of relevant information. The market allows each agent to focus attention on the research of those conditions that are most important for his/her own activity because the agent adapts to the changes of the wider markets through the synthetic indications provided by price signals. Following this logic, innovations and improvements in production techniques come from local and deep knowledge. This amounts to the idea that the market is a communication system that elaborates and transmits symbolic signals, the goods prices. The function of this system is to synthesize in a signal a large amount of information and transmit it to all the agents, without requiring that everybody knows all the complex conditions and relevant data that are combined in that signal. Knowledge is a scarce resource and the market produces the economy of this resource that increases the value of specific knowledge that each agent has (Hayek, 1945).

What is questioned here is the optimality of perfect competition and equilibrium. The relevant economic problem is not the optimal allocation of resources given in conditions that are known a priori and unchanging; rather, it is “...how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know” and “The common idea now seems to be that all such knowledge should, as a matter of course, be readily at the command to everybody, and the reproach of irrationality levelled against the existing economic order

is frequently based on the fact that it is not so available. This view disregards the fact that the method by which such knowledge can be made as widely available as possible is precisely the problem to which we have to find an answer” (Hayek, 1945, p. 522).

Two important arguments are introduced here regarding the purpose of market, compared to the mainstream view of market in economics, namely that markets are subjective, constructed by the market participants and not naturally given, and that the problem of market making is a problem of communication. “We are only beginning to understand on how subtle a communication system the functioning of an advanced industrial society is based – a communications system which we call the market and which turns out to be a more efficient mechanism for digesting dispersed information than any that man has deliberately designed” (Hayek, 1975, p. 442). Taking into consideration time and ignorance as important variables in economic thought, and conceiving market imperfections as information structures leads us to the topic of the evolution of markets and thus to the evolutionary paradigm in economics.

2.1.3 How markets develop and change

Veblen (1898) is often credited as being among the early scholars who outlined an evolutionary perspective on the economic system and the market. Influenced by Darwin, he was interested in how the economic system evolves over time, rather than how it achieves equilibrium. Veblen observed that the evolution of human societies must be seen as “a process of natural selection of institutions” and criticises the assumption of neoclassical economics that an individual is "a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift about the area, but leave him intact", which would make him always accomplished and unable to change and evolve (Veblen, 1898, p. 73).

The neoclassical market idea rests on the assumption that change in markets, market dynamics, is due to exogenous factors – namely technology and social variables. This assumption has been repeatedly questioned (e.g. Schumpeter, 1934; Penrose, 1959; North, 1990) and the core argument has been that both technological development and

individual preferences are endogenous to the market, that, to a large extent, they originate within the market.

Scholars of evolutionary economics define markets as evolving systems characterized by the fact that “every position of temporary order creates within the conditions to change that order, and this is especially true of knowledge accumulated in the pursuit of innovation” (Metcalf, 1998 p. 147). As a consequence, the “...process of movement towards some equilibrium causes that equilibrium to evaporate” (Metcalf, 1998, p. 148). This view introduces time as an important variable in the development of a system.

In this perspective on the market “the individual is of measure zero ... not only because a single person’s preferences and endowments have no perceptible effect but because no individual is allowed to take initiative. Everything that could possibly happen must be incorporated in the specification of one or more states of the world, either as an exogenous event or as a possible consequence of human action; the occurrence of any novelty, either endogenous or exogenous, violates this requirement and demonstrates that the apparent equilibrium had been derived from false premises” (Loasby, 2001, p. 1). It is “the process of choice that defines preferences, rather than preference defining choice” (Loasby, 2000, p. 308). As a consequence, products do not define markets but markets define and redefine them.

2.2 The market as an institution

The above considerations that more than efficient allocation of resources is achieved in markets, and that markets evolve as a consequence of the behaviours and choices of the market participants, leads us to the idea of markets as institutions rather than a mechanism of economics. Institutions are the result of various forces at work. This perspective on markets originates mostly in anthropology and sociology that enrich the conceptual framework proposed in economics. Anthropologists emphasize psychological rather than economic needs as the force initiating exchange transactions and sustaining exchange relations between actors. Exchange transactions take place within the frame of

social relationships and therefore the exchange behaviour of the parties can only be explained if exchange relationships rather than single transactions are considered.

In sociology Granovetter (1985) raised a similar argument. He referred to the “problem of embeddedness” in discussing how economic action and social structure interact. The utilitarian tradition, according to which rational, self-interested behaviour is minimally affected by social relations – the “undersocialized” explanation of exchange behaviours – has been criticized as much as the “oversocialized” explanation that disregards individual variation and considers exchange behaviours as fully structurally determined. “Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive action are instead embedded in concrete, ongoing systems of social relations” (Granovetter, 1985, p. 487).

2.2.1 Structuring of markets

Early on, discussing the concept of “external organization” of business firms, an economist, Marshall, observed that this “... [external organization] is not only a means of reducing transaction costs for products and services that are already well defined.” Rather, its role is to create “[...] a selection environment within which each firm can carry out its own experiments with new products or new means of marketing, but it also gives access to knowledge on which to base these experiments” (1920, p. 500). When we consider this as a central role played by market, then “[P]rices are not sufficient statistics for those contemplating qualitative change. It is no accident that microeconomics theories of atomistic markets, which lack institutional features, provide an inadequate basis for analysing product innovation.” (Loasby, 2000, p. 304).

Also neo-institutionalism in economics accords social variables an important role in the formation of markets (Powell & Di Maggio, 1991; Loasby, 2000; North, 2005). It is argued that institutions are social representations and procedures, which complement individual cognitive maps that are inadequate because individuals are unable to match the complexity of economic tasks (Loasby, 2000). Institutions are “frictions” that “make

controlled movement possible; they are complexity reduction mechanisms through the selection of variation: “it is by preventing the exploration of many possibilities that institutions economize each individual’s scarce resource of cognition and focus the attention of that individual on a particular range of options” (Loasby, 2000, p. 300). Therefore, institutions, encouraging similar representations, possibilities and procedures among its members, reduce the cost of transacting ideas.

The concept of “structure of constraints” is used to formulate a similar conclusion: “the structure we impose on our lives to reduce uncertainty is an accumulation of prescriptions and postscripts together with the artefacts that have evolved as a part of this accumulation. The result is a complex mix of formal and informal constraints. These constraints are embedded in language, physical artefacts, and beliefs that together define the patterns of human interaction. If our focus is narrowly on economics, then our concern is with scarcity and, hence, competition of resources. The structure of constraints we impose to order that competition shapes the way the game is played” (North, 2005, p.1).

Discussing the consequences of this, Porac et al. (1995) suggest that empirical observations evidence how “firms observe each other’s actions and define unique product positions in relation to each other” (p. 203) and “... the tension between the knowledge requirements of rivalry and the ambiguity of market structure is played out as managers enact their competitive environment” (p. 205).

The argument here is that it is social cognition that creates the basis for market coordination. Trying to explain the formation of new markets, the socio-cognitive nature of this process comes to the fore: “the link between cognition and institutions is crucial to the explanation of market-making” (Loasby, 2000, p.302). Market making is concerned with the creation of a new business, based on a new product, but it is also a matter of entrepreneurial investments and institutional cognitive structuring of the product and of the market:

“[F]irms seek to create a market for their own products by making it easy for people to deal with them [...] in developing its own organization and its particular market,

each business draws on the institutions of the society within which it operates, and then develops, through a mixture of deliberate decisions and the consequences of day-to-day interactions, rules and conventions which serve to co-ordinate its activities and to align them with the activities of its suppliers and customers.” (Loasby, 2000, p. 302).

That brings us to the issue of how markets get organized.

2.2.2 Organizing of markets

Organizing of a market is a matter of who relates to whom. This issue has been an important one in sociology. The issue at hand here can be well illustrated by the argument of Fligstein (2001) that social relationships and interactions are relevant and that what is going on in a market cannot be reduced to an economic dimension in the narrow sense.

At this point the question becomes where do social structures in markets come from? It is argued that the main cause of the formation of social structures in markets is the need for the actors to stabilize their context. Social structures thus emerge because individuals and firms search for stable interactions with competitors, suppliers and workers, and the role of relationships is fundamental; in fact, “relationships define how the market works, what a given firm’s place is, and how actors should interpret one another’s actions” (Fligstein, 2001, p. 18).

The actors appear thus not merely as profit maximizers; nor do they possess perfect information as sustained in economic theory. Market actors live in an unpredictable world where one never knows which actions will have which consequences. Since no actor can determine which behaviours will maximize profits, “the purpose of action in a given market is to create and maintain stable worlds within and across firms that allow firms to survive” (Fligstein, 1996, p. 658). Actors search to produce a stable market because the effect of creating a stable market is that “firms who take one another into account in their behaviour are able to reproduce themselves on a

period-to-period basis” (Fligstein, 2001, p. 18). An important corollary of this idea runs contrary to the anonymity of actors sustained by neoclassical economics; it implies that the creation of a market is only possible if actors take one another into account in their behaviour. White (1981) reached a similar conclusion when exploring where markets come from: “markets are self-reproducing social structures among specific cliques of firms and other actors who evolve roles from observations of each other’s behaviour. I argue that the key fact is that producers watch each other within a market” (p. 518).

The importance of who relates to whom and how individual agents and actors are related is also emphasized by scholars in sociology, who explore some aspects of social network structures. The idea of a market as a network of agents is discussed, for instance, by Ronald Burt (1992). Considering competition among businesses in a market he observes that actors’ attributes are irrelevant in order to explain who will relate to whom and with what consequences. He advances the “structural hole argument” arguing that:

“competition is a matter of relation, not player attributes. The structural hole argument escapes the debilitating social science practice of using player attributes for explanation. The relations that intersect to create structural holes give a player entrepreneurial opportunities to get high rates of return. The player in whom the relations intersect – black, white, female, male, old, young, rich, poor – is irrelevant to explanation. Competition is not about being a player with certain physical attributes; it is about securing productive relationships. Physical attributes are a correlate not a cause, of competitive success. Holes can have different effect for people with different attributes or for organizations of different kinds, but these differences in effect occur because the attributes and organization forms are correlated with different positions in social structure. The manner in which a structural hole is an entrepreneurial opportunity for information benefits and control benefits is the bedrock explanation that carries across player attributes, populations and time” (Burt, 1992, p. 4).

Also, in economics the role of specific identifiable relationships between market participants is recognized. One example is Richardson (1960) who argues that an

individual firm's attainable information is dependent on its position in a network of market relationships: "The conventional ways in which we introduce expectations into economic theory seems to me to have this crucial deficiency; they ignore the fact that expectations are based on information, and that the availability to entrepreneurs of the required information is, in part, dependent on the nature of the market structure or system of relationships within which they operate" (preface).

Turning attention to how actors relate to specific others has another consequence. In a market system where people do not go their own way, but are tied together and turned this way through market interactions, the concept of cooperation becomes relevant and important. "A market system is a pattern of cooperative human behaviour, not simply a bag of beans on the move. To understand market cooperation one has to keep the eye on that behaviour, not on objects like shoes or cups of coffee" (Lindblom, 2001, p. 39). It has been shown that co-operative, rather than adversarial, behaviours in specific relationships have consequences for the economic outcomes for the parties involved, but also that the outcomes (pay-offs) from relationships to the parties are conditional on the counterparts' behaviours, that is, dependent on how interaction between the two parties unfolds (Axelrod, 1984).

To acknowledge the importance of interaction between specific parties in a market leads to concern with how behaviours in interaction arise and, among other themes, leads to the idea that the way the mutual behaviours are interpreted impacts the development of the relationship and the outcomes of the relationship for the parties involved, which is an argument we will examine in more detail in the next two chapters. We will be referring to the concepts of enactment and sensemaking (Weick, 1995; Weick, Sutcliffe & Obstfeld, 2005). In a related stream of research, the theme has been that who defines whom as a rival, and thus who competes with whom, is socially constructed (Porac et al., 1995). As a consequence, markets are enacted through a "socially reinforced view of the world"; they are enacted on the basis of cues that were made salient by earlier enactments. Although mental models begin to form in the heads of individual managers, the convergence across managers that comes about through a combination of enactment and imitation spreads among networks of customers, suppliers

and competitors. This means that inter-subjective, generically subjective, and cultural levels of analysis all come into play (Weick, 1995). Other issues that have been introduced in relation to how markets get organized and the role of cognitive representations regarding “framing” (Goffman, 1974) are considered central to the formation of markets (Callon, 1998). Framing, defined as “an operation used to define agents ... objects, goods and merchandise”, permits to make “brackets” of the outside world so that the stage where actors interact has established boundaries. It is suggested that “the market must be constantly reformed and built up from scratch: it never ceases to emerge and re-emerge in the course of long and stormy negotiations in which the social sciences have no choice but to participate” (Callon, 1998, p. 266).

2.3 Markets in marketing perspective

So far we have been discussing ideas and conceptions of market that somehow reflect a perspective on markets that is one of an external observer. In this respect, an interesting development of the market idea has been the one in management in general and in marketing in particular. Marketing has always been concerned with how the market institution(s) functions. Focusing on the behaviours of market participants, researchers made a number of observations that are difficult to link to economists’ conception of market as a price mechanism. The perspective of the management and marketing disciplines on the market is the one “from within”. Conceptualizations of the market in marketing perspective develop in the interplay of empirical observations of various market phenomena and, often, ad hoc modelling and explanations.

2.3.1 Market as an organized behaviour system

Early in the development of the marketing discipline the market concepts offered by economic theory were found to be of limited use for the task of marketing. That led marketing researchers to formulate the concept of market as an organized behaviour system (Alderson, 1965). The pragmatic science of markets has found opportunistic

solutions to the problem of defining what market is (Alderson, 1957; Snehota, 2004); solutions appropriate to orient business management. Concepts of market far from economists' debates and visions were developed because: "there were more promising places to start than economic theory in determining whether to bring out a new product and what media to use in advertising it" (Alderson, 1954). Economics starts with certain assumptions about market organization, while marketing starts further back with attempts to organize the market and to establish the marketing processes, which economics takes for granted (Alderson, 1957). The underlying viewpoint is a total system approach resulting from the question "how does the market system work?" The organized behaviour system and the heterogeneous market are concepts that encapsulate the essence of the functionalist theory of market (Alderson, 1965).

An organized behaviour system consists of sets of actors, behaviours and expectations. "A system is a set of interacting elements. A behaviour system is a system in which the interactions take the form of human behaviour. In an organized behaviour system the organizing element is the expectations of the members that they as members of the system will achieve a surplus beyond that they could attain through individual and independent action" (Alderson, 1965 p. 25).

The idea of market as an organized behaviour system advanced in early marketing research is of interest to our study because the perspective on markets "from within" implies that businesses are engaged in creating or developing relationships. This is consistent with the idea that product markets can be seen as socially constructed knowledge structures (i.e., product conceptual systems) that are shared among producers and consumers. The sharing enables consumers and producers to interact in the market (Rosa et al., 1999). The fundamental thesis underlying "socially constructed" markets is that product markets are not imposed or orchestrated by producers or consumers but evolve from producer-consumer interaction feedback effects (Rosa et al., 1999, p. 64). According to this perspective, the meaning (and value) of a product is defined and redefined in a complex interplay of interactions and sensemaking in relationships between market participants.

There is also the post-modern approach to marketing that introduces the need to take into account the “sign system” (Venkatesh, 1999); and therefore communication, as a condition for understanding and developing the new consumption processes and systems. Rather than depicting consumers in particular as rational decision makers, it portrays them as individuals who subjectively and socially construct their consumption experience (Venkatesh, 1999): “In a world filled with choices, [...] consumer sets no discernible patterns and engages in multiple experiences. These experiences become narratives of one sort or another [...] once we employ the term narrative, we enter the world of language, in particular the language of signs, and move away from objective representational schemes” (p. 155).

On the whole the marketing perspective on markets has always acknowledged the social and cultural dimension of markets and discussed the impact of these variables on how the markets will evolve. Conceptualizations of market in marketing originate mostly in empirical observations, and the consequent development of conceptual schemes fit to gauge the observed phenomena or their particular manifestation. That is certainly true for the development of the perspective on market in two fields – the business-to-business field and services, which we will discuss below.

2.3.2 Market relationships

Two streams of research have explored the social and institutional dimension of markets in management in general and in marketing in particular: research on B2B markets and research on service business and marketing.

In business markets the empirical research, in particular the one spurred by the IMP¹ in the 1970s has evidenced the existence of continuous relationships between customers and suppliers and produced a considerable body of research pointing to the importance and impact of these relationships for the businesses involved. The importance of

¹ The IMP approach has its roots in research carried out in the early 1970s at Uppsala University, Department of Business Studies (Håkansson, 1982) but soon was embraced by scholars across Europe, as well as in other parts of the world. An updated picture of the IMP research stream, its publications and other activities is available through impgroup.org.

business relationships for the businesses reflects the fact that “it is in relationships that companies access, provide and exchange resources from, to and with others” (Håkansson & Snehota, 1995, p.38). Without such relationships, which are the conditions for running the company’s operations, business activities are difficult to imagine.

The picture of the market produced in numerous studies emphasizes rich communication and interaction between buyer and seller organizations – entailing not only information exchange but also important elements of, broadly put, social exchange. The importance of long-term and complex relationships has been largely stressed in all IMP research; in particular, the continuity of, and involvement in, relationships have been described as favourable both for customers and suppliers (Håkansson & Östberg, 1975; Möller & Wilson, 1995; Gadde & Mattsson, 1987; Håkansson, 1987; Anderson, Håkansson & Johanson, 1994; Ritter, 1999; Möller & Halinen, 2000; Araujo, Dubois & Gadde, 2003; Ford & Gadde, 2008; Wilkinson, 2008). Involvement in continuous relationship allows the achievement of stability because it reduces uncertainties parties face in interacting with each other (Ford et al., 2003) but also, somewhat paradoxically, a long-term orientation is favourable for development and change. In fact, empirical investigations reveal that business relationships with customers and suppliers are the most important source of innovation for both buyer and seller businesses (Håkansson, 1989).

But companies do not increase their dependence on some actors accidentally; the relatedness is rather directed towards relatively few counterparts, mainly the company’s main customers and suppliers. In fact a Swedish survey of more than 100 companies showed that, on average, their top 10 suppliers accounted for about two thirds of their total purchases, and their top 10 customers accounted for a similar proportion of their own sales (Håkansson, 1989). Continuous business relationships not only affect the parties directly connected in a dyad but it affects the entire business landscape, because a pattern of interconnected relationships emerges. Because of this patterning of “the market” the concept of business network has been put forward (Håkansson & Snehota, 1995).

Having observed that relationships matter and are not isolated – since what happens in a relationship influences and is influenced by other relationships – in the IMP-inspired research, business markets tend to be defined as business networks – a structure of interdependent relationships. Networks do not become simply a “third form” of coordination, an alternative to market and hierarchy, as in Ring and Van de Ven (1992). Research in the IMP perspective takes the stance that both markets and firms are considered networks of relationships (Håkansson & Johanson, 1992; Håkansson & Snehota, 1995; Snehota, 2004). Consequently much of what was traditionally thought to be within the boundaries of the firm is now in the “between”. Networks are seen as structures that “emerge” from the evolution of business relationships (Håkansson, & Snehota, 1995).

Three major economic forces have been identified as driving the formation of business relationships and networks. First, the networks make it possible to reach scale effects in a flexible structure. Second, network relationships can foster innovation. Third, network relationships can be used to influence others (Håkansson & Snehota, 1995).

The view of market as networks or, simply, business networks highlights relevant characteristics of the business landscape, particularly of the nature of business relationships discussed in the next sections. It leads in particular to a considerable difference in conception and definition of market compared to the definition in economics. Taking the relational perspective, markets as networks are primarily defined by the set of actors and relationships rather than by the product. Unlike the idea of market in economics where product is the defining parameter of market (of the set of buyers and sellers that comprise the market), in the business network perspective product is a variable in single-exchange relationships and across relationships between actors.

Another stream of research that has focused on market relationships rather than exchange transactions has been the research on service marketing (e.g. Grönroos, 1990, 2007b; Gummesson, 2002; Vargo & Lusch, 2004). The rationale for focusing on relationships in service marketing research has to some extent been analogue analogous to that of interest for relationships in business markets. Empirical studies of service businesses has evidenced the difficulty of conceiving the “service product” and related

transactions (e.g. Grönroos, 2007b) and thus the difficulty of defining what exactly is exchanged in the service context. Rather, it has been argued that in the service context two sets of resources and activities are being linked and that it is this linking of resources that produces whatever value there is for the customer in service businesses (Vargo & Lusch, 2004). The stream of research and efforts to reconceptualize service markets consequent to the “manifesto” of Vargo & Lusch (2004) has focused on market relationships and the relational processes.

Currently the relevance of relationships for market dynamics in general is thus commonly acknowledged not only in the marketing literature on business markets and services but also in the more recent general marketing literature (e.g. Dwyer, Schurr & Oh, 1987; Morgan & Hunt, 1994; Palmatier et al. 2006; Tuli, Kohli & Bharadwaj 2007).

This turn to the relational perspective on markets that holds relationships as a critical market phenomenon leads to the interest in exploring the relational processes in greater depth. This tendency is pronounced in the literature on business relationships but there are signs that a similar tendency is present in the service-marketing field where the issue of relationship formation is brought to the forefront (Vargo & Lusch, 2004; Grönroos, 2007a; Payne et al., 2009). A common thread in studies of relational processes is the focus on interaction in relationships and the variables that impact the outcomes of interaction processes. However, the researchers that explore market relationships also tend to focus on antecedents and consequences of relationships rather than actually exploring the process underlying the development of market relationships.

In this work we will focus on processes underlying the formation of business relationships between buying and selling organisations because the formation of buyer-seller relationships is what drives the dynamics of business networks (markets). We will explore what has been suggested as the critical process underlying the formation of business relationships, namely how the actors involved mutually perceive and interpret each other’s behaviours (Turnbull, Ford & Cunningham 1996; Ford et al., 2003; Håkansson et al., 2009).

2.4 Market as network

Acknowledging the existence and centrality of relationships in markets amounts to accepting that empirical markets tend to display network-like structures. The relational perspective on markets and the resulting conception of markets as networks brings to the fore certain features of markets and relegates some others to the background. In the following, we will limit our interest to business markets – or rather business networks – and briefly consider four characteristic properties of business networks as they are presented in the literature, and which appear in contrast with properties highlighted in the more traditional conception of market as an exchange mechanism.

2.4.1 Interdependence

The bulk of the empirical research on business markets in the IMP research tradition concludes that “a basic feature of the business landscape is the intricate interdependencies between the companies that populate it” (Håkansson et al., 2009, p. 1). Interdependence has important implications for the conceptualization and analysis of the formation and development of business networks and the analysis of business relationships.

In attempting to capture the nature of interdependences in business networks, the metaphor of a rainforest has been proposed and discussed as opposed to the more traditional metaphor of (the competitive) jungle (Håkansson et al., 2009). Unlike the jungle metaphor, the rainforest one suggests that companies are not simply rivals but are rather primarily involved in many different forms of cooperation. The rainforest metaphor evokes characteristics such as variety, motion and relatedness as typical of the business landscape and imprints certain features on business networks.

The jungle metaphor has been and still is commonly used in most of the disciplines that deal with business behaviours in a market. The idea is that the market is characterized by autonomous actors who fight each other (compete) so that only one will survive. The obvious consequence of such a business world is that the attention of

researchers is focused on these antagonistic behaviours (Waluszewski & Håkansson, 2006). The survival index in a jungle is thus suggested to depend on the ability of each company to identify its competitors and, having analysed them, to create and defend competitive advantage in relation to them (Marglin, 2008).

In contrast, the rainforest metaphor considers the market population not as primarily isolated and solitary entities but as mutually dependent entities. The interdependencies cannot be avoided since “each is vital to and dependent on others that it borders and overlaps” (Håkansson et al., 2009, p. 6). As a consequence, the rainforest is not defined by its population, but by the interactions between those that populate it. In the rainforest perspective rivalry is not the only way to relate to each other; there are many other ways. For instance, companies can fight and compete but there are always other forms of relations such as complementary or cooperative relations. Focusing the attention on interactions in general rather than on a particular type of interaction, mainly the antagonistic one, allows for consideration of the process of both cooperation and conflict, in other words: “it [this perspective] highlights how tangible and intangible resources of many types, stemming from many different organizational units, are related, confronted and adapted in ways which are beneficial for those involved in the doing of business” (Håkansson et al., 2009, p. 7).

Actors in the business landscape are inevitably related to each other but the way they relate is not static. Actors adapt to each other, meaning that the resources companies exchange and the activities they carry out are constantly developed and adapted to those of their counterparts and both are directly and indirectly related.

Interdependence has an important consequence for actors; it entails giving up some amount of control over own actions, development and outcomes. In other words it limits the autonomy of action of single specific actors and control over the outcomes of the own actions. In business this means that the strategic autonomy of any business is always limited and the economic and financial outcomes depend on the “collective” dimension of the strategy; in other words, how others to whom a business is connected are acting and developing.

2.4.2 Heterogeneous and specific relationships

There are two aspects of heterogeneity evidenced in numerous studies. It is clear that any kind of business activity involves a heterogeneous set of resources that are combined with valuable solutions (Baraldi & Strömsten, 2006; Harrison & Waluszewski, 2008). At the same time it has been evidenced how every business is unique as it is produced at the intersection of a set of relationships to specific partners at a certain point in time (Håkansson et al., 2009).

An important feature of the business landscape is thus variety that comes from the multidimensional nature of business relationships. The dimensions participants have to face are numerous: they have to find technological solutions, administrative routines and financial solutions that fit with their own situation but that simultaneously are compatible with those of the counterpart. The answer to the question “how can mutual benefits be created despite this variety?” is: mutual adaptation made in relation to each other. Early IMP studies (Ford, 1980; Håkansson, 1982; Turnbull & Valla, 1986; Hallén, Johanson & Nazeem Seyed-Mohamed, 1991) and more recent ones (Blankenburg-Holm et al., 1996; Brennan & Turnbull, 1999; Brennan, Turnbull & Wilson, 2003; Harrison & Waluszewski, 2008) showed that adaptation can either increase or decrease the variety. Reducing variety can facilitate economic efficiency; Bengtson & Håkansson (2008) provide an example of this in their study of construction companies, where production processes and products can be standardized in order to decrease the need for continuous adjustment and development. On the other hand, technological and organizational development adaptations can also be carried out to increase variety (Håkansson & Walusewski, 2002). Variety offers both challenges and opportunities; interaction and business relationships play an important role in drawing economic and other benefits from this variety.

2.4.3 Motion and dynamics

Relatedness has important structural and dynamic effects on the business landscape: a profitable or troublesome moment in the life of a company is likely to positively or negatively influence the opportunities of the related customers and suppliers, or maybe generate common problem solving to escape the impasse. Thus, one of the major benefits of continuing relatedness is the development of a shared understanding of events over time inside and outside dyadic relationships, which facilitates stability and development. But this is not the only important benefit coming from the relatedness nature of the business landscape. In fact, relatedness has a second important characteristic: its organizing force (Håkansson et al., 2009). The relatedness effect of business solutions means that different business solutions are related to each other across boundaries, in other words: “as soon as two companies adapt in relation to each other by changing a product, a process or an organizational routine then the effects are distributed to other related solutions of other producers, users and complementary firms” (Håkansson et al., 2009, pp. 19-20). The consequence of this process is the co-evolution of business solutions (Håkansson & Waluszewski, 2002, p. 189).

Motion in the business landscape can also be related to the limited use of formal agreements and contracts, and reliance on trust in business relationships (Blau, 1964; Macaulay, 1963; Håkansson, 1982; Hallén, 1986; Young & Wilkinson, 1989; Huemer, 1998; Young, 1992; Halinen & Törnroos, 1998; Forsström, 2005; Johnsen & Ford, 2006). Since motion has unexpected effects, it is difficult to deal with them through formalized procedures and to try to anticipate future effects. On the contrary, social interactions and trust lend themselves very well to counteract the unexpected.

“[C]ompanies appear to be tied together by apparently long-lasting, broad, relatively balanced and informal relationships” (Håkansson & Snehota, 1995, p. 8). However, companies do not operate in absence of conflict; on the contrary, conflict plays an important role in the promotion of innovation (Gadde & Håkansson, 1993). Like cooperation, conflict is a dynamic force of business relationships, and what allows the

interacting parties to express their conflicting views in a way that can be useful for the development of new solutions is trust.

2.4.4 Boundlessness and ambiguity

There is a subjective dimension of business relationships and networks. This problem has been discussed in particular within the discussion about the “boundary” of the network: “such boundaries are essentially artificial, so that if we looked at the network from the perspective of a company on that boundary, we would see that it would be well within a different network with different boundaries and so on” (Ford et al., 2003, p. 175). The concept of “network pictures” has been proposed and it refers to the network participants’ views of the network. The concept of network pictures poses a problem; network pictures are individual and subjective: “There is no single, objective network and different companies and the individuals within them each have a different picture of the extent, content and characteristics of the network...” (Ford et al., 2003, p. 175).

If the issue of network formation can be addressed by studying the need for accessing, exploiting, combining and co-creating resources, then the issue of network heterogeneity can also be approached studying the socio-cognitive structuring of the network. The idea is that networks stem from different views of reality and the social negotiation of these visions. Håkansson and Snehota (1995) — citing Weick (1969) — emphasize that “activity structures emerge spontaneously, in the sense that various actors develop their own activities in reaction to how counterparts are performing theirs. Activity structures thus emerge over time as one's activities become modified, adapted and related to those of others. The emergent pattern is then somehow rationalized; given a meaning that keeps the activity structure together” (Håkansson & Snehota, 1995, p. 53).

2.5 Wrapping it up

In this chapter we discussed some very central concepts in the social sciences and economics. The core of our argument is that the market concept as proposed in neo-classic economic theory and accepted in several other disciplines, including management, is not very helpful in explaining certain phenomena evidenced in research on business markets and in marketing in general. Indeed, there seems to be a rather long tradition of alternative conceptualizing of how markets work and what the central processes in the market are (e.g. the Austrian school in economics, or economic sociology). In marketing particularly there have also been ad hoc attempts to conceptualize markets for the purpose of orienting the market action of businesses.

The alternative conceptualizations of market and of the market institution appear to have in common that they depart either from the evidence or from the assumption of interdependences between market actors – that is of the existence of relationships that go beyond discrete exchange transactions. Assuming interdependence between actors, the alternative conceptualisations, on the one hand, aim at enquiring into and explaining why these interdependences exist; on the other hand, they aim at discussing the consequences of relationships on the system level.

We are concerned primarily with markets where buyers and sellers are businesses and other organizations. In these markets, particularly, there is substantial evidence of the diffused existence of continuous business relationships and interdependences which impact heavily on the businesses involved. Facing the evidence of continuous business relationships in these markets has at least two consequences:

The first is that we need to explore the reasons why continuous, interactive, interdependent relationships arise between businesses. An enquiry into why actors develop relationships and become mutually committed is so much more interesting because developing a relationship implies inevitably that the party must give up some of its own autonomy and become dependent on the counterpart. Since businesses are economic actors that tend to enact some rationality, then the relationships can be regarded as more or less sensible arrangements for achieving economy while giving up

some autonomy. In other words, they appear to have a function for the parties who engage in them and develop them.

The second is that it is improper to call market an exchange system in which there are interdependences between actors. The idea of market in economics is clearly based on the absence of idiosyncratic ties between buyers and sellers that go beyond the content of discrete exchange transactions. Therefore, it seems more appropriate to use the concept of business network to denote the exchange system in which substantial relationships prevail because the network structures appear to have distinct properties and dynamics that we briefly discussed in the last part of the chapter.

In the next chapter we will further develop our discussion of what is going on in business relationships and how involvement in relationships impacts the organizations concerned. In particular, we will take a closer look at the role of actors in the formation of the relationships.

Chapter 3

ANALYSING BUSINESS RELATIONSHIPS

In discussing markets in Chapter 2 we concluded that several streams of research have evidenced the existence of market relationships and discussed their impact on how businesses behave and markets change.

In this chapter we review in particular the research on business and service marketing that both point to relationship as a phenomenon critical to explanations of market processes and market dynamics. Conceptualizing market relationships and their impact on the behaviour of market actors (and businesses) and on the dynamics of market represents a challenge because the relational phenomenon has its peculiarities.

In this chapter we will discuss some of the issues involved in analysing relationships, particularly business relationships when the customer and supplier are businesses and other organizations. We will discuss why companies do business with their main counterparts over such long period; which is the reason why they engage in and form relationships.

3.1 Relationships in markets

The notion that relationships matter for and explain how markets work and how market participants behave today appears to be widely accepted in the marketing literature. The explanation offered for why relationships are common is that the continuity and commitment of relationships are favourable for both customers and suppliers in pursuit of cost efficiency, and also for the development and innovation of the business. A common observation is that there is much more than the exchange of products going on between buyers and sellers in the service context, and particularly in business-to-business markets where both the actors are organizations.

3.1.1 Relationships in service marketing

The term “relationship marketing” that evokes the importance of relationships in marketing was first coined in the context of service marketing: “Relationship marketing is attracting, maintaining and – in multi-service organizations – enhancing customer relationships. Servicing and selling existing customers is viewed to be just as important to long-term marketing success as acquiring new customers” (Berry, 1983, p. 25). In the same years a relationship perspective was also proposed by the so-called Nordic School of thought (e.g. Gummesson, 1983, 1987; Grönroos, 1980, 1983, 1994), even if the term “relationship marketing” was explicitly used only a few years later (Grönroos, 1994). “[Relationship] marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises” (Grönroos, 1994, p. 355).

The relationship perspective, in contrast to the exchange perspective where the two parties have conflicting interests, emphasizes the need for cooperation, or at least for coordinated action, because “value for customer is created through the relationship by the customer, partly in interactions between the customer and the supplier or service provider” (Grönroos, 2007, p. 27). The relationship approach sees customer processes,

rather than product, as the centre of marketing and this also implies that “interaction evolves as concept that takes the place of the product concept Thus, as the exchange of a product is the core of transaction marketing, the management of an interaction process is the core of relationship marketing” (Grönroos, 2004, pp. 102-3).

Proponents of the so-called Service Dominant Logic (SDL) have argued forcefully for the centrality of buyer-seller relationships in service marketing and also for the prospect of extending this logic to the marketing of goods (Vargo & Lusch, 2008). They argue that the “process of providing service for (and in conjunction with) another party in order to obtain reciprocal service, is the purpose of economic exchange—that is, service is exchanged for service” (p. 3). Value for customer is not embedded in the bought product, the traditional value-in-exchange, but emerges from its use; and this is why the notion of value-in-use is so important (Vargo & Lusch, 2004). Goods can be conveyors of competences, but “it is the knowledge and skills (competences) of the providers that represent the essential source of value creation” (Vargo & Lusch, 2008, p. 3). Goods may be instrumental in relationships, but they are not the main part of the relationship. This brings the proponents of the SDL to argue for high priority in understanding customer experiences over time (Lusch, Vargo & O’Brien, 2007): “[...] if one purchases an automobile but also has access to well-built highways, public parks, enforced traffic laws, and so forth, then, over time, one obtains a different service experience than if these public resources were not present. Similarly, if one purchases an automobile and has access to a garage to keep the auto clean and in good condition the experience of using the auto is again altered” (pp. 11-12). The idea is that there is a combination of resources required for providing services and that “the customer is a primary integrator of resources in the creation of value through service experiences that are interwoven with life experiences to enhance quality of life” (p. 12).

The above reflects rather well the core arguments of the SDL and of the claim why this service logic of relating resources is possibly valid as a general explanation of what the central market process is.

3.1.2 Relationships in business-to-business marketing

While the idea that market relationships are an important phenomenon in consumer markets has recently entered the mainstream of the marketing discipline, the first systematic empirical evidence that buyer-seller relationships are an important empirical phenomenon in markets comes from business-to-business marketing. It was studies of the IMP group from the mid-1970s in particular that produced extensive evidence of the continuous relationship between businesses and of the impact of these continuous, high involvement, customer-supplier relationships on both the businesses involved and the dynamics of markets. However, other scholars studying business markets also observed early on that relationships matter in these markets (Levitt, 1983; Corey 1991; Webster, 1992).

The research and conceptualization of relationships in the IMP research stream has possibly been favoured by the size and calibre of the relationships that can be observed in business markets in general and in industrial markets in particular. In these contexts customer-supplier relationships can be very complex in content and scope. An emblematic case can be the relationship between a supplier of components to the automotive industry (e.g. Rockwell or Bosch) and a large car producer (e.g. Daimler Benz or Renault). Such relationships can involve sales value of a billion euro or more, hundreds of products and product items, the participation of hundreds of people in interaction between the two companies, various joint development projects, and complex logistics that ensure delivery from various production plants of the supplier to those of the customer around the world.

While the complexity in the above example is perhaps extreme, given the size of the businesses involved, similar considerations apply, in proportion, even for small and mid-sized companies. A few important relationships matter for businesses and these tend to be complex in terms of content and impact on the businesses involved. Besides the price and quality of the products bought, other factors can be extremely important for the economic outcomes for the two businesses. Such factors include logistics, outcome of joint development projects and ideas about solutions to technical, organizational, and

commercial problems. Business relationships of this kind are thus broad in scope and have various important consequences for the businesses directly involved but may also have consequences for those indirectly involved. Given this wide scope and the composite consequences, analysis of relationships of this kind requires the development of concepts that can capture the complexity and permit the differentiation and classification of the variety of these relationships in terms of their content and function.

Research in the IMP tradition has developed a conceptual framework – the Activity- Resource-Actor (ARA) model – to deal with analysis of business relationships and their consequences (Håkansson, 1982; Håkansson & Snehota 1995; Ford et al 2003; Håkansson et al. 2009). It has proposed the ARA model to describe the content and function of business relationships. The ARA model (Håkansson & Johansson, 1992) provides a useful framework for describing the content of business relationships. It proposes to distinguish three layers of content in business relationships: activities, resources and actors, and argues that a relationship is characterized by certain activity links, resource ties and actor bonds that arise between the business organizations that are party to the relationship (Håkansson & Snehota, 1995). The idea is that in order to understand the development of a particular business, its activities, resources and actors, we have to look at how the three layers are connected.

Activity links refer to connections between the various activities of two companies. In practice, production, logistics, administration, deliveries and information handling may be more or less linked together and coordinated. Activities are configured in a certain way and are mostly interdependent. The extent of coordination has important economic consequences because it affects efficiency in the use of resources (Dubois, 1998; Gadde & Håkansson, 2001).

The resource layer in a relationship refers to how resources of the two business organizations are connected, and *resource ties* arise when there are specific mutual adaptations in the various resources of the two organizations. The mutual adaptations can concern both tangible resources, such as physical items or plant equipment, and intangible resources, such as knowledge, and involve creating interfaces between different resource elements. The benefit of resource ties can be cost efficiency, but a

more important consequence is the development of new and innovative joint resource combinations (e.g. Håkansson & Waluszewski, 2002, 2007).

Finally, the actor layer refers to the contact between various individual actors involved in the relationship between the two businesses. Actors tend to become mutually oriented and committed and develop rather selective bonds. *Actor bonds* refer to how the individual actors feel mutually committed, how they trust, appreciate and influence each other. As actors interact they conceive solutions to resource ties and activity links and develop themselves. Actor bonds affect learning and teaching of counterparts about opportunities and solutions (Håkansson & Johanson, 2001).

The three layers of buyer-seller relationships are interdependent: “activity links may limit or facilitate resource adaptations; resource ties may limit or favour the possibility of activity co-ordination and actor bonds may open up the possibility of developing activity links and resource ties” (Håkansson et al., 2009, p. 34). The three layers have effects within the businesses themselves and within their other relationships. The idea is that to understand the development of a business we have to look at the relationships in which it is involved, how they have developed, and the interaction in them. Actor bonds, activity links and resource ties are continually evolving and are stable only temporarily. To a large extent that has to do with the interdependence of business relationships or, using the IMP concept, the function of business relationships.

The IMP research argues that a business relationship with its content has three functions: for the relationship itself, for the parties directly involved and for others indirectly involved. The underpinning of the concept of relationship function is empirical. Empirical research shows that what happens in a relationship has consequences for the relationship (e.g. how it will develop); it has consequences for the organizations and actors involved (e.g. economic outcomes for the businesses taking part); and it has consequences for other, only indirectly connected parties (e.g. for the customers of the customer, suppliers of the supplier and so on). The same research shows that what happens in a relationship can be influenced by what happens in the indirectly connected relationships, in the organisations that are part of the relationship and in the relationship itself (Håkansson & Snehota, 1995).

The interdependence of business relationships, in the sense that what happens in one affects what happens in another business relationship (directly connected through one of the parties or indirectly connected through more than one party), that has been observed in business markets has led, as discussed in Chapter 2, to formulating the concept of *business network* as a set of interdependent relationships. The interdependence relates also to the various kinds of effects relationships can have. Relationships can be beneficial but also represent a limitation imposed on the autonomy of the parties to relationships. They affect the cost efficiency of the businesses and within the network at large and also the developmental potential of the businesses involved and of the network at large.

3.2 Interaction in business relationships

Studies of business relationships have now reached a stage of development beyond generalised descriptive scope. More recent studies of business relationships point out that business relationships are a locus of complex interaction processes that we will discuss here. These interaction processes are important for relationship dynamics, for how the parties to relationships develop, and ultimately for the dynamics of business networks.

The idea that interaction is central to economic life is shared among economic researchers. However, a substantial difference can be found between theories influenced by economic thinking and the view that has emerged in the IMP setting. The more traditional perspective on markets, in economics in particular, treats interaction as a mechanism that facilitates market exchange. This contrasts with the view in IMP studies that show that interaction has substance (Håkansson et al., 2009, p. 27) in the sense that interaction in business relationships has important and far-reaching consequences, as we observed earlier, for how the relationship will develop, for the organizations directly involved, and for others only indirectly involved.

Interaction in business relationships concerns the resources, people and activities performed. Interaction involves costs for the interacting actors and also important potential benefits that cannot be obtained without interaction. Since all companies

simultaneously interact with many others, each dyadic interaction will affect other interactions. The consequence is a network of connections that leads to activities, resources and company changes across many organizational boundaries. Therefore, interaction is much more than an ‘exchange mechanism’; it is the means through which companies systematically relate by combining activities and resources, and it is through interaction that the benefits derived from the flow of these resources and activities are spread widely in a network. The difference is illustrated in Fig.3.1 and 3.2 below.

Figure 3.1 Market exchange.
(Source: Håkansson et al. 2009, p. 30)

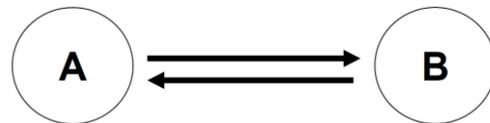
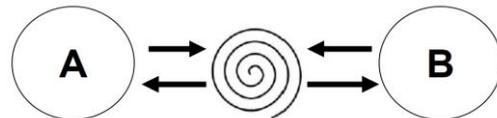


Figure 3.2 Business interaction
(Source: Håkansson et al. 2009, p. 31)



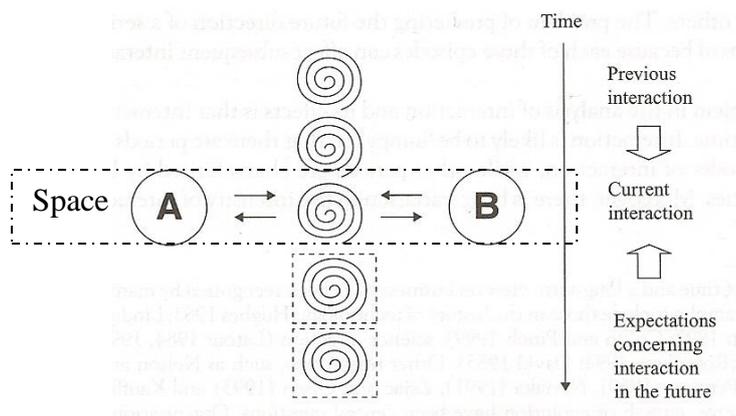
There are two main differences hinted at in these pictures: one is that some sort of transforming process occurs between the parties in business relationships; the other is that the outcomes of interaction for the parties develops in a way that is not controlled by any of the parties involved. Interaction in business relationships in this way acquires a life of its own. The spiral indicates that the process of interaction – from which products, services, deliveries, developments, adaptations and payment emerge – is a process that takes place over time because what seems to be an output or end-point is, in turn, an input into the continuing process; an input that is not identically understood but which is interpreted differently by each counterpart involved in the interaction and also by others. The arrows from the spiral represent A’s and B’s “interpretations, assessment and outcomes of what has emerged from the interaction and what has been their counterpart’s intentions and approach to it”. The arrows to the spiral “represent the approaches of A and B to the interaction between them” (Håkansson et al., 2009, p. 31).

However, there are not only dyadic interactions in the business landscape. Inevitably, at a certain time, interaction occurs in several parallel continuous processes in which either of the two parties and actors is involved. Any actor who attempts to cope with the problem he meets simultaneously participates in several interactive relationships, and each of these will be affected by other connected interactive relationships.

Interaction in business relationships is not simply a moment of communication or negotiation. Among actors it is the interlocking of behaviours that, depending on the level of involvement in a particular situation, has less or more effects on the activities of the actors, on resources and on the company itself. Interaction has been conceptualized as “an important economic process through which all of the aspects of business, including physical, financial and human resources, take their form, are changed and are transformed” (Håkansson et al., 2009 p. 33).

Two important dimensions of interaction processes are *time and space*. Time is embedded into the process in several ways. On one side, actors involved in an interaction link current issues to their experience of previous interaction and the adaptations made. On the other side, actors form expectations concerning interaction in the future (Fig. 3.3).

Figure 3.3 Interaction and Time



(Source: Håkansson et al. 2009, p. 35)

Both the history and future expectations impinge on actors' behaviours that will probably be misaligned, since the actors are likely to make different interpretations both of the history and expectations. There are several challenges in the analysis of interactions. First, it is always difficult to define a single episode of interaction, since what we see is a continuation of the thing from the past. Second, interaction processes are not linear over time: there are periods when interactions are more frequent and more intense, and there are others that are characterized by less involvement between the parties. Moreover, the intensity of interaction also varies in different episodes. This means companies cannot ignore an apparently marginal episode since it is related and can have an impact on others that are considered to be more relevant. Companies deal with both a 'normal' series of episodes and with 'critical incidents', particularly significant episodes that differentiate from routines, but the difference can be seen, if ever, only in hindsight. Normal episodes and critical incidents are interdependent in the sense that episodes that are not significant *per se* may impact on episodes that are perceived as critical.

The second important aspect of interaction is the space dimension. In substance it refers to the fact that both parties and their actors are also simultaneously interacting with other parties and actors. Thus, the context in which the focal interaction takes place is an extended place, where positions are modified – becoming closer or more distant to some – depending on what happens between the companies.

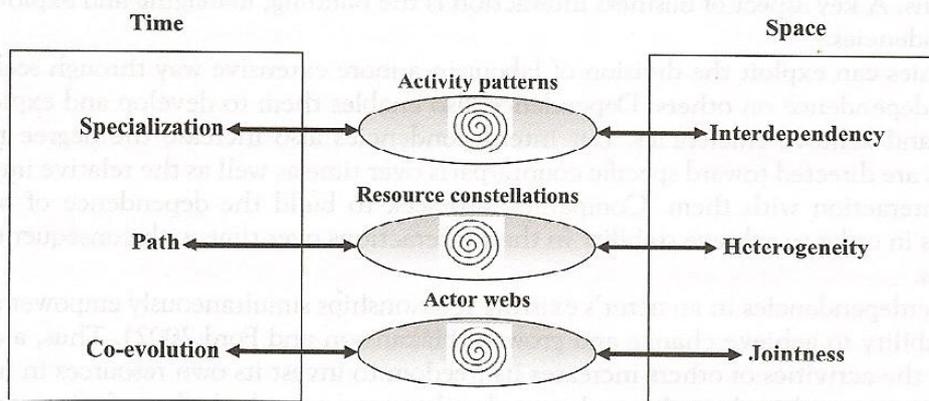
How actors, resources and activities are situated in relation to each other is an outcome of their interactions (Johanson & Mattsson, 1992; Henders, 1992). There are two major implications of the space dimensions: The first is that the evolution of an interaction process emerges from a combination of intentions of the counterparts in the process and their actual position so that the development is influenced by the direction and content of the connected interaction processes. The second regards the change of actors' positions in the space: "interaction may lead a particular company to systematically adapt towards a specific counterpart, i.e. to get closer to it in one or several dimensions. This adaptation is manifested as changes in the companies' resources, activities and relative interdependence. But at the same time, the counterpart

may be moving toward some other counterpart and that counterpart may also be moving in relation to others and so on” (Håkansson et al., 2009, p. 40). The idea of a ‘moving world’ is relevant also in relation to the debate on the existence of a new network for the first time. In fact, new actors, new resources, new activities and new relationships always emerge from something that existed before them, and when we recognize a new network we are simply isolating it from a pre-existing network, looking at it with another space horizon.

3.3 The model of interaction

Interaction in business relationships can be depicted as suggested in Figure 3.4. The model, which was recently proposed (Håkansson et al., 2009, p. 41), summarizes an extensive empirical research on interdependences and interaction in business relationships. It suggests that in business relationship three layers of interaction can be identified. The three are those of the ARA model, namely interaction between activities, resources and actors. In each case the aspects of time and space can be identified.

Figure 3.4 A model of interaction process



(Source: Håkansson et al., 2009, p. 41)

Interdependence of activities is an outcome of past and future interactions. Specialization in activity patterns changes over time and involves adjustments and adaptation in order to find solutions whose benefits and costs are acceptable for both parties. Interaction provides the possibility to coordinate activities of different actors on their respective resources. Coordination and configuration of resources has consequences for economic outcomes as well as for how activities can develop over time.

In business relationships resources interact in the sense that different heterogeneous resources are matched, interfaced and adapted. Resource interaction concerns the value of resources and how the resources will develop over time. In fact, on one side, it is a means of value creation across company boundaries; on the other side, through interaction with one or more counterparts, companies can increase the value of a single heterogeneous resource. Over time resource development will follow different paths. The idea of path refers to the fact that the development of a resource is affected by the interaction in which that resource is used and by its combination with others in an evolving resource constellation. The economic consequences of the resource matching reflect that “the location of a resource in relation to other resources can be changed in a systematic way to affect its value” (Håkansson et al., 2009, p. 44).

The third layer is the actor layer, and the two aspects of the interacting actors are jointness in space and co-evolution over time. Jointness refers to more than the complementarity of two actors in relation to each other. Jointness implies limits on the autonomy of actors and implies reduced weight of the single actor’s own intentions and actions. It is always conditioned by the reactions and counteracts of others. Interactions are important for the actors involved. Indeed, the actors themselves appear to be products of their interactions; in a single relationship we can talk then about the co-evolution of two actors. Who, therefore, is an actor? An actor exists in relation to its network, its relationships, and through its interaction in that network. The characteristics of an actor, its capabilities, scope, freedom and its restrictions are determined by its interactions. If jointness refers to the space dimension, co-evolution is concerned with time. Co-evolution is an interactive process. This does not mean two actors become closer or more

similar to each other over time, but that the evolution of an actor depends on the evolution of other actors to which the counterpart is more or less related.

3.3.1 Interaction of resources

The IMP framework is based on the assumption that there are no “intrinsically valuable resources”. Any resource element is without value unless it is used in combination with other resource elements. It is the combination of resources – how a resource interacts with others – that has the potential to generate value. Interaction is a process in which resources are changed, recombined, developed, used and re-used (Håkansson, 1982). Resources are heterogeneous and their features and economic value depend on the interaction process in which they are involved.

Starting resource analysis from established business relationships, a single resource simultaneously exists in a number of different contexts where it is combined in different ways. This context-dependent nature of resources creates tensions because of the differences among multiple contexts with different dynamics. These tensions are likely to create problems in the use of a resource, but tensions are not only responsible for problems; rather, they can also provide opportunities for a resource’s development.

The value of a resource is dependent on its connections to other resources. The idea that a resource is only useful in combination with other resources has two consequences: firstly, the economic effects of any resource are impossible to foresee; secondly, it is always possible to influence the value of a single resource through interaction, and that makes interaction with other resources a value-creating mechanism. In fact, there is not a new space for a new resource; any resource element has to find its place in relation to existing combinations of resources. An implication of this proposition is that the value of a supplier to a buyer is affected by the direct and indirect interactions that take place between their resources. Therefore, the evaluation of customer and suppliers based on fixed characteristics does not make sense. In fact, any customer can increase the value of every supplier it uses, and vice versa. The question is not which the “right” counterpart is, but what is done with that counterpart to develop.

Analysing resources through the interaction lens is useful as it highlights several features of resources: First of all, when time and context are taken into consideration a resource changes and develops characteristics over time. Previous interactions influence specific resource features, and how resources are interfaced affects how each one can be used. Another is that any resource is embedded in a multidimensional context, because any single resource exists in a number of different combinations and contexts that have their own logic and influence the single resource in directions that are partly contradictory.

3.3.2 Interaction of activities

Also, business activities are influenced by interaction in business relationships. Any business network and the business landscape in general are characterized by the need to carry out numerous different activities, since goods and services are produced or provided, delivered and displayed, technologies are developed, information is exchanged, and bills are prepared and paid. All these activities that bring life to a network, affect and are affected by the actors and resources with which they are associated and on which they are interdependent. The activities undertaken take place in different companies, and activity interdependencies stretch across the boundaries of firms. Any single specific activity is an integral part of several activity configurations. Since there are always connections between one configuration and another across the network, it is likely that a single activity is part of other configurations leading to production and distribution of other products or services (Gadde & Håkansson, 2001).

Both the execution and outcome of any activity are thus always dependent on other activities and interact with these. Activities a company undertakes (e.g. manufacturing, warehousing and transportation of a product) interact with those conducted by others; this process creates interdependencies that depend on the companies' efforts to synchronize their operation in order to improve performance. Performance is a joint performance and adjustments between activities are fundamental to improve it. Synchronization of production activities in and between companies (e.g.

adjustments to transportation services, scheduling of service provision and fine-tuning between production and logistics activities, adjustments of administrative routines for offering, ordering, etc.) provides potential adjustments between activities that enhance performance by increasing interdependence (Håkansson et al., 2009, pp. 96-98). Adjustments in activity patterns provide the means of handling interdependencies but they also impose interdependencies.

3.3.3 Actor in interaction

The actors' layer is the most important layer for our study. There is a variety of interdependent actors in any relationship. What actors are when they interact in business relationships is a variable entity. We think first of individuals but they all represent other entities; the identity of actors in business relationships "is not fixed or pre-determined and there are many actors other than formal organizations and individuals" (Håkansson et al., 2009, p.132). At the same time, it is difficult to isolate the interacting actors from one another. The boundaries between the actors appear blurred.

These features of actors are problematic not only for analysing actors but also for the actors' conduct. Acting within blurred boundaries makes it difficult for actors to have a clear idea of themselves, of the actions undertaken and of those to be undertaken. Variety is responsible for an actor's difficulty identifying the most appropriate counterparts with which to interact and to determine the form it wants that interaction to take. However, blurred boundaries and variety simultaneously open for potential. In the next chapter we will discuss in detail the implications of this perspective on actors in business relationships.

3.4 Actors in relationships

The behaviour of actors in relationships in general and in business relationships in particular deserves some more attention. There are some peculiarities two psychologists, Thibaut and Kelley (1959), explored in their research on interpersonal relationships.

Introducing their work on interpersonal relationships and group functioning, they made an important observation that, in the most commonly used procedure in social psychology which is experiment, the subject is under the management of the experimenter, who is usually assumed to exert control over the subject without receiving a counter control. This kind of situation, they argue, can be conceived only when social interaction is not taken into consideration. Considering the interaction one has to admit that “The simplest situation is that in which two subjects interact in response to a task set by the experimenter. The possibility is now introduced that each subject will exercise control over the other” (Thibaut & Kelley, 1959, p. 2). This is a key challenge in dealing with interactive relationships both methodologically and conceptually.

An important consequence of the conception of a relationship as an interlocking of behaviours is that it muddles the distinction between dependent and independent variables and consequently poses the problem of explanatory variables. “Each subject’s behaviour is at the same time a response to a past behavior of the other and a stimulus to a future behavior of other; each behavior is in part dependent variable and in part independent variable; in no clear sense is it properly either of them” (Thibaut & Kelley, 1959, p. 2). For these reasons they argue that conceptualization of relationships – from a dyadic perspective – “begins with an analysis of interaction and of its consequences for the two individuals concerned”. Interaction is the essence of any interpersonal relationship since “two individuals may be said to have formed a relationship when on repeated occasions they are observed to interact” (Thibaut & Kelley, 1959, p. 10).

3.4.1 Interdependent behaviours

Interaction stresses the role of the other: “individuals emit behavior in each other’s presence, they create products for each other, or they communicate with each other ... as an instance of interaction there is at least the possibility that the actions of each person affect the other” (Thibaut & Kelley, 1959, p. 10). Assuming that interactions and relationships are more or less satisfactory, Thibaut and Kelley (1959) found it useful to characterize relationships in terms of rewards and costs that a party (an actor) to the

relationships receives or incurs and suggest that the consequences or outcomes of any interaction for an individual participant could be evaluated along these two dimensions.

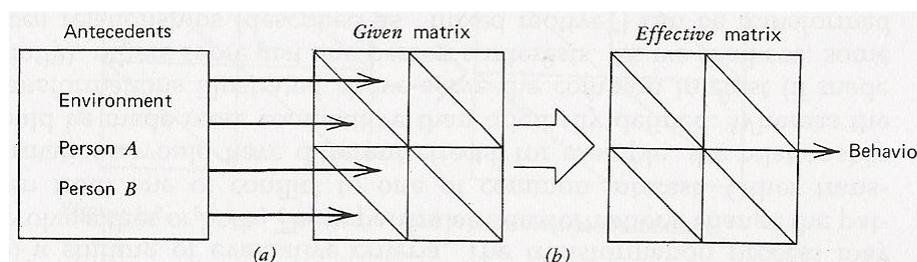
They developed a matrix of possible interactions and outcomes illustrated in Figure 3.5 that combines behaviour repertoire of two parties and ex-ante perceived outcomes for each of the parties. In the Figure all the items in A's behaviour repertoire – the set of possible behaviours a person might produce in an interaction – are placed along the horizontal axis, while the items in B's repertoire are placed along the vertical axis. All the events that may occur in the interaction between A and B are represented by the cells of the matrix, where for each cell one can assume certain outcomes of interaction in terms of costs incurred and rewards gained for each of the two parties.

The authors propose two kinds of determinants of the rewards and costs. The first is related to factors that are more or less external to the relationship: "... each individual carries his values, needs, skills, tools, and predispositions to anxiety with him as he moves among the various relationships in which he participates" (Thibaut & Kelley, 1959, p. 14). The second kind of determinants includes factors that are intrinsic to the interaction itself. And this brings the discourse to an idea that will be particularly relevant for this study. In fact they argue that "specific values associated with a given item in A's repertoire depend upon the particular item in B's repertoire in which, in the course of interaction, it is paired" (p. 16). In revising and extending their analysis of 1959, Kelley and Thibaut (1978) developed a theory of effective matrix, a theory that really put interaction at the centre of the analysis: "... [*this theory*] is likely to imply how the matrix will change as a function of the events of the interaction. At the very least it specifies processes and factors entering into the matrix that are subject to influence and alteration by the interaction itself" (p.15).

The idea is that there is a "given matrix" that is determined by environmental factors and institutional arrangements in combination with personal characteristics of the individuals. They call it "given" because behaviours and outcomes are under the control of factors external to the interdependent relationship itself. But, they observe, there is no causal relation between the given matrix and the behaviour it elicits. The given matrix becomes transformed to effective by the "effective", i.e. the actual behaviour of the

parties involved, independent of their perceptions and knowledge of the given matrix. That makes a transformation process occur (represented by “b” in Figure 3.5). Kelley and Thibaut (1978) explain the process of transformation from the given matrix to the effective matrix in these terms: “The transforming person is not content with the matrix as given but introduces additional considerations, such as his outcomes in relation to those of his partner and the outcomes he can attain over a long time span. Outcomes are not reacted to one by one and in isolation. They are compared and cumulated. Working within the context of the given matrix, the person sees what he can do with it – by planning, reevaluation, and reconceptualization” (p. 19).

Figure 3.5 The antecedents of the effective matrix



(Source: Kelley and Thibaut 1978, p. 17)

Kelley and Thibaut (1978) have dealt extensively with the processes by which dyadic members learn the nature of a given matrix and the transformations that are being applied to it because, they say, this is the way to learn how to make valid attributions about the partner and the relationship. Their analysis has shown that interdependent actors have strong interests in explaining one another’s behaviour, but also that they have strong interests in their respective self-presentations. The important part of Kelley and Thibaut’s analysis is showing that the outcomes (in their case in terms of costs and rewards) are the result of what a person does and does not do and in the consequences of those actions, both for the actor and its counterpart. They have shown that concern with the counterpart’s behaviours rather than simply the given matrix orients the behaviour of actors in interaction. In Kelley and Thibaut’s words, “... the processes of

attribution and self-presentation are, in the final analysis, based on interdependence, that is, on behavior and its consequences.” (1978, p. 212)

3.4.2 Facts, perceptions and behaviours

Moving from psychology research – dealing with human behaviours – to economics – dealing with economic behaviour – we can find considerations similar to those Thibaut and Kelley (1978) voiced on the “given matrix”. The most interesting ones concern the rational-agent models. In the same years as Thibaut and Kelley discussed their matrix, two psychologists, Kahneman and Tversky (1979), presented a critique of expected utility theory in economics as the normative model of rational choice, and developed an alternative theory of choice named prospect theory.

They demonstrated that in several classes of choice problems people’s preferences systematically violated the axioms of expected utility theory (Kahneman & Tversky, 1979). This is an argument analogous to Kelley and Thibaut’s argument about behaviours foregoing the given matrix. Observing choice behaviours under uncertainty has led Kahneman and Tversky (1979) to argue for the necessity to revise a common stream that sees the attribution of outcomes as a rational calculative process and to focus instead on behaviours based on elaborations of the meaning. Revisiting the three lines of research Kahneman and Tversky developed regarding the heuristics and biases people use in various tasks of judgement under uncertainty Kahneman points to the framing effect and its implication for the rational-agent model. He suggests that models of rational actor behaviour have to be reviewed in the light of the concept on intuitive judgment and choice advanced in psychology. The argument is that “the central characteristic of agents is not that they reason poorly but that they often act intuitively. And the behaviour of these agents is not guided by what they are able to compute, but by what they happen to see at a given moment” (Kahneman, 2003, p. 1469).

This consideration is particularly relevant for the issue we will discuss in the next chapter – actors in interaction. It introduces the concepts of perception and interpretation and how they affect behaviours. In general, the idea that behaviours are not

simply shaped by what actors see, and can see, but how they look at things and what they make of their impressions and perceptions, matters a lot for their behaviours. While this has been argued to apply to actors' behaviours in general (Weick, Sutcliffe & Obstfeld, 2005), it is compounded in relational situations, particularly when actors interact. This is the idea we will develop further in the next chapter.

We will discuss how interaction changes things; actors act and react and in reacting they are guided by perceptions and interpretations. According to this perspective, we need a concept of actor, which unlike the rational-agent model, takes into consideration the continuous flow of interaction-perceptions-action. In the next chapter we will review different research streams that look at the behaviours of agents (or actors' behaviours in the business network context) from the point of view of their interactions – or moments - instead of their intentions. Since this study is part of the research on business relationships, we first discuss the conceptualization of actors in the IMP stream of research and then review other streams of research that approach the problem of what happens in interaction, what affects the interacting actors and the subsequent interactions. We will discuss the specific process that shapes the outcomes of interactions and lies beneath the formation of business relationships.

Chapter 4

INTERACTION'S ACTORS

In Chapter 2, following the findings of the IMP research on business markets, we discussed how the existence of business relationships affects the idea of markets, and introduced the concept of business networks. In Chapter 3 we considered the content of business relationships and interaction processes going on in buyer-seller relationships. We observed that three layers of content can be identified in business relationships: resource, activity and actor. We went on to examine the reasons why interaction at each layer appears to be a critical process in how a business relationship develops. We concluded then that the actor layer and interaction among actors play a particularly important role in how business relationships develop because actors mediate and activate resource and activity interaction.

In this chapter, therefore, we will examine how actors interact in business relationships, and focus in particular on how they interpret each other's behaviours and on how that interpretation orients their interaction behaviour and, in turn, affects the development of a business relationship. Our starting point is that in order to explain the formation of business relationships, and consequently the dynamics of business networks, we need to better understand how interaction behaviours emerge. In this context, how the actors interpret each other's behaviours appears to be of critical importance.

We will start discussing how the concept of actor changes when we approach it from the perspective of interaction in business relationships. We will review the concept of actor in the business context as proposed in the most recent IMP conceptualization of the interaction process in business relationships (Håkansson et al., 2009). Thereafter, we

will review two streams of research that also adopt an interaction perspective on actors but not in the business context. The first is social interactionism in sociology, and the second the sensemaking stream of research in social psychology. Both have several similarities with the IMP approach and appear clearly fruitful for improving the framework of what is going on in interaction that matters for the formation and evolution of business relationships. They offer different insights that can enrich the IMP interaction-based conception of business actor. The idea is that dynamics explaining human behaviours can reasonably be transposed to business relationships, and particularly to business relationship dynamics.

4.1 Actors in business relationships

Considering actors in business relationships from the perspective of interaction has rather far-reaching consequences. It requires rethinking the concept of actor from the interaction perspective, which represents various challenges. We can borrow a statement from Goffman that encapsulates the task. Considering the interaction perspective on actors, he observed that it is not about “men and their moments” but rather about “moments and their men” (Goffman, 1967, p. 3). To use Goffman’s spirit we are then concerned with how are the actors of interaction moments.

One of the foremost reflections of the interaction perspective is on who can be considered an actor and why. In most of the social sciences and also in economic theory actor is an entity capable of rational and purposeful behaviour. This means an entity capable of acting on purpose and intent derived from an assessment of the context. Rational, purposeful behaviour distinguishes the “economic man”, an archetype of actor in the business context according to the mainstream economic theory that inspired, and continues to inspire management studies.

From the perspective of the interaction process an individual entity can be conceived as an actor without necessarily assuming that it is capable of rational and purposeful behaviour. Viewed from the interaction processes in business relationships: “An actor acquires an identity in interaction with others because its behaviour, regardless

of the motives or underlying reasons for it, is a matter of concern to or affects another” (Håkansson et al., 2009, p. 138). Clearly, it is not only purposeful behaviours that can matter to other actors, but also routine or ritual behaviours that can generate interactions and produce tangible outcomes for others and the actor himself.

Reflections on the interactive role of the actor are valid not only for individuals but also for organizations because for both they become actors in the eyes of the beholder. In each context, the behaviours of the two parties interact, affecting both the actors and the evolution of their behaviours. This idea makes it problematic to conceptualize the identity of actors because from the interaction perspective the entity of an actor cannot be taken for granted. It is not a prior given and only emerges through the interpretations of the counterpart (Håkansson et al., 2009, p. 139). An entity becomes an actor when its acting is of interest to others – the counterparts in interaction. In business relationships individuals as actors are agents representing larger organized entities. They represent organizations or part of organizations, always a combination of various resource, activity and actor elements.

Considering the concept of actor from the perspective of interaction also implies that one cannot explain how interaction will unfold or what its outcomes will be from the intent and conduct of the actors in isolation. Outcomes of an actor’s behaviour in interaction depend on how the counterpart interprets that behaviour and by the reactions it produces. Outcomes originate in joint behaviours.

Conceiving actors from the interaction perspective, we also affirm the non-autonomy of individual actors. In fact, the identity of an actor cannot be separated from the identity of those with which it interacts. The actor is free to choose how to behave, but only in principle because its behaviour always arises from the combination of its own behaviour with that of the counterpart. Because an actor’s behaviour is conditional on the behaviours of others, the actor can never fully control the outcomes of its own action, and its autonomy to act and react is restricted. An actor selectively develops bonds with other actors (Håkansson & Snehota, 1995) and develops more or less strong bonds with a relatively limited number of other actors. Actor bonds concern mutual orientation, preferences and commitment, but also involve the other two layers of business, namely

activities and resources, own and those of the counterpart actor. Through bonds with other actors, the actor acquires knowledge about the resources, activities and intent of the counterpart that underlie the actor's behaviour. Actor bonds, their resources and activities are embedded in each other and this embeddedness leads to the uniqueness of each actor and of each relationship.

An actor's identity is always specific in time and space. "Jointness" and "co-evolution" are two concepts used to refer to this idea in the IMP research tradition (Håkansson et al., 2009). Jointness refers to the proposition that the identity of an actor cannot be separated from that of others with whom the actor interacts; "these others are part of the identity attributed to an actor in an interacted environment by association (an actor is always seen in relation to those it interacts with) and by usage (an actor always makes use of the resources of others in order to operate)" (Håkansson et al., 2009, p. 141). The counterpart is not only important in defining who is an actor. Interacting actors are engaged in organizing the web of actors, the constellation of resources and the pattern of activities. Organizing of the network is jointly enacted. How networks of relationships are "organized" affects how the resources and activities that are present and going on elsewhere in the business network can be accessed and connected to those of an actor and be of use to the actor.

The "jointness" of actors has at least three important consequences. The first concerns the fact that an actor is simultaneously engaged in different relationships. That means its identity comprises several (many) diverging attributions, and business actors acquire a multifaceted identity rather than a uniform one (Håkansson et al., 2009, p. 143). The second consequence regards the entity involved in interaction. If only one individual is involved as an actor in interaction with the counterpart, it can be viewed as acting in its own interests, as a departmental representative, or as an agent for the whole company. This fact can be seen as an opportunity because this 'personification' of interaction can facilitate bonding, but it can also be seen as a problem, since the relationship becomes dependent on the employment state of this individual. The third consequence stems from the exclusiveness of actor bonds. Forming strong bonds with some counterpart tends to interfere with, and can even preclude, forming bonds with

others. Strong bonds require heavy commitment, and therefore there is a limit to how many bonds an actor can handle.

Jointness refers to actors' interaction in the space dimension but interaction behaviours also always have a time dimension. The history of an actor is affected by the problems it faces over time and the resources and activities it uses to address its own problems. An actor's identity is an ongoing construction process that involves counterparts who construct an actor's identity from their own perspective; the actor's identity evolves through history and it is affected by expectations of the future. In the IMP research we also found attempts to explain this ongoing construction process. Co-evolution is what characterises actors' evolution over time (Håkansson et al., 2009, p. 144).

4.2 Perceptions, interpretations and behaviours in interaction

Since there is no specific framework available for analysing actors and acting from the interaction perspective, we have little choice but to start with a simple model of action, common in behavioural sciences, that identifies three variables that shape action and purposeful behaviour: goals (aims), actions and outcomes. This has been used to explore interaction behaviours in the IMP tradition; broadening and re-labeling the variables as intent, behaviours and outcomes (Håkansson et al., 2009, p. 150). The core of the model is that actors' behaviours follow their intent with respect to desirable goals, and act on the basis of their knowledge and understanding of the context in which the action takes place. While there are difficulties in pursuing desired goals, the model assumes that this way of acting is desirable and worth pursuing.

We observed earlier that to look at "acting" from the interaction perspective contrasts with many of the assumptions beyond the standard model of action. Behaviours in interaction are not (and cannot be) planned behaviours and seldom follow an a priori program. Interaction in a business relationships tends to involve many different actions and actors and involves continuous changes in how actors interpret mutual behaviours as well as the context and what goals they pursue and how. Given the complexity and

change in behaviours in business relationships, an important issue becomes how intelligible one's behaviour is to the relational counterpart (Håkansson et al., 2009, p. 152).

An actor's behaviours in interaction cannot be "fully purposeful" as implied in the models of rational man for various reasons. One reason is the limited computational capacity of actors (Simon, 1957), which makes it impossible for actors to compute complex decision trees such as those in interaction in business relationships. Another reason is the dependence on reactions of others that can never be anticipated without more or less great margin of error. Still another is the effect of jointness, which is the need to act and react, continuously adjusting the behavioural repertoire to the changing circumstances. In sum, interaction in business relationships always involves acting under uncertainty if not under ambiguity (March 1978, 1988). It has been observed already by Barnard (1938) that managers often face situations in which they are forced to make quick decisions without the possibility to search for information and consult others. That does not imply necessarily that such a behaviour is non-logical and dysfunctional (p. 302)

There are limits to what any actor can see and no manager has a complete view of the business network and interdependencies. Managers know their small world, which comprises a specific combination of activities, resources and actors, but they ignore many other combinations of the wider world. The use of the concept of "network picture" (Ford et al., 2003; Hennenberg, Mouzas & Naudé, 2006) in the IMP research suggests incomplete and subjective interpretation of the context. The pictures managers hold are formed through their business experience and interaction with others and can take the form of metaphors or stereotypes; at the same time they are the inputs for developing ideas about the network and about how to act and react with counterparts in business relationships. Forming network pictures through stereotypes is problematic because it means a simplification of reality, using arbitrary boundaries such as clusters, alliances, supply chain, etc. A company often sees itself as a hub of its network or its supply chain or its distribution network. This egocentric view is not useful for insight about how the larger network is working.

Network pictures held by managers involve a dynamic aspect, since managers constantly question their own pictures and those of others around them; “managers consciously interpret and re-interpret the meanings of their own interactions and those of others elsewhere in the network – and constantly gossip about them!” (Håkansson et al., 2009, p. 195). Reactions and patterns of interactions are based on interpretations of the counterpart’s action, rather than on an objective assessment.

The interpretations actors make are closely related to outcomes since they “determine how different outcomes are translated into interaction behaviour by different managers and how these behaviours are explained to others” (Håkansson et al., 2009, p. 196). The idea is that we cannot attribute a particular outcome to the actions of a particular manager because each actor is involved in a seamless flow of interaction over time, but for the same reason, we cannot even say that something is not an outcome of the actions of a particular manager.

Pictures held by the actors, their ideas of goals, alternative courses of action and desired outcomes are adjusting constantly. They change continuously and get only temporarily stabilized. From a managerial perspective the expected outcomes are of main concern to actors. Because of the importance of results, actors constantly reassess their perceptions of their counterparts in an attempt to find new and better combinations of activities, resources and counterparts. But the outcomes of interaction cannot be objective and stable. The fact that there is no complete consensus between actors about what time and what space is addressed in order to assess outcomes, involves different and often contrasting perceptions of consequences for different counterparts (Håkansson et al., 2009, p. 152).

Attempts to manage and direct interaction are at the centre of managerial action in business relationships (Håkansson et al., 2009). Managers have intentions, but choose what to do in interaction, attributing some meanings to the outcomes. Even if a manager acts in the same way with different counterparts, for example by delivering an identical offering, the outcome of that networking is not likely to be the same. Reactions and outcomes of interaction are always specific and depend on the meanings ascribed to it by a particular counterpart and the specific consequent interaction. Behaviour in interaction

is a reaction to a pre-existing situation: managers analyse and respond to the actions of specific others in specific situations and try to anticipate possible reactions of the specific counterparts to their own actions.

Since behaviour in interaction is subject to the above specificities, if we are to understand how it will develop we must not start from the features of the context and the goals of the actors, but rather from how actors process the perceptions and interpret the clues arising from interaction. Interpretation and behaviours are strictly related, since the counterpart has to interpret an actor's actual behaviour in interaction.

On one side the actor is strongly influenced by its normative perceptions of how the small world should be. On the other side, there is another aspect of perception: the perception of how this small world is connected to others. This perception is full of ambiguity because actors never have a complete picture, but it contributes to create extrapolations, hopes, dreams and wishes (Håkansson et al., 2009, p. 151) that become actionable.

Several aspects of the IMP conceptualization of actors in the business context mirror the theoretical framework provided by symbolic interactionism that we will explore in the next section.

4.3 Symbolic interactionism

Symbolic interactionism is an important research stream in sociology with roots that go back to Max Weber and George H. Mead, both of whom emphasized the subjective meaning of human behaviour but also the social process and pragmatism. In an attempt to summarize the main tenets of interactionism, Blumer (1969, p. 2) affirms that interactionism is based on three simple interrelated premises. The first is that “[...] human beings act toward things on the basis of the meanings that the things have for them”. The second is that meaning arises in interaction with others and that “the meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows”. The third is that the interpretation process on the part of the

actors is central because “meanings are handled in and modified through, an interpretative process used by the person in dealing with the things he encounters.”

4.3.1 Actors as inter-actors

The basic assumption of symbolic interactionism is that “human group or society exists in action and must be seen in terms of action” (Blumer 1969, p. 6). In other words a social entity like a group, firm or society at large is a patterned action rather than a sum of individual actors or members. This idea has implications that are particularly relevant for our purpose because it emphasizes the importance of social interaction. Social interaction plays an essential role because it is the process that forms human conduct. In their interactions with one another, humans must take into account actual and potential actions.

“Human beings in interacting with one another have to take account of what each other is doing or is about to do; they are forced to direct their own conduct or handle their situation in terms of what they take into account. Thus, the activities of others enter as positive factors in the formation of their own conduct; in the face of the actions of others one may abandon an intention or purpose, revise it, check or suspend it, intensify it, or replace it. The actions of others enter to set what one plans to do, may oppose or prevent such plans, and may demand a very different set of such plans. One has to fit one’s own line of activity in some manner to the actions of others. The actions of others have to be taken into account and cannot be regarded as merely an arena for the expression of what one is disposed to do or sets out to do” (Blumer 1969, p. 8).

What follows from the emphasis on interactions as descriptors of the structural entity is that, rather than with actors, we are dealing with “inter-actors” that take the role of the actor in a specific interaction process. The entity of an inter-actor is different from that of an actor if we think of the actor in its entirety. It can perhaps also be expressed in the

way that an inter-actor is actually only a facet of the actor as it appears in a specific relationship and interaction process.

While the position of symbolic interactionism regarding the interactive nature and interdependences in actors' conduct is close to the IMP perspective on business actors and their behaviours, it appears rather distant from the atomistic principle of economic man in the classical economic model (e.g. Smith, 1976). This leads us to enquire why the "activities of others enter as a positive" factor in the formation of others' conduct. What interaction processes influence perceptions and thus behaviours of the (inter)actors? The interactionism school suggests that a central role is played by the processes of the construction of the self that "emerges from the process of social interaction in which other people are defining a person to himself [...]" (Blumer 1969, p. 12).

4.3.2 The self does not derive from its possessor

The idea that human beings are not endowed with a self but develop a self is the key idea of Mead (1962). "The self is something which has a development; it is not initially there, at birth but arises in the process of social experience and activity, [...] as a result of his relations to that process as a whole and to other individual within that process" (Mead, 1962 p. 135). Mead argues that the self is a process with two elements – the "I" which is unknowable, because it is inner, and the "Me" which is outer and created in the social phase and therefore more knowable. "The 'I' is the response of the organism to the attitude of others; the 'me' is the organised set of attitudes of others which one himself assumes" (Mead, 1962, p. 175). Therefore the self is essentially a social structure, since people come to know who they are and who others are through interaction with others, therefore it is the "me" that is closest to the concept of identity.

Goffman (1959) has extensively discussed how individuals make sense of and interpret events they encounter in everyday life. He argued that individuals proceed with a *definition of the situation*, which can be divided into strips and frames. A *strip* is a sequence of activities, while the *frame* is a basic organizational principle used to define

the strip. Framing allows the person to identify and understand otherwise meaningless events, since it governs the subjective meaning an individual assigns to social events. In attempting to define the situation, actors go through a two-part process – first, they get information about the other people in the situation and, second, they give information about themselves. Because all participants in a situation project images, an overall definition of the situation emerges. While the individual has a certain amount of freedom in the management of impressions, he/she is not completely free in deciding the images of self to be conveyed, since personal identity is the result of how others frame their experience with an individual.

Goffman's dramaturgical metaphor of everyday life portrays a sense of the audience as a kind of *performance*, and the *self* as a process of enactment, meaning that a "correctly performed scene" leads the *observers* and the *performer* to impute a self to a performed character. The self, in other words, is a product of performance rather than a cause of it (Goffman, 1959, p. 252). In "The Presentation of the Self in Everyday Life", the main idea of sociological import is that the *self* is a social product. Goffman, as the symbolic interactionists in general, sustains that the self is heavily influenced by the social relations with significant others, and that the self is the image attributed to the performer by the audience: "...the performed self was seen as some kind of image, usually creditable, which the individual on the stage and in character actively attempts to induce others to hold in regard to him" ... so that ... this self itself does not derive from its possessor, but from the whole scene of his action..." (Goffman, 1959, p. 252).

The self is created and sustained through the everyday rituals of social interaction: the social encounter is the fundamental unit of analysis because social selves are produced and reproduced in face-to-face encounters. The self is not an entity which is stable over time, but a structural effect produced and reproduced during the rituals of everyday life. "The self, then, as a performed character, is not an organic thing that has a specific location, whose fundamental fate is to be born, to mature and to die; it is a dramatic effect arising diffusely from a scene that is represented, and the characteristic issue, the crucial concern, is whether it will be credited or discredited." (Goffman 1959, p. 252-253).

Following the interactionist perspective the self is not inherent to the person but is created from social encounters. Therefore it is useless to look for the self inside the individual. In attempting to assess and interpret the self it is better to start working from the outside to the inside of the individual, rather than vice-versa. The same individual projects different images of himself or herself in different situations since he or she behaves in a different way, decides on a role and enacts it. The individual can also take the distance from an image of the self, which is projected in a specific role only because he or she has many different roles. It is the different other roles that enable him or her to express his or her self and the self is created by the contrast among different roles.

In contemporary society, the self is indispensable to give meaning to all social activities and provides the basis to organize them. In daily practice individuals are obliged to show their self not because they have it, but because society obliges them to behave as if they had it (Goffman, 1959). The fact that all actors simultaneously perform a range of roles in interaction with a set of different counterparts and/or in different contexts is what makes it complicated to anticipate the outcomes of an interaction and to define the *self* performed in each specific moment. The self is seldom fixed or prescribed; rather it is constantly negotiated between individuals as they interact. The idea of multiplicity of roles has also been discussed in an IMP research analysing socio-economic behaviour (Ford, Cova & Salle, 2010) arguing that “in a contextual view of socio-economic life [...] Each actor faces a multiplicity of different contexts, counterparts and a variety of their own issues as well as those of others. An actor’s experiences, the issues it faces, its own expectations and those of others lead it to perform different roles in specific contexts and episodes at particular points in time” (p. 17).

4.4 Sensemaking and identity construction

The core argument of social interactionism is that actors and social entities in general are the product of interactions. A stream of research in social psychology that we can label “sensemaking” has addressed the issue of how behaviours in interaction arise. The core

argument in the sensemaking literature is that behaviours of actors in interaction reflect how actors think rather than what they know. This idea can be linked to the one we discussed earlier (in Chapter 2) that relationships develop as a consequence of how interaction between two parties unfolds, regardless of the knowledge, rationality and motivations of the interacting parties (Thibaut & Kelley, 1959).

Interpreting and making sense of the context cannot be isolated from acting. An important and central argument is that sensemaking cannot be disjointed from enactment, defined as the process through which individuals produce part of the environment they face (Weick, 1995, p. 20). Action is crucial for sensemaking because individuals do not react to pre-existing stimuli but rather receive stimuli as a result of their own activity. This idea has long roots in social psychology in the argument that “we are neither the master nor the slave of our environment. We cannot command and the environment obey, but also we cannot, if we would speak with the greatest accuracy, say that the organism adjusts itself to the environment, because it is only part of a larger truth” (Follett, 1924, p. 118).

Sensemaking implies relating: “As we perform a certain action our thought toward it changes and that changes our activity ... we must give up the expression ‘act on’, object act on subject ... I never react to you but to you-plus-me; or to be more accurate, it is I-plus-you reacting to you-plus-me. ‘I’ can never influence ‘you’ because you have already influenced me; that is, in the very process of meeting, by the very process of meeting, we both become something different” (Follett, 1924, p. 62-63).

The relating argument is a key idea in social psychology and is defined as “an attempt to understand and explain how the thought, feeling, and behavior of individuals are influenced by the actual presence of others” (Allport, 1985, p. 3). The claim is similar to that of symbolic interactionism; “sensemaking is never solitary because what a person does internally is contingent to others. Even monologues change as the audience changes” (Weick, 1995, p. 40).

Another theme in sensemaking research that relates closely to interactionism is the social dimension of the self and the role of interaction in the construction of the self. Sensemaking “is grounded in both individual and social activity”, that are not easily

separable (Weick, 1995, p. 6). The duality between the “beholder” and the “majority” (Weick, 1995) evokes the relation between Goffman’s “performer” and “audience”.

Sensemaking and identity construction are social processes because sensemaking begins with a sensemaker and this sensemaker is social because of interactions with others. Identities are constructed through interactions and “to shift among interactions is to shift among definition of self” (Weick, 1995, p. 20). As a consequence the sensemaker is not a given an entity; rather, he/she is “an ongoing puzzle undergoing continual redefinition...” (Ibidem, p. 20).

Weick (1995) emphasizes the strict relationship between the two (continuous) levels: “sense may be in the eye of the beholder, but beholders vote and the majority rules” (p. 6). To talk about sensemaking, understood as a process, is to talk about reality as an “ongoing accomplishment that takes form when people make retrospective sense of the situations in which they find themselves and their creations” (Weick, 1995, p.15).

This idea implies that depending on whom one interacts with, a person presents “some self to others” – his identity – “trying to decide which self is appropriate”. At the same time, depending on the self I’m presenting, the “definition of what is ‘out there’ will also change” (Weick, 1995, p. 20). Because identity is produced in interaction, it is continuously changing. This idea of continuous change has been defined using the word “ongoing” (Weick, 1995) meaning that sensemaking never has a given beginning nor end – it has no start. Moreover, out of the continuous flows, people chop moments and extract cues from those moments; to understand sensemaking is to be sensitive to this process. Extracted cues are “simple, familiar structures that are seeds from which people develop a larger sense of what may be occurring” (Weick, 1995, p. 50). The use of the term “seed” is not casual but it intends to “capture the open-ended quality of sensemaking when extracted cues are used A seed is a form-producing process that captures much of the vagueness and indeterminacy of sensemaking” (Weick, 1995, p. 50-51).

Context plays an important role in the process of extracting cues. Context affects both what is extracted as a cue in the first place and how the extracted cue is then interpreted. Given multiple cues, with multiple meanings for multiple audiences,

sensemaking is not driven by accuracy. Since its model is more about interpersonal perception than about object perception, “sensemaking is about plausibility, pragmatics, coherence, reasonableness, creation, invention, and instrumentality” (Weick, 1995, p. 57). We can argue that “once people begin to act (enactment), they generate tangible outcomes (cues) in some context (social), and this helps them discover (retrospect) what is occurring (ongoing), what needs to be explained (plausibility), and what should be done next (identity enhancement)” (Weick, 1995, p. 55).

Finally, sensemaking is distinctly retrospective. The idea is that people can know “what they are doing only after they have done it” (Weick, 1995, p. 24) and sensemaking is related to “meaningful lived experience” (Schutz, 1967). This retrospective view of attributing meaning has an important implication for the so-called stimulus-response theory. Since we can never know the beginning, a plausible stimulus can be defined only when a response occurs (Weick, 1995, p. 26). Moreover, meanings are not attributed once for all, meanings change as projects undertaken and goals pursued change (Gioia & Chittipeddi, 1991, p. 27). Thus, there are too many meanings, and the problem the sensemaker faces is not ignorance but confusion (Weick, 1995, p. 27).

In the next section we focus on identifying these processes in business relationships that connect organisations, and when sensemakers are individuals who act as agents for business organizations.

4.5 Actors’ identities in business relationship

Several streams of research in management and in other disciplines such as psychology, social psychology and sociology have dealt with interaction processes and with the issue of identity and image in relationships. These appear to converge on the idea that the process by which identities are formed impacts the interaction process and thus the development of the relationship. In the business marketing context this implies that assuming that relationship is a constituent part of the wider business network, any change in the substance of the relationship will affect the overall structure of the network (Håkansson & Snehota, 1995, p. 40). Identity and image emerge and orient the

behaviours of the parties in interaction and are thus at the origin of change in the relationship and, in turn, change in the business network. Therefore, the very process by which identities and images form when actors interact appears to be central in the dynamics of relationships, business networks and markets.

We will therefore identify and discuss four themes here that we consider central to conceptualizing actor's identities when they interact in business relationships.

4.5.1 Image as identity?

At this point we have to clarify how we use the concepts of identity and image in this study. The distinction between identity and image is sometimes presented as clear-cut in the management literature, and a rather clear taxonomy has been proposed defining identity and image, projected identity, reputation etc. (Brown et al., 2006). However, consensus on the distinction is rather weak. On the whole identity tends to be given the meaning of what insiders believe about the organization, whereas image (or reputation) relates to outsiders' perception of the organization.

The distinction between the identity and image of an organization becomes blurred when we approach the issue from the relational perspective and the two concepts appear to flow into each other. It has been remarked that "...the images formed and held by the organization's 'others' are ... defined by ... the outsiders' own perceptions (their images), and it is our view that these organizational images are brought directly into identity processes ..." (Hatch & Schultz, 2000, p. 995. The interrelationship between identity and image was also discussed in terms of "adaptive instability" (Gioia, Schultz & Corley, 2000): "instability of identity arises mainly from its ongoing interrelationships with organizational image, which are clearly characterized by a notable degree of fluidity" (p. 64).

The strong role of image is recognized by the post-modern view that suggests a dissolution of identity in favour of image. In fact, in the post-modern portrait of contemporary organizational life (Hassard & Parker, 1993) not only does identity mirror the images of others (Hatch and Schultz, 2002, p. 998), but image comes to dominate.

Identity is transformed into “image without identity” (Perniola cited in Gioia et al., 2000, p. 72). Following this idea and Goffman’s conception of the Self, we treat identity in interaction as inseparable from image.

4.5.2 Individual and organizational identity

In this study we deal with the identity of actors in business relationships where two entities (rather than levels): the individual, and the organization, are involved. We explore identities at the individual level (even if from the interaction perspective) but cannot avoid the question of how the organizational level plays in. Clearly, it is a challenging question open to debate in the literature. The position we take here is that from the perspective of interaction in business relationships any members of organizations that are party to the relationship are perceived as agents that represent the organization itself to the counterpart. It has long been argued that:

“when we look at individual behavior in organizations, we are actually seeing two entities: the individual as himself and the individual as representative of his collectivity ... Thus, the individual not only acts on behalf of the organization in the usual agency sense, but it also acts, more subtly, ‘as the organization’ As a result, individual behavior is more ‘macro’ than we usually recognize” (Chatman et al., 1986, p. 211).

In business relationships particularly, the importance of the organisational component of an actor’s identity becomes evident (Levitt, 1965). When identity is ascribed to an agent (actor) by another actor it is always about what the counterpart is – or represents – in relation to what the actor is, and is interested in.

When analysing business relationships we are dealing with how customers and suppliers perceive each other’s roles. The two roles are different indeed because the counterparts’ expectations are different. The formation of these reciprocal perceptions

immediately recalls concepts such as organizational identity and organizational image to mind. This brings us to the idea of the relational nature of identity.

4.5.3 Relational identity

There is an agreement in the literature that organizations define the boundaries of their identity according to the parties involved in social relations (Child & Rodrigues, 2003; Gioia, Schultz & Corley, 2000) and that relationships with external constituencies are central (Kennedy, 1977; Dowling, 1986; Fombrun, 1996; Balmer, 1998; Stuart, 1999; Rindova & Fombrun, 1999; Rindova, 1997). Relationships established by an organization with various and diverse others offer multiple classifications of organizational identity. The concept of “relational identity” has been proposed and defined as “the goals, values, norms, and so on of the respective roles as well as the more or less unique ways in which the individuals enact the roles” (Sluss & Ashforth, 2007, p. 9).

Based on the role perspective, different components of relational identity can be identified (Sluss & Ashforth, 2007, pp. 11-12):

“one individual’s role and person-based identities as they bear on the role-relationship, and another individual’s role- and person-based identities as they bear on the role-relationship. A role-based identity is the goals, values, beliefs, norms, interaction styles and time horizons typically associated with the role (Ashforth, 2001) ... a person-based identity is the personal qualities of the role occupant that bear on the enactment of the role-based identity” ... the role-based component draws on the collective level, focusing on prototypical role occupants. The person-based component draws on the individual level, focusing on the more or less unique ways an individual may enact a given role-relationship.”

Because of the simultaneous involvement of an actor in several different relationships, an important aspect of relational identification has to do with “the partial definition of oneself [the focal individual] in terms of [the] role-relationship” (Sluss &

Ashforth, 2007, p.15). Some studies show that such multiple identities coexist, depending on an individual's role and relationships (Sluss, 2006; Sluss & Ashforth, 2007). Borrowing the constellation metaphor Sluss (2006) argues that: "... individuals potentially deal with a welter of identifications at work ... individuals tend to integrate multiple identifications, this beginning the formation of a constellation of identifications" (p. 62).

These studies offer support to the idea that identity formation and identification are relational processes and show the complexity of the interrelationship between identity and image. The idea of a "partial definition" of oneself (Sluss & Ashforth, 2007) hints at the problem we are set to investigate in our study; dealing with identity in relationships means dealing with a partial inclusion of self that changes with the change of the moment and the relationship.

The relational identity concept (Sluss & Ashforth, 2007), relates to the Role Theory that is indissolubly related to interactionism. It also evokes the argument that the purpose and meaning of a role depend on the network of complementary roles within which a relationship is embedded (Biddle, 1979; Katz & Kahn, 1978). Indeed, the two concepts are so intertwined that "to use the term role is necessarily to refer to interaction" (Stryker & Statham, 1985, p. 323).

4.5.4 Role identities

The notion of relational identity is particularly relevant to the roles parties assume in business relationships. There are two roles in particular that are of interest in business relationships: one is the customer role; the other is the supplier role. (Other roles that can be identified in business relationships include partner, consultant, facilitator, intermediary). Both roles of the customer and the supplier are relational. The challenge is to identify what the fundamental components are – if there are any – of these two relational identities. This translates into the question, what are the dimensions that matter for the role of the customer and that of the supplier in the eyes of their counterpart?

While the relational nature of identity appear to be acknowledged in the literature, a more systematic discussion of the identities in business relationships is difficult to find. There is no discussion of the dimensions that matter for the counterpart of the customer and of the supplier role respectively.

Drawing on the distinction between the role-based and person-based identity above, we can assume that the customer and supplier role in business relationships have two aspects that matter for identity attribution. The first regards the attributes that, to some extent, are characteristics of the actors, and we refer to these as (organizational) personality's traits. This facet evokes the person-based identity concept of Ashforth (2001). The second regards performance related to the role of the customer or supplier, respectively. It is akin to the role-based component of identity of Ashforth (2001). We will refer to this facet as customer/supplier (performance) quality.

The overall identity of the customer and supplier roles cannot be objectively given and is not homogenous across relationships. Rather it originates in the relational context of the actor. This line of reasoning applies to both the personality and performance components of the role. Customer/supplier quality of an actor, similar to what has been argued for value, tends to be “uniquely and phenomenologically determined by the beneficiary” and therefore “idiosyncratic, experiential, contextual, and meaning laden” (Vargo & Lusch, 2008, p. 7).

4.6 Interaction's actors

When we approach and conceive actors from the perspective of interaction in relationship then the concept of actor acquires significantly different contours and meaning than what is common if we start from a given actor such as an individual or a company. This is also what we wanted to signal using the expression “interaction's actors” in the title of this chapter. To conceive actors from interaction perspective represents a considerable conceptual challenge. A fully fledged concept of the interaction's actor is yet to be developed. What we have at the moment are but a few building blocks of such a concept as they have been suggested in the literature we have

reviewed in this chapter. We would like to sum-up some of the features that characterize the actor concept from the interaction perspective and will come back to the issue of interaction's actors later on in chapter seven.

If we consider actors from the perspective of the interaction process, the first feature that characterizes them is that they have only limited control over the results of their actions. The outcomes of their actions in interaction are conditioned by the reactions of the counterpart. In interaction actors' actions are interdependent, and in that sense, their autonomy of action is always limited.

The second distinctive feature of the actors appears to be the unclear, relative and changing boundaries. From the interaction perspective actors are defined by the perceptions of those with whom they interact. This is an important point because it means the concept of actor, defined from action perceived by others is never defined a priori. It can only be defined with reference to a specific relation and interaction process and to the moment in the interaction process. In that sense the identity of the actor (and thus the entity) is relationship specific, dependent on the counterpart, and changing, dependent on how the interaction develops. That also means that in interaction actor is a changing and emergent entity.

Since every actor has multiple relationships and engages in several interaction processes more or less simultaneously every actor has multiple identities. So the third distinctive feature if we consider actors from interaction perspective is that this multifaceted identity dependent on relationships it is involved in and, possible role expectations of others. Corollary of the interdependence and of the multifacetedness is also that outcomes of their action and thus success are "collectively dependent". Also the economic outcomes of any business are thus largely dependent on collective action going on elsewhere in the network context of the business and never fully under the control of the company.

That leads us to the fourth characteristic of the inter-actor: actors are the product of their interaction. Not only are their identities defined in interaction with others but to the extent they interact and their conduct evolves as interaction unfolds, their features tend to be shaped by the interactive relationships and the interaction processes in which

they engage. Their identity emerges in each single specific interaction process and their features and characteristic are shaped by the relationships they have. For business actors this means that their capabilities and potential, as much as the economic outcomes, originate in interaction and therefore always evolve as the various interactions develop.

In sum, we believe that “interaction’s actors” is the notion that probably best captures the specificity or the concept of actor defined from the perspective of the interaction process. The empirical study reported in the next two chapters offers a background to the above features that, we argue, characterizes the concept of an actor when we approach it from how they appear when interacting in business relationships.

Chapter 5

DESIGN AND METHODOLOGY OF THE FIELD STUDY

In this chapter we will first formulate the propositions regarding identity attribution between actors interacting in a business relationship. We will proceed to discuss the constructs to assess identity. Thereafter we will formulate testable hypotheses related to the propositions. We will then introduce the case study, that offers a rich, theory generated data set, to illustrate empirically our arguments, as suggested by Dubois and Gibbert (2010). The case study, based on interviews, a survey, and observations, concerns a supplier and 32 of its customers. We briefly present the company and its market, with particular attention to adhesives technologies, a division that operates with business customers, and which is the object of our research. We conclude by presenting details of the research design, including the data collection, sample and survey information.

5.1 From theory to hypotheses

In chapters 2-4 we discussed the reasons for investigating how actors attribute identity to their counterparts when interacting. We argue that it matters for how the interaction process unfolds. The interest in how actors form opinions and interpret what the interaction counterpart stands for and can be expected to do, appears motivated once we assume, as much of the literature does, that interpretations of the counterparts' "identity" and resulting expectations about the counterparts' behaviour orient the behaviours in interaction and thus largely determine how the relationship will develop. We argued thus that how parties mutually attribute features that sum-up their respective identity is a process that explains relational outcomes.

We refer extensively to psychology and social psychology studies because their solid tradition is the study of relationships. Much of the insight from interpersonal relationships is relevant to the study of business relationships, not the least because interpersonal relationship processes are important also in business markets. We have reviewed the most relevant contributions and concluded that the importance ascribed to interaction processes in the literature calls for a major effort to understand their complex nature. Interactionism, together with the sensemaking stream of research in social psychology, provides both the elements for a more articulated picture of the dynamics that drive business relationships. A business actor acquires its identity interacting with another business actor. The mutual attribution of identity impacts the behaviours of actors and thus the interaction outcomes.

Reviewing the current research we came to formulate the two broad research questions that oriented our research and the two broad propositions regarding our topic.

5.1.1 The propositions

The first question we address is to what extent different actors attribute different identities to the same counterpart. The question is: Do different customers/suppliers

attribute different identities to the same supplier/customer? There seems to be an agreement in the literature (scarce and limited) that this should be the case. Looking at the specificities of business-to-business markets, it is expected that the attributed identities will be idiosyncratic for different customers/suppliers because of the high specificity in the form and content of the supplier-customer relationship. On the basis of the literature we would expect that an actor's images should vary depending on the differences in the content and form of the relationship in question (Håkansson & Snehota, 1995). These considerations result in the proposition derived from the extant literature that the *identity attributed to an actor tends to be relationship specific*. The argument is appealing but more systematic empirical evidence is very limited.

Our second research question focuses more closely on the interactive processes and specifically on how the attributed identities are related to the interaction process. If different actors attribute different identities to the same counterpart and the identities are relationship specific, we can assume it is the interaction between customer and supplier that is the critical process and one of the central reasons for the heterogeneity in the identities attributed to an actor. It also is then a determinant for the development of the relationship as the actors interacting in a relationship reciprocally attribute meanings to each other. The interpretations of what they see as the counterpart's features and behaviour are important for how they will behave. An actor's perceptions and interpretations are not stable or static, but evolve as the interaction unfolds over time. This means identity is not perceived once and for all; rather, it is perceived and interpreted differently, depending on the specific situation in which the actors interact. This way of reasoning results in the second proposition, namely: *identities are always emergent, changing from interaction to interaction*. Again, while the argument is convincing, the empirical evidence is only episodic.

We have undertaken a field study (a survey) to produce some empirical evidence of the two propositions formulated. Broadly put we assessed the identity mutually attributed to the counterparts by actors in 32 business relationships of the Italian branch of a multinational company, a world leader in the market for adhesives. We have

translated the two propositions discussed above in two main hypotheses and a set of sub hypotheses that are presented after the discussion on construct measurement here below.

5.1.2 Construct measurement

We did not find in the literature constructs and measures suitable to assess how counterparts in business relationships see each other and what the potential dimensions that matter in forming reciprocal identity perceptions in business relationships are. However, we identified in the literature, as discussed in Chapter 4, a relational perspective on identity that distinguishes two components of identity: person-based and role-based identity.

We find that this relational definition is useful in the attempt to define identity when dealing with customer and supplier roles in business relationships. Therefore, we have assumed that among the aspects customers and suppliers consider important in evaluating the counterpart in business relationships – what we call the identity attributed to a business actor – there are personality and performance quality.

We can reasonably assume that actors make inferences about the counterpart's personality using the same set of traits to describe or perceive personality. On the contrary, we assume that between customer and supplier there are substantial differences in features that comprise counterpart quality (or expected performance). In our opinion important inferences about the supplier's identity in business relationships are based on the service performance provided, while inferences about the customer's identity are related to the benefits of the customer for the supplier.

Therefore, according to the proposed components of identity dimensions – personality and quality – and the distinction in terms of quality between customer and supplier – we have selected, and in one case developed, the following measurement constructs.

5.1.2.1 Supplier quality measurement

The construct that appears to be largely consistent with our relational perspective and that consider aspects of quality of a supplier, is the *Servqual* model by Parasuraman Zeithaml & Berry (1994). The *Servqual* model is intended to assess the quality of service provided by a supplier according to five dimensions: reliability, responsiveness, assurance, empathy and tangibles. The *Servqual* instrument captures important relational aspects of the relationship to a supplier and we therefore found it suitable for our purposes. Comparing the customers' answers on the *Servqual* items, we should be able to appreciate possible differences in the perceived quality dimension of the supplier.

5.1.2.2 Customer quality measurement

While the quality of the service provided is an aspect that matters for customers' inferences about the supplier, inferences about the quality of customers from a supplier's point of view are more difficult to deal with. Reviewing the literature we find a number of features considered as indicators of the "quality" of the customer in the judgment of the supplier: customer profitability (e.g. Pfeifer, Haskins & Conroy 2005; Bowman & Narayandas, 2004), lifetime value (e.g. Mulhern, 1999) or customer equity (e.g. Hogan, Lemonand & Rust, 2002; Wayland & Cole, 1997) are some of the concepts used to measure the economic importance of a customer. There are, however, other dimensions. Some authors highlight as relevant dimensions the strategic importance of the customer (e.g. volume of purchase, potential to grow, etc.), the difficulty managing the customer (e.g. complexity of the product, needs of the customer, etc.) or dimensions related to the relation between the customer and the market in which it operates (Fiocca, 1980).

However, we did not find in the literature an overall construct for measuring customers' quality as perceived by the sales agents in interaction with their customers. Since we found no suitable construct to assess customer quality, we opted to create an ad hoc scale. The procedure for developing a measure outlined by Churchill (1979) was employed to develop a measure for customer quality. Using the procedure outlined, we

started by looking at the literature to identify issues that were relevant to the customer quality construct and to develop initial questions. This was supported by two focus groups conducted with the sales managers and salespeople. The final list of items was used in a first data collection from a sample of salespersons. Exploratory factor analysis using principal component analysis followed by a varimax rotation was used on the collected data to reduce the number of items from 120 to 21. This involved the deletion of items that loaded on multiple factors and those that exhibited poor item to total correlations within each dimension. This process resulted in four dimensions that have been named: Success, Empathy, Profitability and Smooth Relationship (cf. Appendix 2). Cronbach Alphas for the resulting four dimensions exceeded the .7 threshold (Nunnally, 1967) and it was felt that the resultant instrument could be used with reasonable confidence for the next stage of data collection in this research.

5.1.2.3 Organization personality measurement

Among the scales aiming at measuring personality in the business context, the scale that appears more useful in assessing perceptions about the personality dimension of an actor's identity, is the organization personality scale by Slaughter et al. (2004). The authors recognize the limit of employing measures taken from the existing measures of (human) personality and, as a consequence, suggest the use of "... traits adjectives taken from multiple personality measures, retaining only those trait adjectives that respondents found to be useful for describing their perceptions of the organizations' personalities" (p. 86). This scale (cf. Appendix 3), described as "the set of human personality characteristics perceived to be associated with an organization" (Slaughter et al. 2004, p. 86), consists of 33 items and five components: *Boy Scout* (e.g. honest, attentive to people, family oriented), *Innovativeness* (e.g. original, creative, unique), *Dominance* (e.g. successful, popular, active), *Thrift* (e.g. simple, low class, sloppy) and *Style* (e.g. trendy, fashionable, hip).

5.1.3 Hypotheses

For operational purposes we have translated the two broad propositions discussed above into the following hypotheses:

H₁: Different customers attribute different identities to the same supplier.

Because of our research design and the constructs we use to capture the attributed identities, the hypothesis can be articulated in the following two sub hypotheses:

H_{1a} Customers interacting with the same supplier form different interpretations of the supplier quality;

H_{1b} Customers interacting with the same supplier form different interpretations of the supplier organization personality;

H₂: The identity attributed to a counterpart in a business relationship changes from interaction to interaction

The hypothesis related to the interactive nature of identities formation process has been reformulated into three sub hypotheses:

H_{2a} Perceptions of the supplier quality change after an interaction;

H_{2b} Perceptions of customer quality change after an interaction;

H_{2c} The organization personality of the counterparts in a business relationship changes after an interaction;

When we examine the empirical data we use the term actors' perceptions of the counterpart identity and identity attributed to the counterpart. Two comments are therefore needed on how we use the terms perception and attribution.

1. We don't use the term perceptions in the passive sense as input to cognitive elaboration or imprints. Rather, we would like to use the notion of perception to refer

to the outcome of a (more or less active) process of interpretation and cognitive elaboration on the part of the actor.

2. Given the above meaning we give to the notion of perception, we would argue that it becomes an attribution of certain features to the counterpart – that is, an attribution of identity.

In the next section (5.2) we describe the supplier company chosen for the case study, its history and the business context in which it operates. Since the aim of the case is concerned with its business-to-business relationships, particular attention is given to the company's business-to-business sector, namely adhesive technologies.

5.2 The Molle Company²

The Molle Company is a large multinational company with headquarters in Germany; it has subsidiaries in more than 75 different countries throughout the world, and employs around 50,000 employees. About 75% of the workforce is employed outside Germany, making Molle one of the most international companies in Germany. The Molle Company is a market leader in its brand-name products in several markets and in various technology segments.

5.2.1 Company history

The company history begins in 1876 when, in a small city called Aachen in the North Rhine-Westphalia region of Germany, Mr F. H. Molle³, together with two partners, set up a small laundry detergent factory. The company was named Molle&Cie and the first marketed product was a universal detergent based on a silicate called "Universalwaschmittel". In 1878 Molle started to produce bleaching soda, made from

² The company's real name is disguised for confidentiality reasons. The information about the company has been collected primarily through interviewing the management of Molle. Further sources of information are the website of the company and the brochure and written material the company provided.

³ Like the company, his name is a pseudonym

soluble water glass and calcined soda. This product is considered the first output of F. H.'s own research. In the meantime the Molle&Cie headquarters moved from Aachen to Dusseldorf-Flingern where a 968-square meter factory site was leased. One year later two events were important for the growth of the company: F. H. became the only owner of the whole company and the company received a license to manufacture bleaching soda.

In September 1880 F. H. purchased a 3,500-square meter site and built his own factory. In 1884 he took over the company previously founded by his partners (a little water glass factory near Aachen). The company had grown by establishing manufacturing plants abroad, e.g. in Riga, as well as by establishing important relationships with foreign customers in the Netherlands, Switzerland, England and Italy. The Molle brand as a bleaching soda became known in Europe, and in April 1896 the trademark Molle's Bleich Soda was registered.

In 1899 a new manufacturing plant for the construction of bleaching soda was built in Holthausen, and the total number of employees reached 79. At the beginning of 1900 the company employed F. H.'s two sons who set up the first R&D laboratory to make analytical controls on chemicals and finished products. In 1907, the company entered the chemistry side of washing and bleaching and, after numerous laboratory trials, developed the first laundry detergent (D1). The market immediately recognized the innovativeness of the product and the company opened a new soap factory to produce one of the raw materials for D1. The D1 trademark was registered in Switzerland, Belgium, Denmark and Austria, and thanks to its success, the company's staff complement grew to 485 employees.

The internationalization of Molle continued and D1 was also sold in the USA through a subsidiary in New York. From that moment the company's growth was very quick. In 1913 Molle found the first production subsidiary in Switzerland. During the same year the production sites in Germany were extended, and after the end of World War I, in 1922, Molle began to produce adhesives for captive use (A1, the paper adhesive and A2, the board adhesive). Molle's own production of adhesives replaced that of one of its suppliers.

In 1930 F. H. and his son F. H. Jr. died and the owner's youngest son, H. H., who had been working in the company as a chemist took over the helm. H. H. followed his father's growth strategy and opened new manufacturing sites outside Germany, in Italy, Poland and Hungary. In the meantime Molle took over several sales and manufacturing companies in Europe that were involved in the production of chemical agents.

During World War II (1939-1945) the company was reorganized and D2, a product that represented the first detergent for fine and coloured fabrics, was launched on the market. After the war, Molle lost all its foreign subsidiaries and participations outside Germany but the family, particularly H. H., immediately pursued a strategy of product portfolio development, making new investments in Italy and Austria.

In 1952 H. H. died and for the first time two employee representatives were elected to the supervisory board of Molle & Cie GmbH. The year 1955 was an important one for the whole company because of the launching of several new products: D3 (laundry detergent), A3 (contact adhesive) and, in 1957, D4. D4 is the company's first detergent for washing machines. During the 50s an important joint venture was set up in the chemical industry sector in Brazil, and during the 60s important financial operations were carried out in the USA where Molle entered the chemical market.

In 1969 the most famous solvent-free glue stick was launched in the market. At that time the foreign business of the company accounted for 36% of Molle's total sales. During the 70s manufacturing plants were opened in Portugal, Iran, Jamaica, Greece, Canada and China. In 1979 Molle of America Inc. was founded in New York as the holding company for all the Molle companies in the USA.

The 80s were difficult years because of the fierce competition of rival products in the hygiene sector. Molle invested in creating biodegradable products and improved the performance of manufacturing plants by introducing robots on the production lines. In 1985 the company acquired a 25-percent share in an important and well-known American adhesives company and was reorganized into five operational business sectors: Chemical Products, Industrial Cleaning, Adhesive Products, and Cosmetic and Household Cleansers. The process of internationalization continued mainly in Asia

and in America and during the 90s a series of operations was carried out: one of the most important operations at the end of the communist era in Central and Eastern Europe was the company's expansion in Russia and Poland.

Molle currently operates in three global business sectors whose share of sales in 2007 was as follows: Laundry & Home Care 31%, Cosmetics/Toiletries 23% and Adhesive technologies 46%.

5.2.2 The Adhesive Technologies Division

This study is based on the Adhesive Technologies division, in particular the Italian unit. Molle's Adhesives Technologies are the world market leader for adhesives, sealants and surface treatments, with a global presence in more than 125 countries. With a staff of 21,700 the company's Adhesive Technologies generated sales of approximately 6.7 billion euros in 2008 and 6.2 billion in 2009.

Operations of the Adhesives division started in 1922 when an imminent shortage of glue threatened the labeling of Molle's own consumer products. This was the birth of Molle Adhesive Technologies that was originally supposed to be produced only for Molle's own needs but soon became a business segment on its own. Molle offers a wide range of specialized adhesives that address customers' needs in areas of correction, paper gluing, renovation/decoration, sealants, tapes, gluing, fixing and construction and universal instant bonding.

Molle's specially designed processes are geared to the particular properties of the adhesives formulations and match site-specific technical factors: this care provides individual solutions for craftsmen's needs in areas of professional flooring, building and construction, pipe installation, fire protection, woodworking and wallpapering. Many people come in contact with products from Molle Adhesive Technologies every day without knowing it: cars, mobile phones, furniture, books and many more things in our daily life could not be made the way they are or would simply fall apart without solutions from Molle.

5.2.3 Technology development in adhesives

Molle products are the result of intensive research and years of experience. An example is the key technologies Molle applies in developing polymers. Polymers are large molecules that consist of many small units, called monomers, and can take many different forms. Naturally occurring polymers include starch, cellulose, proteins and deoxyribonucleic acid (DNA = genetic information). But polymers can also be synthesized to make products such as plastic bottles, rubber and silicone, to name just a few examples. Polymers play a crucial role in Molle products. Targeted polymer research at Molle makes polymers that are extremely adaptable. Their internal structures can be tailored so that they combine seemingly incompatible properties, such as toughness, light weight and elasticity all in one polymer.

With this versatility, they can be used in many different applications. Currently the adhesives are sold in seven application segments:

- Automotive
- Electronics
- Metal
- Durable goods
- Packaging
- Aerospace
- Maintenance, Repair and Overhaul (MRO)

Modularity allows flexibility, and combining a small number of different elements in different ways can result in a large variety of finished components. With its “T-tec” prepolymers (which is a registered trademark), Molle has created a modular system that can be used to make many different kinds of products, ranging from sealants to adhesives. “T-tec” is a high-performance, solvent- and isocyanate-free binder that is exempt from hazard labelling. Using this basic technology, the product developers design the building blocks for polymers, one of the main components among the 10 to 15 different constituents of adhesives and sealants. The basic structure of the polymers is

relatively simple. Highly reactive silicon groups, also known as silane compounds, are docked onto the ends of polyether chains of different lengths. By modifying the chain structure, the adhesives researchers obtain products with, in some cases, fundamentally different characteristics.

5.3 The sample

Molle operates in a large number of markets and has a very differentiated customer portfolio. The most appropriate sampling choice would have been to study the relationships between Molle and its direct industrial customer. Obviously, relationships with industrial customers are endemic of the characteristics of customer-supplier relationship in business markets discussed in Chapter 3. The management of Molle has indeed confirmed that interdependences and specific reciprocal adaptations are strongly present in the relationships with industrial customers in particular because the two parties continuously cooperate to find innovative solutions. Consequently, the interaction between the supplier company and its direct customers is rich in sensible information. That is the main rationale for the marketing manager to exclude these relationships from our project.

Therefore, we have decided jointly with Molle's management to focus on re-sellers who in turn supply minor industrial and retail business customers. Molle's relationships with these actors are not as complex as those with direct industrial customers but are of rather high interaction intensity, especially when Molle supports these customers in the relationship with their customers. Incidentally, it is not unwarranted to assume that if we find support for our propositions exploring the re-seller relationships, we can reasonably infer that the results would be analogous if not more pronounced in the relationships with the industrial customers.

A methodological difficulty arises in approaching the study from the interaction perspective: it concerns the complexity of the concept of actors involved in business relationships (Håkansson et al. 2009). Parties that interact in business relationships are collective entities – mostly formal organizations such as companies, and individual

actors represent these variable entities. In choosing and defining the respondents we refer to individuals, but we have to keep in mind that each actor is perceived in interaction not simply as a single individual but as an agent for a larger entity, the organization that the individual actor represents and is part of.

5.4 Data collection

At the beginning of December 2008 the project was presented to the marketing director, the sales director and two sales managers of the Italian unit of the Adhesives division of Molle. The company showed an interest in the research in that, beyond the specific aim of the study, it would also allow the company to survey the satisfaction of their most important retail customers. A series of meetings followed, during which the researcher and the managers involved in the project discussed the desired output of the research.

Supplier representatives and Molle's resellers are the subjects directly involved in the research. Supplier representatives were only partially aware of the objectives of the study. We did not mention to salespeople that their interaction with customers was an essential part of the research. We agreed with the company's project manager, the marketing director, that the results would be presented in a way that ensured that the salespeople's individual performance would remain confidential. We made sure that salespeople did not perceive the research as an evaluation of their work to limit the risk of less spontaneous behaviours in interactions. All interviewees were guaranteed anonymity. Both the salespeople and customers were told that the interviewer was an academic researcher and not employed by the company.

The data was collected over a seven-month period (January 2009 – July 2009) and concerned 32 business relationships between Molle and its main commercial customers. On two separate occasions, we interviewed 16 salespeople of the supplier company and 32 of its main retailers operating in the Italian market. Once we had obtained Molle's agreement to participate in the project, the selection of customers followed the advice of Molle's marketing manager on the basis of each retailer's importance to turnover. The data collection was carried out in two steps: When a

customer or salesperson arranged a meeting for whatever reason, the relevant salesperson got in touch with the researcher who, after notice from the salesperson, visited the customers for a first interview. The questionnaire covering questions about the personality and quality of the supplier were administered to the customer respondents. This first visit was carried out some days before the scheduled meeting between customer and salesperson. Before the meeting, we also met the salesperson individually to fill in the supplier side's part of the questionnaire. We will call these interviews the pre-interaction phase interviews.

In the second phase – that we will call the post-interaction phase – we followed the sales force on their visits to customers. Attempting to observe behaviours in their usual course, we did not schedule meetings ad hoc, but participated in the meetings solicited by the salesperson or the customer. After each meeting (the content of which has been recorded) we repeated the questionnaire as in the first phase, except for the relationship assessment part. Both customers and salespeople were not informed that an identical questionnaire would be repeated, and they became aware of it only when it was submitted the second time. That was to prevent respondents trying to memorize the answers given in the pre-interaction phase. More details about the questionnaire can be found in the following section.

5.5 The survey

The pre-interaction phase interviews lasted 60-90 minutes and followed a questionnaire comprising three parts (cf. Appendix 4).

The first part, semi structured, aimed at gathering the demographics of the interviewee and the company first. Then we proceeded with relationship assessment questions following the set suggested by Ford et al. (2002):

1. History and the current stage

- What is the history of the relationships?
- What is the current stage of the relationship?

- What is the scope of the relationships? What is the volume of business and the nature of the offering?
- What is the level of involvement in the relationship? What are the actor bonds, activity links and resource ties?
- What is its financial performance? What is its value for both companies?

2. Potential and investment

- What does each company see as the potential of the relationship for both companies? What scope and involvement do each company want in the relationship?
- What investment is required from both companies to fulfil that potential?
- What are the threats to the relationship?

3. Atmosphere of the relationship

- How committed is each company to the current relationship and to investment in it?
- What is the distance between the two companies?
- How dependent are the companies on each other?
- What conflict and co-operation exist between them?

4. Network

- What is the network position of the relationship from the perspective of both companies?
- What is its role in the supplier's and customer's portfolios?

5. Current operations

- How does the current management of the relationship by the supplier and by the customer fit in line with their overall strategies?
- Is the current pattern of interaction between supplier and customer appropriate?

The second and third part of the questionnaire were dedicated to the assessment of the attributed identity in the two aspects – quality and personality. Supplier identity has been measured in terms of supplier service quality (Parasuraman, Zeithaml, & Berry, 1994) and

organization personality (Slaughter et al., 2004). The customer's identity was measured in terms of customer's quality (ad-hoc developed scale) and organization personality (Slaughter et al., 2004).

Supplier service quality was measured through the Servqual model, a 21-item scale (cf. Appendix 1) for measuring service quality along five dimensions: *Reliability*, *Responsiveness*, *Assurance*, *Empathy* and *Tangibles* (Parasuraman, Zeithaml, & Berry, 1994). The respondents (customers) were asked to indicate agreement with the statements regarding the single items on a Likert scale from 1 – 7.

Similarly, customers' quality was assessed using the 21 items of the Customer Quality scale (cf. Appendix 2), again using a 7-point Likert scale where 1 corresponds to "I completely disagree" and 7 corresponds to "I completely agree".

All respondents, both customers and salespeople, finally expressed their opinions about the personality of the counterpart organisation. This was done by expressing a degree of agreement on the organization's 33 personality items (cf. Appendix 3). The agreement was expressed using a 7-point Likert scale with value 1 corresponding to "completely undescriptive" and 7 corresponding to "completely descriptive".

In the post-interaction phase both the customer and the salesmen were interviewed for the second time immediately after the meeting (the interaction event). They were interviewed separately using the same questionnaire as in the pre-interaction phase, for the assessment of quality and personality of the counterpart. Only the second and third part of the pre-interaction questionnaire was submitted this second time. We also asked the respondents about significant events between the two interviews in order to monitor eventual intervening events. The period of time between the first and the second interview (7-10 days) was sufficiently long for the respondents to forget the answers given in the first phase (avoiding the response set bias), but at the same time it was short enough to limit interference from exogenous changes in the business context.

Chapter 6

DATA ANALYSIS

6.1 The dataset and the data analysis

In this chapter we will analyse the data collected from the Molle Company and discuss the results with respect to the hypotheses introduced in Chapter 5, namely that:

H₁: Different customers attribute different identities to the same supplier.

H_{1a} Customers interacting with the same supplier form different interpretations of supplier quality

H_{1b} Customers interacting with the same supplier form different interpretations of the supplier organization personality

H₂: The identity attributed to the counterpart in a business relationship changes from interaction to interaction

H_{2a} Perceptions of supplier quality change after an interaction.

H_{2b} Perceptions of customer quality change after an interaction

H_{2c} The organization personality of the counterparts in a business relationship changes after an interaction.

The data collected on the Molle Company, a rather rich set of data, concerns 32 business relationships of Molle with its commercial customers. The database collected in the field study consists of the following subsets of data regarding, in practice, each of the 32 business relationships. Apart from the background information on the company's

history reported in Chapter 5, five data subsets have been collected about Molle's business relationships:

1. Demographics of the parties to the relationship, personal and organizational, for each of the 32 customer businesses and their representatives and for the 16 representatives of the supplier company (cf. Appendix 5).
2. Description of the 32 relationships in terms of the history, current stage, investments and potential, relationship atmosphere, current operations (cf. Appendix 5)
3. Content of the interaction episode, i.e. communication in the meeting between the customer and supplier. There are recordings of the communication between the representatives of the supplier and customer businesses.
4. Data from the questionnaire assessing customers' perceptions of the supplier's identity are in two parts: supplier quality and supplier organization personality. On both personality and quality, data has been collected for each of the 32 relationships; and repeated before and after the interaction episode (cf. Tables 6.1-2).
5. Data from the questionnaire assessing supplier's perceptions of the customer's identity is in two parts: customers' quality and organization personality. On both of these, data has been collected for each of the 32 relationships before and after the interaction episode (cf. Tables 6.3-4).

In this chapter we present a systematic analysis of the data from the customer and supplier questionnaires (items 4 and 5 above), whereas the datasets on item 1-3 are only used ad hoc. We start analyzing raw data using basic descriptive statistics. In the following steps we present somewhat more elaborate statistical analysis. This is organized around the main hypotheses.

In tables 6.1-2 we report means and standard deviation for *Supplier Quality* and *Supplier Organization Personality* questionnaires completed by Molle's 32 customers pre and post interaction. In tables 6.3-4 we report means and standard deviation for

Customer Quality and *Customer Organization Personality* measures obtained from Molle's representatives on two occasions.

Table 6.1 *Supplier Quality* Questionnaire (20 items)
Means and Std. Dev. pre and post interaction episode

Questions	Mean pre	Std. Dev.	Mean post	Std. Dev.
1. Providing services as promised	5.9	0.9	5.6	1.0
2. Dependability in handling customers' service problems	5.6	0.8	5.4	1.0
3. Performing services right the first time	5.8	0.8	5.8	0.8
4. Providing services at the promised time	5.8	0.9	5.6	0.9
5. Keeping customers informed about when services will be performed	5.7	1.1	5.6	1.4
6. Prompt service to customers	5.5	1.2	5.9	0.9
7. Willingness to help customers	5.7	1.1	6.1	0.9
8. Readiness to respond to customer's requests	5.8	1.0	6.3	1.0
9. Employees who instil confidence in customers	5.6	0.8	5.6	0.8
10. Making customers feel safe in their transactions	5.5	0.9	5.4	0.8
11. Employees who are consistently courteous	6.4	0.7	6.0	0.6
12. Employees who have the knowledge to answer customer questions	6.4	0.6	6.1	0.7
13. Giving customers individual attention	5.8	1.3	5.7	1.1
14. Employees who deal with customers in a caring fashion	6.0	1.0	6.1	0.9
15. Having the customer's best interest at heart	5.7	1.1	5.8	1.1
16. Employees who understand the needs of their customers	5.7	1.2	5.6	1.1
17. Modern equipment	5.6	0.9	5.4	0.7
18. Visually appealing facilities	5.3	0.7	4.8	0.8
19. Employees who have a neat, professional appearance	6.0	0.8	5.7	0.7
20. Visually appealing materials associated with service	5.4	1.0	4.9	0.9
21. Convenient business hours	6.3	0.7	6.6	0.6

Table 6.2 Supplier Organization Personality
Questionnaire (33 items)
Means scores and Std. Dev. pre and post interaction episode

	Mean pre	Std. Dev	Mean post	Std. Dev.
1. Friendly	4.3	1.7	4.4	1.7
2. Pleasant	4.8	1.7	4.6	1.4
3. Family oriented	3.2	2.0	2.3	1.7
4. Personal	4.8	1.4	3.8	1.7
5. Helpful	5.6	0.8	5.3	0.9
6. Honest	5.4	1.0	5.0	1.6
7. Cooperative	5.4	0.9	5.3	0.9
8. Clean	4.9	1.2	4.6	1.5
9. Attentive to people	4.8	1.2	4.1	1.8
10. Boring_ve	5.9	1.2	6.3	1.1
11. Exciting	2.6	1.6	2.3	1.6
12. Unique	3.5	1.9	3.4	2.2
13. Plain_ve	6.5	0.8	6.4	1.0
14. Original	4.7	1.1	4.8	1.0
15. Creative	5.1	1.0	5.0	1.0
16. Interesting	5.3	0.9	4.9	0.9
17. Dominant	4.6	1.5	4.7	1.8
18. Busy	4.0	1.8	4.3	1.5
19. Successful	5.9	0.9	5.4	1.1
20. Popular	6.1	1.0	6.0	0.8
21. Active	5.8	0.8	5.4	0.8
22. Undersized_ve	6.0	1.6	6.3	1.3
23. Poor_ve	6.7	0.5	6.8	0.6
24. Low budget_ve	5.6	1.4	5.8	1.5
25. Simple_ve	4.2	1.8	4.2	1.5
26. Reduced_ve	4.8	1.9	5.1	1.8
27. Sloppy_ve	6.6	0.8	6.8	0.6
28. Deprived_ve	6.8	0.7	6.8	0.6
29. Low class_ve	6.7	0.5	6.8	0.6
30. Trendy	5.4	1.7	5.8	0.7
31. Stylish	5.1	1.5	5.1	1.1
32. Fashionable	5.3	0.9	5.3	1.1
33. Hip	4.3	1.8	3.4	1.8

Table 6.3 Customers Quality Questionnaire (20 items)
Means scores and Std. Dev. pre and post interaction episode

Questions	Mean pre	Std. Dev.	Mean post	Std. Dev.
1. Guarantee of large purchase volume	4.9	1.3	4.7	1.0
2. Good potential to grow	4.3	1.6	4.4	1.5
3. Proactive	4.5	1.6	4.5	1.6
4. Cooperative	5.2	1.1	5.1	1.0
5. Taking the initiative	4.2	1.3	4.2	1.3
6. Innovative	5.1	1.2	4.9	1.1
7. Competent	5.3	1.0	4.6	1.5
8. Full of resources	5.3	1.5	4.7	1.4
9. Comprehensive	5.1	1.5	4.4	1.2
10. Easy to understand their needs	5.3	1.6	4.9	1.4
11. Giving supplier attention	5.0	1.4	4.6	1.4
12. Generating an appropriate effort	6.6	0.7	5.6	1.4
13. Reliable	5.9	0.9	5.8	0.8
14. Solution-oriented approach	5.8	0.8	5.3	0.8
15. Easy to work with	6.1	1.0	5.5	1.0
16. Permitting to plan in advance	5.5	1.0	5.3	0.9
17. Easy to manage	5.3	1.2	4.7	1.2
18. Permits to gain high margins	4.9	1.1	4.7	1.1
19. Provides useful information	5.3	0.9	4.8	1.1
20. Allows to gain high profits	5.5	0.8	5.0	0.6

Table 6.4 Customer Organization Personality Questionnaire (33 items)
Means and Std. Dev. pre and post interaction episode

Personality items	Mean pre	Std. Dev.	Mean post	Std. Dev.
1. Friendly	4.8	1.8	4.5	1.7
2. Pleasant	5.1	1.7	4.4	1.6
3. Family oriented	3.3	2.3	3.3	2.0
4. Personal	5.0	1.4	4.4	1.3
5. Helpful	5.6	0.9	5.0	1.0
6. Honest	5.7	1.1	4.8	1.7
7. Cooperative	5.1	1.0	4.8	1.3
8. Clean	5.1	1.4	5.1	1.3
9. Attentive to people	4.7	1.6	4.5	1.4
10. Boring_ve	6.1	1.1	5.7	1.5
11. Exciting	2.8	1.8	2.8	1.8
12. Unique	2.8	2.1	3.1	1.9
13. Plain_ve	5.5	1.7	5.2	1.7
14. Original	3.7	1.9	3.5	1.7
15. Creative	3.6	1.7	3.8	1.5
16. Interesting	4.1	1.9	4.1	1.6
17. Dominant	3.3	2.0	3.6	1.7
18. Busy	4.8	1.7	4.4	1.6
19. Successful	5.0	1.3	4.6	1.4
20. Popular	4.6	1.8	4.9	1.5
21. Active	4.8	1.5	4.7	1.3
22. Undersized_ve	5.0	2.0	5.3	1.7
23. Poor_ve	6.3	1.3	6.2	1.4
24. Low budget_ve	4.5	1.5	4.6	1.6
25. Simple_ve	3.9	1.7	4.2	1.6
26. Reduced_ve	4.8	1.7	4.6	1.5
27. Sloppy_ve	6.3	1.1	5.8	1.4
28. Deprived_ve	6.5	1.0	6.6	1.0
29. Low class_ve	5.9	1.5	5.5	1.5
30. Trendy	4.2	2.1	4.5	1.4
31. Stylish	3.8	1.5	3.5	1.6
32. Fashionable	4.7	1.3	4.4	1.7
33. Hip	2.6	1.8	3.2	1.8

As discussed in Chapter 5, the measurement of perceptions regarding the quality of the supplier and organization personality of the customers and the supplier employs scales that others have tested and validated in different contexts. We also tested and confirmed the psychometrics properties of the scales from our data collection. Quality of the customer was assessed via scales that were developed for this study, and their psychometric properties were also supported

Hypothesis one holds that *Different customers attribute different identities to the same supplier*. Difficulties encountered to test the heterogeneity assumption that underlines the first hypothesis has consequences for the analysis presented below. Testing the heterogeneity assumption of data through a proper statistical test would require a more sophisticated analysis, which is beyond the scope of our work. We start the analysis presenting descriptive statistics in order to present the data collected; then we analyse the frequency distributions and carry out a cluster analysis of the data. For this analysis we only make use of the post-interaction customer questionnaire for the assessment of identity attributed to the supplier in terms of personality and quality.

Hypothesis two, which states that: *The identity attributed to the counterpart in a business relationship changes from interaction to interaction*; was analysed in a similar way, except that testing the change in the data over time is analytically and statistically more straightforward. We start with basic descriptive statistics and thereafter carry out a t-test to assess the change over time in the data reporting respondents' attribution of identity to the counterpart in the relationship. For this analysis we use the data from both customer and supplier questionnaires, pre and post interaction.

The rest of this chapter is organized in three parts. In the next section (6.2) we validate the four scales used to collect the data, namely: supplier service quality, customer quality, and supplier and customer organization personality. In section 6.3 we analyse data concerning identities that 32 different customers attribute to the same supplier. The analysis is carried out in two steps: the first focuses on the differences in perceptions of supplier quality (section 6.3.1); the second looks at differences in perceptions of supplier organization personality (6.3.2).

In section 6.4 we analyse data concerning the change in the reciprocally attributed identities of both customers and supplier. For this analysis we use data collected before and after a customer-salespeople interaction. We proceed here in four steps: firstly we examine how perceptions of supplier quality (expressed by the customers) have changed. We do this by comparing perceptions pre and post the interaction (6.4.1). Secondly, we examine how perceptions of customer quality (expressed by the supplier agents) changed by comparing pre-interaction with post-interaction results (6.4.2). Thirdly, we inspect how mutual perceptions of the organization personality have changed using data from both supplier and customer, both pre and post interaction. (6.4.3.). Finally, we examine how perceptions of reciprocal identity, expressed by customers and supplier's representatives, have changed, in relation to the aspects of quality and personality treated together at both pre and post interaction (6.4.4).

We conclude both sections (6.3 and 6.4) by commenting briefly on the inference that can be made from the data analysis undertaken regarding the hypotheses and sub-hypotheses formulated. Data analysis along the above lines provides support for the two hypotheses and sub-hypotheses of this study.

6.2 Validation of scales

We use different scales developed and validated in previous research for the assessment of supplier quality (*Servqual*), and supplier and customer personality (*Organizational Personality*), while a scale is developed to assess Customer Quality.

6.2.1 Servqual scale

The Servqual scale is used to profile supplier quality. The instrument was originally developed and validated by Parasuraman, Zeithaml & Berry (1994) and consists of 22 items that make up five components: *Reliability*, *Responsiveness*, *Assurance*, *Empathy* and *Tangibles*. However, subsequent psychometric testing revealed patterns that

suggested the need to eliminate one item (maintaining error-free records) and reassign two others. Therefore, the Item “Keeping customers informed about when services will be performed” was moved from the *Responsiveness* to *Reliability* dimension while and the item “Convenient business hours” was moved from the *Empathy* to the *Tangibles* dimension (Parasuraman, Zeithaml & Berry, 1994).

The data collected via the *Servqual* scale employed to measure perceived quality was subject to a principal component analysis followed by an oblimin rotation. The latter decision was made because the literature argues that the factors are correlated. Table 6.5 shows the results of this procedure. The analysis supports the five original components: with *Empathy*, *Responsiveness* and *Tangibles* loading separately while the *Reliability* and *Assurance* components load on a single factor, indicating that our respondents do not discriminate between *Reliability* and *Assurance* and the component is labelled *Reliability & Assurance* (R&A). Details of factor loadings by items are shown in Table 6.5.

Table 6.5 Component Analysis of *Servqual* scale

Items	Factor 1 Reliability & Assurance	Factor 2 Empathy	Factor 3 Responsiveness	Factor 4 Tangibles
Providing services as promised	0.6			
Dependability in handling customers' service problems	0.7			
Performing services right the first time	0.7			
Providing services at the promised time	0.6			
Keeping customers informed about when services will be performed_ve			-0.6	
Prompt service to customers_ve			-0.9	
Willingness to help customers_ve			-0.8	
Readiness to respond to customers' requests_ve			-0.6	
Employees who instil confidence in customers	0.8			
Making customers feel safe in their transactions	0.8			
Employees who are constantly courteous	0.7			
Employees who have the knowledge to answer customer questions	0.8			
Giving customers individual attention_ve		0.7		
Employees who deal with customers in a caring fashion_ve		0.7		
Having the customer's best interest at heart_ve		0.7		
Employees who understand the needs of their customers_ve		0.8		
Convenient business hours_ve		0.7		
Modern equipment				0.6
Visually appealing facilities				0.9
Visually appealing materials associated with service				0.9

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.
The items followed by “_ve” are the items formulated with negative sentences, whose values were reversed for the analysis.

The analysis indicates that the item “Keeping customers informed about when services will be performed” loads with *Responsiveness* instead of *Reliability*, while “Convenient Business Hours” loads with *Empathy* instead of *Tangibles*. This supports the pattern of loadings in the original scale by Parasuraman, Zeithaml & Berry (1994) before these items were reassigned. In our analysis it was also necessary to eliminate item 19 “Employees who have a neat, professional appearance” because it was deemed to be culturally tainted. Indeed, it was perceived as ironic by the Italian respondents, who did not give it any importance at all.

For ease of reference we called the resultant modified scale of 20 items (see Table 6.5) *Servqual2* and proceeded with tests of reliability for the dimensions of the scale. The Cronbach’s Alpha results (cf. Appendix 6) provided values of 0.9 for *Reliability & Assurance (F1)*, 0.8 for *Empathy (F2)*, 0.71 for *Responsiveness (F3)* and 0.71 for *Tangibles (F4)*. These exceeded the .7 threshold and are acceptable (Nunnally, 1967). The reliability and factor analysis results together provide support for the psychometric properties of the instrument, with the factor analysis providing support for convergent and discriminant validity.

6.2.2 Customer quality scale

A search of the literature did not provide a suitable customer quality scale that could lend itself well to the purposes of this research. We therefore took steps to develop a suitable instrument. The process outlined by Churchill (1979) was pursued and a measure consisting of 21 items grouped into four correlated components: *Success*, *Empathy*, *Profitability* and *Smooth Relationship*, resulted. We proceeded with factor analysis employing principal component analysis followed by an Oblimin Rotation. The results reported in Table 6.6 support the four expected components, but the scale was reduced to 20 items. Indeed, item 3 – “the customer is useful as a bridge with other people, companies or institutions” – was eliminated because it generated problems due to its possible multiple meanings (people, companies, institutions).

Table 6.6 Component Analysis of *Customers Quality*

Items	Factor 1 Success	Factor 2 Empathy	Factor 3 Profitability	Factor 4 Smooth Relationships
Guarantee of large purchase volume	0.7			
Good potential to grow	0.8			
Proactive	0.9			
Cooperative	0.8			
Taking the initiative	0.9			
Innovative	0.7			
Competent	0.6			
Plenty of resources	0.6			
Comprehensive_ve		0.7		
Easy to understand their needs_ve		0.7		
Giving supplier attention_ve		0.6		
Adequate effort required_ve		0.7		
Reliable				-0.7
Solution-oriented approach				-0.8
Easy to work with				-0.8
Allows to plan in advance				-0.7
Easy to manage				-0.6
Allows to gain high margins			-0.8	
Provides useful information			-0.7	
Allows to gain high profits			-0.8	

Extraction Method: Principal Component Analysis. Rotation Method: Oblimin with Kaiser Normalization.

The items followed by “_ve” are the items formulated as negative sentences, whose values were reversed for the analysis.

Reliability testing using Cronbach’s Alpha provided alpha scores of: 0.9 for *Success*, 0.6 for *Empathy*, 0.8 for *Profitability* and 0.8 for *Smooth Relationship* (cf. Appendix 7).

6.2.3 Organization personality scale

The organization personality scale, originally developed and validated by Slaughter (et al., 2004), was employed to capture the personality element of supplier identity. This consists of 33 items grouped into four components: *Boy Scout*, *Innovativeness*, *Dominance*, *Thrift* and *Style*. Validity testing of the scale was undertaken via principal component analysis followed by a Varimax Rotation. The literature is not clear on whether the factors are correlated or not. Varimax assumes uncorrelated factors, while in addition Nunnally (1967) holds that if Varimax does not work, no other rotation will work. The results are shown in Table 6.7. The analysis confirms two of the five original components: *Thrift* and *Boy Scout*, while *Innovativeness*, *Dominance* and *Style* load together on a further dimension. The “Boring” and “Plain” items appear to be interpreted negatively by Italian respondents which explains their loading with the other negatively worded items that make up the *Thrift* dimension.

During the factor analysis four of the 33 items in the original scale were eliminated, namely: “Family oriented”, “Busy”, “Simple” and “Reduced”. This occurred because respondents had difficulty in answering these because of different interpretations. “Family oriented” was difficult to link with the industrial context of the research; the adjectives “Busy” and “Simple” often created doubt due their ambivalence. This is reflected in comments that asked whether “Busy is meant as too ‘Busy’ for caring about customers or ... this is a very active company with a lot of work to do...”. Similarly, “Simple” was interpreted equivocally in a positive way such as saying that the company is a trouble-free company, or in a negative way thinking of it as a modest, unpretentious company. Finally, the adjective “Reduced” had problems probably arising from a poor translation to Italian.

We named our modified scale 29-item Organization Personality 2 (OP2) and proceeded with reliability testing. We computed Cronbach’s Alpha, which resulted in alpha scores of: 0.9 for *Innovativeness*, *Dominance* and *Style*, 0.8 for *Thrift* and 0.8 for *Boy Scout* (cf. Appendix 8). These results provide support for the psychometric properties of the measure.

Table 6.7 Component Analysis of Organization Personality

Items	Factor 1 Innovativeness Dominance and Style	Factor 2 Thrift	Factor 3 Boy Scout
Friendly			0.7
Pleasant			0.7
Personal			0.5
Helpful			0.7
Honest			0.7
Cooperative			0.7
Clean			0.7
Attentive to people			0.7
Boring_ve		0.5	
Exciting	0.5		
Unique	0.6		
Plain_ve		0.6	
Original	0.7		
Creative	0.8		
Interesting	0.8		
Dominant	0.6		
Successful	0.6		
Popular	0.5		
Active	0.6		
Undersized_ve		0.6	
Poor_ve		0.8	
Low budget_ve		0.6	
Sloppy_ve		0.8	
Deprived_ve		0.6	
Low class_ve		0.8	
Trendy	0.6		
Stylish	0.7		
Fashionable	0.7		
Hip	0.7		

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 5 iterations.

6.3 Identity attributed by different customers to the same supplier

In this section we analyse the data on supplier quality and organisation personality obtained from customer questionnaires. For both supplier quality and organisation personality post interaction data is used. Since pre-interaction perceptions are the result of a sequence of previous interactions, there is no reason to expect that results would be different analysing pre-interaction data (if such data was available). We present first the analysis of the supplier quality profile and then the analysis the supplier organization personality profile. The analysis is related to the first of the two main hypotheses (H_1) and sub-hypothesis H_{1a} and H_{1b} , namely that different customers attribute different identities to the same supplier.

6.3.1 Supplier quality perceptions

A quick overview of the data does indeed indicate that the perceptions of supplier quality vary by customer. Mean supplier service quality scores – both at the overall level and at the single component level (Table 6.8) – indicate differences in perceptions across different customers.

The mean scores reported in Table 6.8 indicate that customers' assessments of supplier service quality are relatively high. The lowest mean is 4.8 while the highest is 6.5 indicating a substantial difference of 1.7 between the lowest and highest score. If we look at the results at the component level we observe that differences between the lowest and highest mean scores are even greater: 3 points for *Reliability* (4 vs. 7), 2.75 points for *Assurance* (4.25 vs. 7), 2.6 if we consider *Reliability* and *Assurance* as a single component (4.4 vs. 7), 2.6 for *Empathy* (4.4 vs. 7), 3 for *Responsiveness* (4 vs. 7) and 2 points for *Tangible* (4 vs. 6).

**Table 6.8 Supplier Service Quality (SQ)
means by respondents – post interaction**

F1 Reliability&Assurance, F2 Empathy, F3 Responsiveness, F4 Tangibles

Resp.	SQ	s.d	Rel.	s.d	Ass.	s.d.	F1	s.d	F2	sd	F3	s.d	F4	s.d
C1	5.6	1.1	5.3	1.5	6.0	0.0	5.6	1.1	5.4	1.3	6.3	0.5	4.7	1.2
C2	6.5	0.8	6.8	0.5	5.8	1.0	6.3	0.9	6.8	0.4	7.0	0.0	5.7	0.6
C3	5.8	1.1	5.5	0.6	5.3	1.0	5.4	0.7	6.2	1.3	5.8	1.9	6.0	0.0
C4	4.9	1.0	4.3	1.5	4.5	0.6	4.4	1.1	5.2	0.8	5.8	0.5	4.3	0.6
C5	6.5	0.8	6.5	1.0	6.5	0.6	6.5	0.8	7	0.0	7.0	0.0	5.0	0.0
C6	5.8	1.0	5.0	0.0	5.5	0.6	5.3	0.5	7	0.0	6.0	1.2	4.7	0.6
C7	6.0	0.9	5.5	0.6	5.8	1.0	5.6	0.7	6.8	0.4	6.5	0.6	5.0	0.0
C8	6.3	0.7	5.8	0.5	5.5	0.6	5.6	0.5	7	0.0	7.0	0.0	6.0	0.0
C9	6.1	0.8	6.5	0.6	6.3	0.5	6.4	0.5	6	0.0	6.0	0.0	5.3	2.1
C10	6.2	0.7	6.3	0.5	7.0	0.0	6.6	0.5	6	0.0	5.8	0.5	5.7	1.2
C11	5.8	1.1	5.5	0.6	5.5	0.6	5.5	0.5	6.2	1.3	7.0	0.0	4.3	0.6
C12	5.6	0.8	5.8	1.0	5.3	0.5	5.5	0.8	6	0.0	6.0	0.8	4.7	1.2
C13	5.1	0.8	5.0	0.0	5.3	0.5	5.1	0.4	4.4	0.9	5.8	1.0	5.0	0.0
C14	5.7	0.8	6.0	0.0	6.5	0.6	6.3	0.5	5.6	0.5	5.0	0.8	5.0	1.0
C15	6.1	0.8	6.0	0.0	5.5	0.6	5.8	0.5	6.4	0.5	7.0	0.0	5.0	0.0
C16	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6	0.0	6.0	0.0	6.0	0.0
C17	5.7	0.9	6.0	0.0	6.0	0.0	6.0	0.0	5.4	1.3	5.8	1.3	5.0	0.0
C18	4.8	1.0	4.8	1.3	6.0	0.8	5.4	1.2	4.8	0.8	4.0	0.0	4.3	0.6
C19	5.6	1.1	5.0	0.0	5.0	0.0	5.0	0.0	5.8	1.6	7.0	0.0	5.0	0.0
C20	5.7	1.0	5.0	0.0	5.0	0.0	5.0	0.0	6.2	1.3	6.8	0.5	5.0	0.0
C21	6.2	0.5	5.8	0.5	6.3	0.5	6.0	0.5	6.2	0.4	6.5	0.6	6.0	0.0
C22	5.4	1.4	4.0	1.4	5.3	0.5	4.6	1.2	7	0.0	5.3	1.5	4.7	0.6
C23	4.9	0.9	4.8	0.5	4.3	0.5	4.5	0.5	5.6	0.9	5.0	0.8	4.3	1.2
C24	5.9	0.9	6.8	0.5	6.0	0.0	6.4	0.5	6.2	0.4	5.5	0.6	4.3	0.6
C25	5.3	1.4	5.5	0.6	5.5	0.6	5.5	0.5	5.4	1.5	4.3	2.5	6.0	0.0
C26	5.9	0.8	5.5	0.6	6.3	0.5	5.9	0.6	5.8	1.3	6.0	0.8	5.7	0.6
C27	6.5	0.5	7.0	0.0	7.0	0.0	7.0	0.0	6.2	0.4	6.3	0.5	6.0	0.0
C28	6.0	0.9	6.3	0.5	6.5	0.6	6.4	0.5	6.2	0.8	6.3	0.5	4.3	0.6
C29	5.3	1.0	5.0	0.8	6.3	0.5	5.6	0.9	5.2	1.1	5.5	1.0	4.3	0.6
C30	5.9	0.6	6.0	0.0	6.0	0.0	6.0	0.0	5.8	0.4	6.3	0.5	5.0	1.0
C31	5.8	0.6	6.0	0.0	6.0	0.0	6.0	0.0	6	0.0	5.8	0.5	4.7	1.2
C32	4.8	0.9	4.5	0.6	5.8	1.0	5.1	1.0	5	1.0	4.5	0.6	4.0	0.0

Examining the overall *Servqual* average score given by the single customers we see that the overall average scores are always larger than 4.5 but fragmented along the remaining values of the scale (Chart 6.1).

Chart 6.1 Average scores and std. dev. on Service Quality by respondents

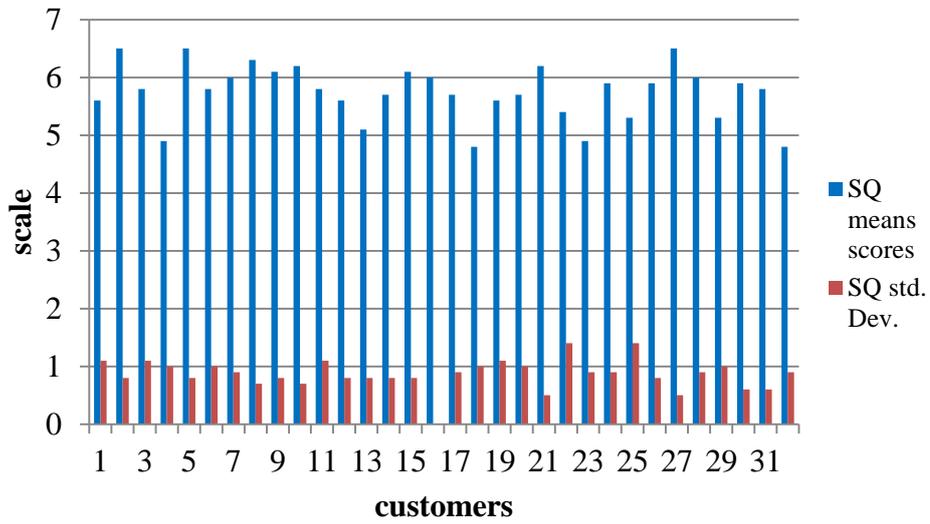
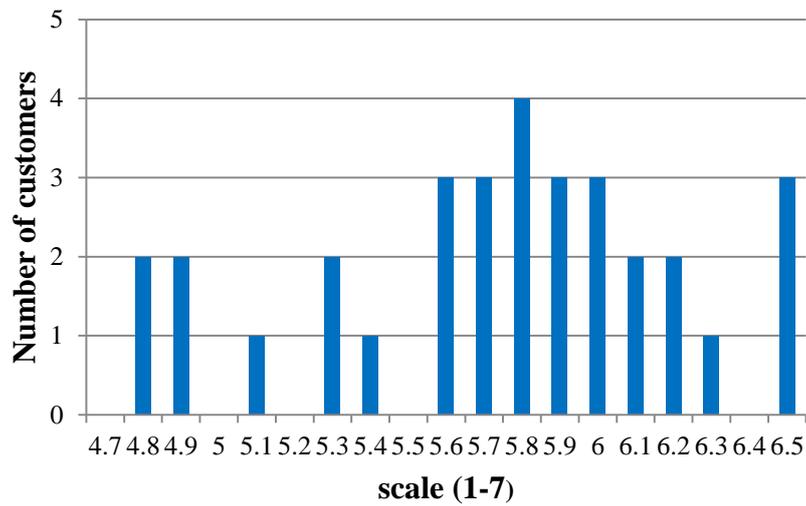
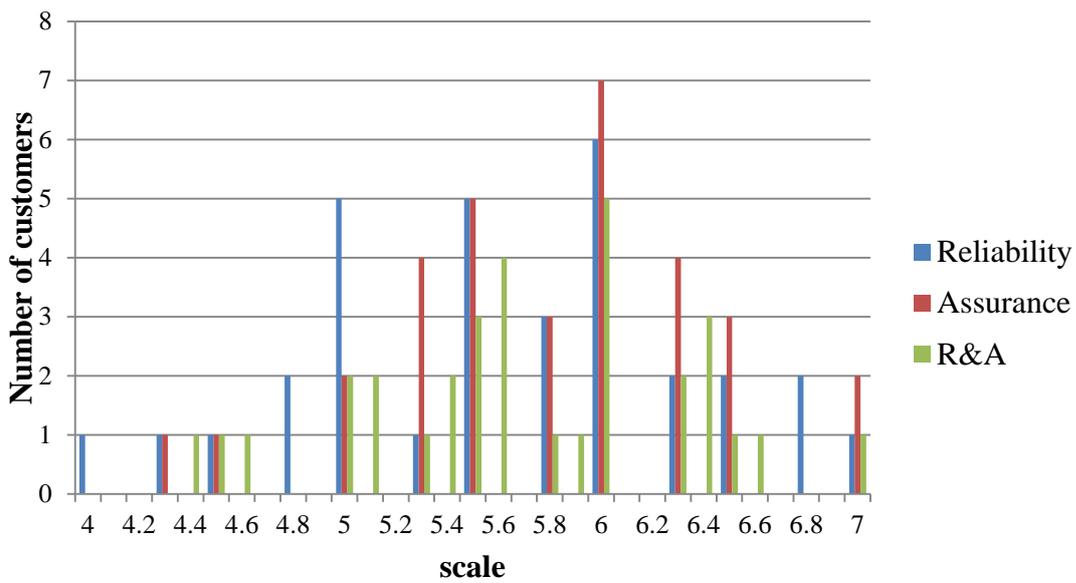


Chart 6.2 Supplier Service Quality means scores distribution



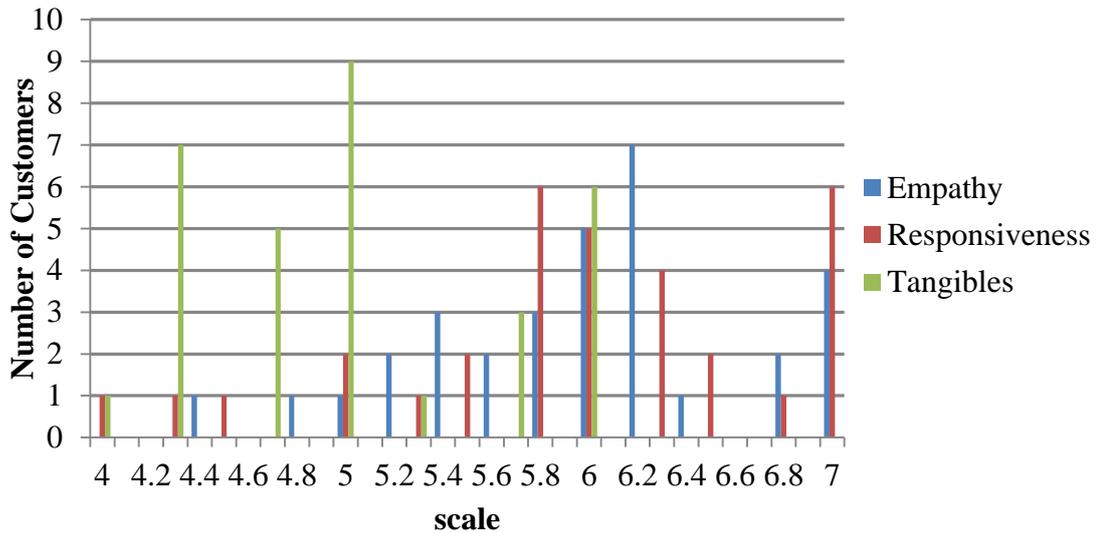
The same analysis that looks at the distribution of means for each component of *Servqual* (originally: *Reliability*, *Assurance*, *Empathy*, *Responsiveness* and *Tangibles*) was repeated. The results are reported in Chart 6.3 (R&A) and Chart 6.4 (for the other three components). The results show a more fragmented distribution than on the overall score for supplier service quality in Chart 6.2. Chart 6.3 shows frequency distribution of average scores by respondents on the component *Reliability&Assurance* both aggregated and distinct.

**Chart 6.3 Supplier Service Quality -
Factor 1 Reliability&Assurance
means scores distribution**



If we look at the frequencies on the other three components, *Empathy*, *Responsiveness* and *Tangibles*, in Chart 6.4, we note a similar trend.

Chart 6.4 Supplier Service Quality - Factors 2 Empathy, 3 Responsiveness and 4 Tangibles means scores distribution



In this case the value with the highest frequency is 6.2 for *Empathy*, 5.75 for *Responsiveness* and 5 for *Tangibles*. Respondents do not converge on a few similar values but we can see rather substantial differences as, for instance, for *Empathy*, where the extreme values are 4.4 and 7.

Cluster analysis

The degree of heterogeneity in the data was also investigated using cluster analysis. Pre and post data was employed which resulted in the identification of distinct clusters as shown in Table 6.9. Evidence of the existence of different clusters from the Cluster analysis can be taken as an indicator of heterogeneity in the data. We can also observe that there are some differences in the clustering results between pre- and post-interaction data. This may mean that identifying and defining clusters (homogenous groups of customers) is fleeting. We will discuss the issue of change over time in more detail in section 6.3.

Table 6.9 Supplier Service Quality (*Servqual*) Cluster Analysis
(N=32; pre- and post-interaction data)

Cluster A 2-clusters solution			Cluster B 3-clusters solution			Cluster C 4-clusters solution		
Cluster	Number of cases		Cluster	Number of cases		Cluster	Number of cases	
	Pre	Post		Pre	Post		Pre	Post
A 1	10	25	B1	10	15	C1	10	15
A2	22	7	B2	9	10	C2	9	10
			B3	13	7	C3	8	4
						C4	5	3

Having examined the cases for each cluster solution it appears that the most plausible is the three-cluster solution, Cluster B. We therefore conducted an independent sample t-test (Table 6.10) to evaluate whether service quality means were significantly different among the three B-clusters. Both pre-interaction and post-interaction differences showed significant differences, except for the B1-B2 post interaction.

Table 6.10 Independent Sample Test* - Cluster B (3-clusters solution)
Supplier Service Quality (SQ)

	t-test for equality of means						
	t	df	Sig. (2-tailed)	Mean diff.	St. error mean	95% Confidence Interval of the Difference	
						Lower	Upper
SQ pre B1- B2 (10; 9)	-12.1	13.8	.000	-1.3	.1	-1.5	-1.1
SQ pre B1- B3 (10; 13)	-5.4	16.9	.000	-.6	.1	-.9	-.4
SQ pre B2 - B3 (9; 13)	8.1	20	.000	.7	.1	.5	.9
SQ post B1- B2 (15; 10)	-1.0	17.9	.349	-.1	.1	-.4	.1
SQ post B1- B3 (15; 7)	7.3	14.6	.000	.9	.1	.6	1.1
SQ post B2 - B3 (10; 7)	7.1	15	.000	1.0	.1	.7	1.3

*Equal variances not assumed

6.3.2. Perceptions of supplier organization personality

A look at the perceptions of supplier organization personality data appears to confirm considerable variation by customer. Means supplier organization personality scores at both an overall and at the single factors level show differences across different customers.

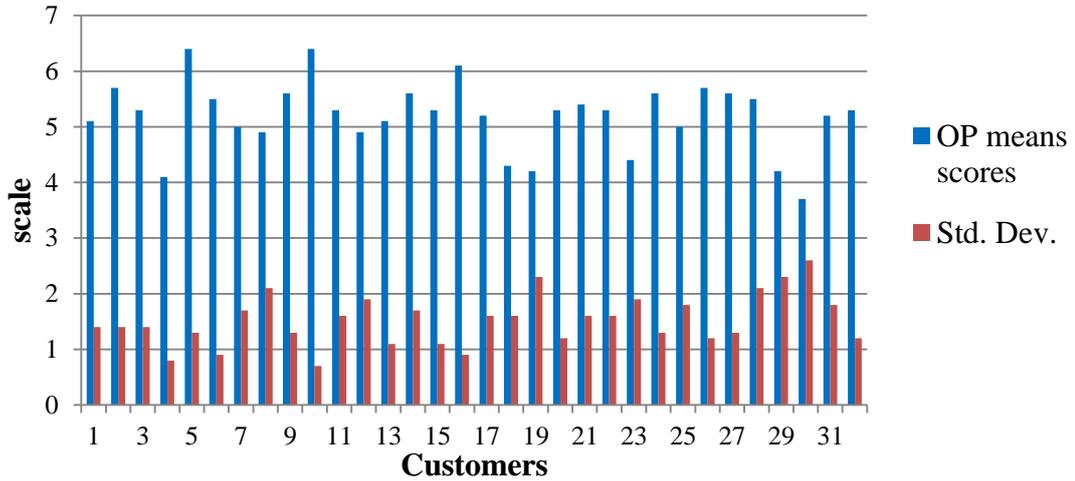
The means scores reported in Table 6.11 indicate individual customers' means score for organization personality. High/low organization personality scores have no natural interpretation. We use them only to assess differences in perceptions of personality. The lowest mean is 3.7 while the highest is 6.4 indicating a substantial difference of 2.7 points between the lowest and highest mean scores.

If we look at the results at the component level in Table 6.11 we observe that differences between the mean scores are even greater at: 3.3 points for *Innovativeness* (3.3 vs. 6.6), 4 points for *Dominance* (3 vs.7), 4.2 for *Style* (2.8 vs. 7) and 3.6 if we consider *Innovativeness*, *Dominance* and *Style* as a single component (3.1 vs. 6.7). The difference between pre- and post-level scores is equal to 3 points for *Thrift* (4 vs. 7) and 4.2 for *Boy Scout* (2.1 vs. 6.3).

**Table 6.11 Supplier Organization Personality (OP)
means score by respondents – post interaction**
F1 Strength, F2 Thrift, F3 Boy scout

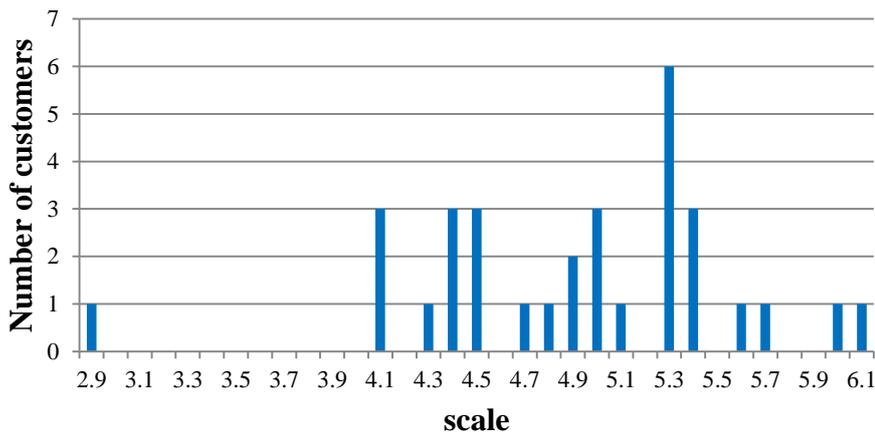
C	OP	s.d	Inn.	s.d	Dom	s.d.	Style	s.d	F1	sd	F2	s.d	F3	s.d
C1	5.1	1.4	5.0	2	4.5	0.6	5.5	0.6	5.0	1.4	6.3	0.8	4.4	1.1
C2	5.7	1.4	5.3	1.4	5.0	2.7	5.0	0.8	5.1	1.6	7.0	0.0	5.6	1.1
C3	5.3	1.4	4.3	1.6	5.5	0.6	5.5	1.0	4.9	1.3	7.0	0.0	4.9	1.1
C4	4.1	0.8	4.1	1.1	4.3	0.5	4.3	0.5	4.2	0.8	4.0	0.6	4.0	1.1
C5	6.4	1.3	5.6	2.1	6.8	0.5	7.0	0.0	6.3	1.6	7.0	0.0	6.1	1.0
C6	5.5	0.9	5.6	1.0	5.0	0.0	5.3	0.5	5.3	0.7	6.8	0.4	4.9	0.4
C7	5.0	1.7	4.9	2.0	5.0	0.0	4.5	1.0	4.8	1.4	7.0	0.0	3.8	1.3
C8	4.9	2.1	4.3	2.5	5.8	0.5	3.8	1.9	4.5	2.0	7.0	0.0	4.1	2.0
C9	5.6	1.3	4.7	2.0	6.5	0.6	5.3	1.0	5.3	1.6	5.5	1.4	6.3	0.5
C10	6.4	0.7	6.6	0.5	7.0	0.0	6.5	0.6	6.7	0.5	6.7	0.5	5.6	0.5
C11	5.3	1.6	4.1	2.3	6.3	0.5	5.5	1.0	5.1	1.8	6.5	1.2	5.0	0.8
C12	4.9	1.9	4.1	1.6	6.0	0.0	4.8	2.6	4.8	1.8	6.8	0.4	3.6	1.8
C13	5.1	1.1	4.3	1.0	5.3	0.5	5.3	1.0	4.8	0.9	6.7	0.5	4.6	0.7
C14	5.6	1.7	5.9	1.2	5.3	2.9	5.3	1.0	5.5	1.6	7.0	0.0	4.5	1.7
C15	5.3	1.1	5.3	1.3	5.0	0.8	5.0	0.8	5.1	1.0	6.5	1.2	4.8	0.5
C16	6.1	0.9	6.3	0.5	5.0	2.0	6.0	0.0	5.9	1.1	6.7	0.5	6.1	0.4
C17	5.2	1.6	5.0	2.0	5.3	0.5	5.0	0.0	5.1	1.3	7.0	0.0	4.1	1.6
C18	4.3	1.6	3.7	1.0	5.5	1.3	4.0	2.4	4.3	1.6	5.7	1.2	3.3	0.9
C19	4.2	2.3	4.3	2.5	4.5	0.6	4.0	2.0	4.3	1.9	7.0	0.0	2.1	1.5
C20	5.3	1.2	5.3	1.5	5.0	0.8	5.0	0.8	5.1	1.1	6.7	0.8	4.6	0.7
C21	5.4	1.6	4.9	1.9	5.8	0.5	4.5	2.4	5.0	1.7	6.5	1.2	5.3	1.4
C22	5.3	1.6	4.3	2.4	5.5	0.6	5.0	2.0	4.8	1.9	6.7	0.8	5.3	0.7
C23	4.4	1.9	3.4	2.4	5.5	0.6	3.3	2.2	3.9	2.2	5.8	1.8	4.1	0.8
C24	5.6	1.3	4.6	1.7	5.8	1.0	5.0	1.4	5.0	1.5	6.8	0.4	5.9	0.8
C25	5.0	1.8	4.1	2.5	5.3	0.5	4.8	0.5	4.6	1.7	7.0	0.0	4.1	1.4
C26	5.7	1.2	5.3	1.5	5.8	0.5	5.3	0.5	5.4	1.1	6.8	0.4	5.4	1.4
C27	5.6	1.3	4.7	2.1	5.8	1.0	5.3	0.5	5.1	1.5	7.0	0.0	5.3	0.5
C28	5.5	2.1	4.7	1.9	5.5	3.0	5.0	2.8	5.0	2.3	6.3	1.6	5.8	2.2
C29	4.2	2.3	4.0	2.4	4.8	1.0	4.0	2.2	4.2	2.0	7.0	0.0	2.1	1.6
C30	3.7	2.6	3.3	2.9	3.0	2.3	2.8	2.1	3.1	2.4	7.0	0.0	2.5	2.1
C31	5.2	1.8	4.4	2.6	5.8	0.5	4.3	2.2	4.7	2.1	6.3	1.6	5.4	0.5
C32	5.3	1.2	5.4	1.3	5.8	0.5	5.5	0.6	5.5	0.9	5.3	1.9	4.9	1.0

Chart 6.5 Average scores and Std. Dev.
Organization Personality (OP) by respondents



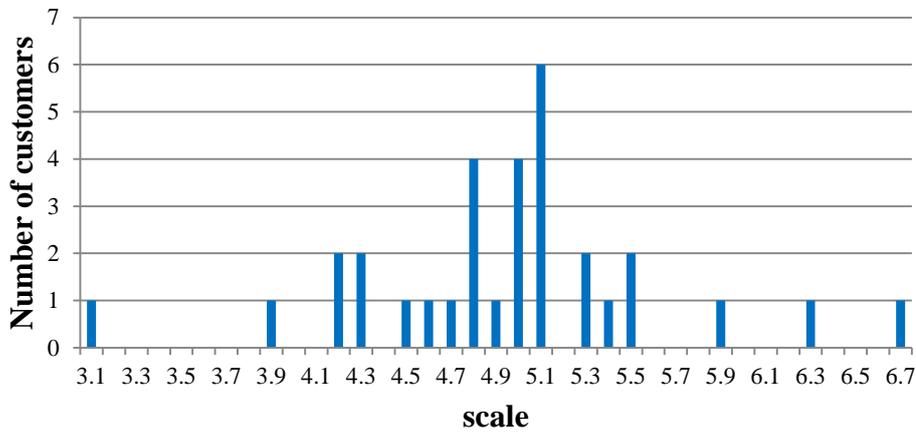
Similarly to the analysis of supplier quality, if we consider the overall *Organization Personality* score of the single customers we see that the overall means score distribution is fragmented (Chart 6.6) and goes from a minimum of 2.9 to a maximum of 6.1.

Chart 6.6 Supplier Organization Personality means scores distribution

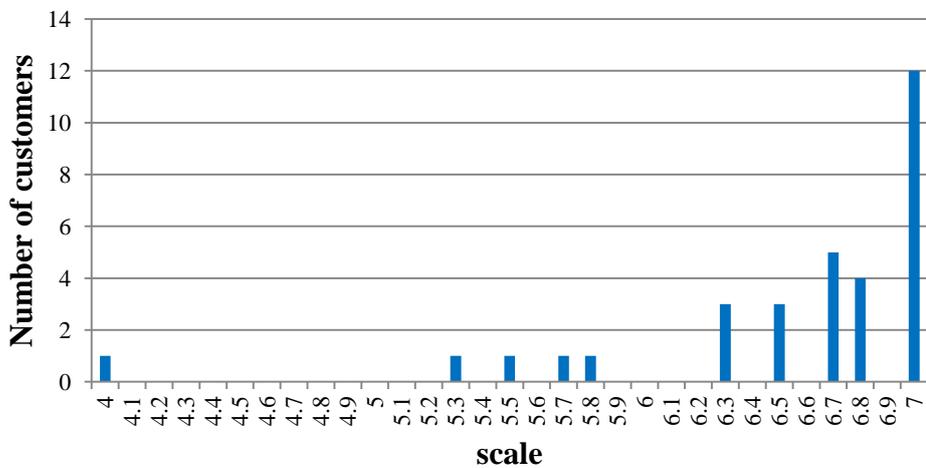


We have done the same analysis of the distribution at each component of the Organization Personality scale 2 (OP2) composed by the three factors: F1 Strength, F2 Thrift and F3 Boy Scout (whose original factors are: *Boy Scout*, *Innovativeness*, *Dominance*, *Thrift* and *Style*). The results on the frequency distribution of average scores by respondents on the three components, which is reported in Chart 6.7-9, show a fragmented distribution along the 1 to 7.

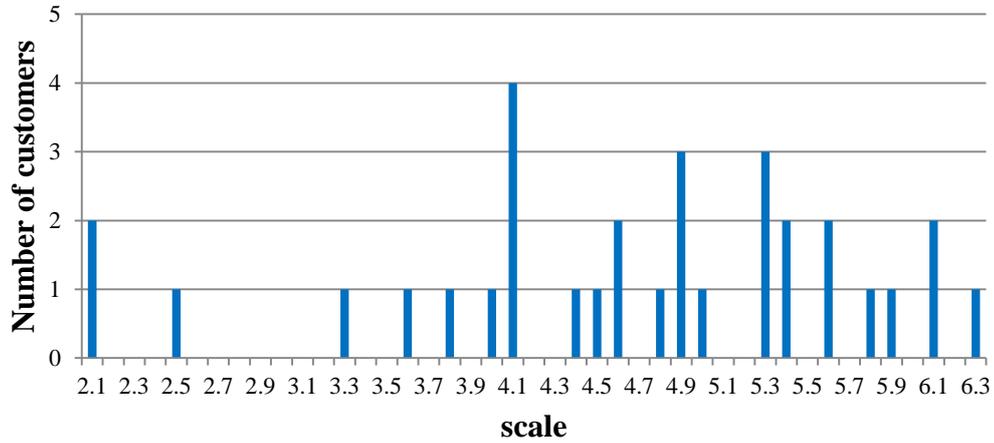
**Chart 6.7 Supplier Organization Personality
F1 Strength - means scores distribution**



**Chart 6.8 Supplier Organization Personality
F2 Thrift - means scores distribution**



**Chart 6.9 Supplier Organization Personality
F3 Boy Scout - means scores distribution**



Cluster analysis

The degree of heterogeneity in the data on how the organisation personality of the supplier is perceived (identity attributed) was also investigated using cluster analysis. Pre and post data were employed, which resulted in the identification of different clusters as shown in Table 6.12. Evidence of the existence of different clusters from the cluster analysis, can be taken as an indicator of heterogeneity in the data. Differences in the clustering pre and post interaction also suggest that defining clusters is subject to change over time. But we will come back to this question when we discuss in more detail the issue of change over time in Section 6.3.

Table 6.12 Supplier Organization Personality Cluster Analysis
(N=32; pre- and post-interaction data)

Cluster A 2-clusters solution			Cluster B 3-clusters solution			Cluster C 4-clusters solution		
Number of Cluster	Number of cases		Number of Cluster	Number of cases		Number of Cluster	Number of cases	
	Pre	Post		Pre	Post		Pre	Post
A1	17	26	B1	11	26	C1	3	20
A2	15	6	B2	12	1	C2	2	6
			B3	9	5	C3	3	1
						C4	24	5

An examination of the cases for each cluster solution shows that the most plausible concerning the pre-interaction analysis is the three-cluster solution, Cluster B. While for post-interaction data Cluster A is the most plausible for this kind of analysis since Cluster B2 consists of one case only. We therefore conducted an independent sample t-test (Table 6.13) to evaluate whether supplier organization personality means were significantly different among the pre-interaction 3-clusters solution and among the post-interaction 2-clusters solution.

Table 6.13 Independent Sample Test*
Cluster B (3-clusters solution) and A (2-clusters solution)
Supplier Organization Personality (OP)

	t-test for equality of means						
	t	df	Sig. (2-tailed)	Mean diff.	St. error mean	95% Confidence Interval of the Difference	
						Lower	Upper
3-clusters solution							
OP pre B1- B2 (11;12)	5.6	16.3	.000	.8	.1	.5	1.2
OP pre B1- B3 (11; 9)	-.3	17.6	.795	.0	.2	-.4	.3
OP pre B2 - B3 (12;9)	-7.1	16	.000	-.9	.1	-1.1	-.6
2-clusters solution							
OP pre A1- A2 (17;15)	-8.0	29.6	.000	-.9	.1	-1.1	-.6
OP post A1- A2 (26;6)	10.6	12.7	.000	1.3	.1	1.0	1.5

*Equal variances not assumed

As shown in Table 6.13, the means among all the clusters analysed differed significantly except for clusters B1-B3 pre interaction.

Having examined the differences in identity, we also carried out an analysis to directly test the first hypothesis stating that:

H₁: Different customers attribute different identities to the same supplier.

To do this, we put together the two scales for quality and personality that have previously been separately investigated and validated. After a cluster analysis that showed a 3-clusters solution to be the most plausible, we conducted an independent t-test to estimate whether the differences among clusters were significant.

**Table 6.14 Independent Sample Test* - 3-clusters solution
Supplier Identity (ID)**

	t-test for equality of means					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean diff.	St. error mean	Lower	Upper
ID pre 1-2 (11; 12)	-12.0	20.8	.000	-1.0	.1	-1.2	-.8
ID pre 1-3 (11; 9)	-3.6	15.8	.003	-.4	.1	-.6	-.1
ID pre 2-3 (12; 9)	6.6	15.6	.000	.6	.1	.4	.9
ID post 1-2 (18; 10)	-5.5	21.8	.000	-.6	.1	-.9	-.4
ID post 1-3 (18; 4)	3.7	4.6	.016	.6	.2	.2	1.1
ID post 2-3 (10; 4)	7.2	4.9	.001	1.3	.2	.8	1.7

*Equal variances not assumed

The results of the independent sample t-test reported in Table 6.14 indicate that the identity attributed by customers to the same supplier is significantly different among the 3 clusters identified both pre and post interaction. This finding supports *H₁*.

Conclusion on H_1

Data on differences in perceptions of the same supplier by different customers allow for the following considerations regarding the first of our two main hypotheses. The results from the means scores and distribution of data show marked differences. Further support for the hypothesis is provided by the results of the cluster analysis that indicates there are clusters of customers that perceive the same supplier in significantly different ways on both the aspect of quality and personality, but also at the overall level on identity. Hence:

H_1 , Different customers attribute different identities to the same supplier

and also:

H_{1a} Customers interacting with the same supplier form different interpretations of supplier quality

H_{1b} Customers interacting with the same supplier form different interpretations of the supplier organization personality

6.4 Change in attributed identities from interaction to interaction

The analysis in this section relates to the second hypothesis, namely that: *the identity attributed to the counterpart in business relationships changes from interaction to interaction*. This hypothesis was derived from the theory that holds that identity changes from interaction to interaction and therefore is always emergent.

Data on the quality and organisation personality of both the supplier and customer (based on the customer and supplier representatives questionnaires) collected pre and post interaction will be analysed. The analysis is organized as follows:

- Change in the perceived quality of the supplier (6.4.1)
- Change in the perceived quality of the customers (6.4.2)
- Change in the organization personality profile for both customer and supplier (6.4.3)

We will conclude this part by analysing change in identity considering both the quality and personality using a 49-item scale that represents a merger of the 20-item quality scale and the 29-item organization personality scale. This analysis is presented in section 6.4.4.

6.4.1 Supplier quality perceptions

The initial impression from the primary data obtained from single respondents is that perceptions of supplier quality change after an interaction. Descriptive macro statistics show the effects of an interaction episode on the perceptions of supplier quality. In order to show the differences in pre and post overall means scores for each respondent, Table 6.15 reports the mean scores for supplier service quality for each of the pre- and post-interaction questionnaires. The descriptive statistics in Table 6.15 indicate that the differences for most respondents appear to be rather moderate. However, a t-test undertaken shows these differences to be statistically significant.

Table 6.15 Supplier service quality
means score by respondent (Resp.) pre/post

Resp.	Mean SQ		diff	Resp.	Mean SQ		diff
	pre	post	mean		pre	post	mean
C1	5.5	5.6	0.0	C17	5.2	5.7	0.5
C2	6.6	6.5	-0.1	C18	4.6	4.8	0.2
C3	6.0	5.8	-0.3	C19	5.8	5.6	-0.2
C4	5.6	4.9	-0.7	C20	5.4	5.7	0.3
C5	6.7	6.5	-0.2	C21	6.5	6.2	-0.3
C6	5.4	5.8	0.4	C22	4.8	5.4	0.6
C7	5.1	6.0	1.0	C23	5.2	4.9	-0.4
C8	6.5	6.3	-0.2	C24	5.9	5.9	0.0
C9	6.4	6.1	-0.4	C25	5.9	5.3	-0.6
C10	6.1	6.2	0.1	C26	5.8	5.9	0.0
C11	5.5	5.8	0.3	C27	6.6	6.5	-0.1
C12	5.9	5.6	-0.3	C28	6.2	6.0	-0.2
C13	5.2	5.1	-0.1	C29	6.1	5.3	-0.8
C14	6.5	5.7	-0.9	C30	6.0	5.9	-0.1
C15	5.3	6.1	0.8	C31	5.7	5.8	0.0
C16	6.3	6.0	-0.3	C32	5.3	4.8	-0.5
SQ mean score Pre: 5.8 s.dev.0.6							
SQ mean score Post: 5.7 s. dev.0.5							

T-test Results for supplier service quality

Given the support for the psychometric properties of the scale (cf. p. 121), we proceed here to use paired t-tests to investigate whether differences before and after an interaction are statistically significant. Paired sample t-tests are used because the same participants took part in both “conditions” (namely pre and post interaction) with each condition being measured. Results are reported in Table 6.13.

Paired t-tests for each component of supplier quality (Table 6.13) indicate major and significant differences in three of the components: *Reliability & Assurance*, *Responsiveness* and *Tangibles*. As can be seen in Table 6.13 pre-interaction scores on the component *Reliability & Assurance* ($M = 5.9$, $SE = 0.09$) differ significantly from

post-interaction scores ($M = 5.7$, $SE = 0.11$, $t(31) = 2.08$, $p < .05$). The mean score on the *Responsiveness* pre interaction ($M = 5.7$, $SE = 0.14$) is significantly different from the one post interaction ($M = 6$, $SE = 0.11$, $t(31) = -2.76$, $p < .05$). For the component *Tangibles* the results are similar. The mean score regarding *Tangibles* pre interaction is significantly different ($M = 5.4$, $SE = 0.13$) from how *Tangibles* are perceived after the interaction ($M = 5$, $SE = 0.11$, $t(31) = 3.52$, $p < .05$). Interestingly both the *Reliability & Assurance* and *Tangibles* components mean scores decrease as a consequence of interaction.

However, in the case of the *Empathy component* the pre-interaction mean score ($M = 5.9$, $SE = 0.14$) is not significantly different from the post-interaction mean score ($M = 6$, $SE = 0.12$, $t(31) = -0.23$, $p > .05$).

Table 6.13 Paired Samples Test – Servqual

	Paired Differences							Sig. (2- tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	
				Lower	Upper			
F1 Reliability& Assurance	0.18	0.48	0.08	0.00	0.35	2.08	31	.046
F2 Empathy	-0.04	0.92	0.16	-0.37	0.29	-0.23	31	.818
F3 Responsiveness	-0.38	0.78	0.14	-0.66	-0.10	-2.76	31	.01
F4 Tangibles	0.40	0.64	0.11	0.17	0.63	3.52	31	.001
Supplier Quality	.069	.42	.074	-.08	.22	.935	31	.357

6.4.2 Customer quality perceptions

An initial review of the primary data for single respondents indicates that the perceptions of customer quality change as a consequence of an interaction. Descriptive macro statistics in Table 6.14 show the interaction effect on perceptions of customer quality. Table 6.14 reports the means scores for customer quality for each of the pre- and post-interaction situation and shows the differences for each respondent. These differences are investigated for statistical significance using paired sample t-tests.

Table 6.14 Customer quality (CQ)

means scores by respondent pre/post interaction							
Respondent.	Mean pre	Mean post	Diff. mean	Respondent.	Mean pre	Mean post	Diff. mean
C1	4.7	4.3	0.4	C17	4.4	4.1	0.3
C2	6.0	5.6	0.4	C18	5.5	4.4	1.1
C3	5.3	4.9	0.4	C19	5.4	5.3	0.1
C4	6.3	5.1	1.3	C20	5.4	5.0	0.5
C5	5.2	4.4	0.8	C21	5.9	6.1	-0.2
C6	5.6	5.3	0.4	C22	5.7	5.7	0.0
C7	5.4	5.3	0.1	C23	5.5	4.5	1.0
C8	6.0	5.4	0.6	C24	5.3	4.8	0.5
C9	4.1	4.1	0.0	C25	4.5	4.5	0.0
C10	5.8	5.3	0.5	C26	4.5	4.5	0.0
C11	5.3	5.3	0.0	C27	5.3	5.3	0.0
C12	5.5	4.7	0.8	C28	6.5	6.0	0.5
C13	4.8	4.9	-0.1	C29	5.0	4.4	0.6
C14	5.6	5.4	0.2	C30	5.0	5.0	0.0
C15	5.8	5.4	0.4	C31	4.1	2.9	1.2
C16	4.6	4.1	0.5	C32	5.1	5.0	0.1
CQ score mean Pre: 5.3 Std. Dev. 0.6							
CQ score mean Post: 4.9 Std. Dev. 0.7							

T-test for change in customer quality

Given the support for the psychometric properties of the customer quality scale (cf. p.123), paired sample t-tests were employed to investigate whether the differences between pre- and post-interaction scores are statistically significantly different. Results of the paired sample t-test are reported in Table 6.15.

The results for each dimension in Table 6.15 show that salespeople changed their perceptions on all the four components of: *Success*, *Empathy*, *Profitability* and *Smooth Relationship*. The pre-interaction mean for the *Success* dimension is significantly greater ($M = 4.9$, $SE = .17$) than the mean after interaction ($M = 4.6$, $SE = 1.06$, $t(31) = 2.2$, $p < .05$). We find the same result for *Empathy*, with the pre-interaction mean higher ($M = 5.5$, $SE = .87$) than the after-interaction mean ($M = 4.9$, $SE = .93$, $t(31) = 3.6$, $p < .05$).

The pre-interaction mean score for *Profitability* is also significantly higher ($M = 5.2$, $SE = .14$) than the score after interaction ($M = 4.8$, $SE = .14$, $t(31) = 3.4$, $p < .05$). Finally, the mean score for *Smooth Relationship* shows a significant difference between pre ($M = 5.7$, $SE = .13$) and post interaction ($M = 5.3$, $SE = .11$, $t(31) = 3.9$, $p < .05$). It is interesting to note that scores for all four components *Success*, *Empathy*, *Profitability* and *Smooth Relationship* decrease after the interaction.

Table 6.15 indicates that salespeople have significantly altered their perceptions of customer quality. It is evident from the results that mean scores before ($M = 5.3$, $SE = .1$) and after the interaction are statistically different ($M = 4.9$, $SE = .1$, $t(31) = 5.5$, $p < .05$).

Table 6.15 Paired Samples Test – Customers Quality

	Paired Differences						t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
F1 Success	0.3	0.7	0.1	0.0	0.5	2.2	31	.039	
F2 Empathy	0.6	1.0	0.2	0.3	1.0	3.6	31	.001	
F3 Profitability	0.4	0.7	0.1	0.2	0.7	3.4	31	.002	
F4 Smooth Rel.	0.4	0.6	0.1	0.2	0.6	3.9	31	.000	
Customer Quality	0.4	0.4	0.1	0.2	0.5	5.5	31	.000	

6.4.3 Perceptions of customer and supplier organization personality

In this section we examine change in the perceptions of organization personality for both customers and supplier, because data for the same organization personality scale has been collected from both respondents.

T-test results for changes in organization personality scores

Results of paired sample t-tests are again shown in Table 6.16 and confirm that the change in mean scores before and after interaction are statistically significant.

Table 6.16 indicates that actors in a business relationship (customer's and supplier's agents) have significantly changed their perceptions of the other party. The mean scores exhibit a statistically significant change between those occurring before and after an interaction ($M = 5, SE = 0.9$) to after ($M = 4.9, SE = 0.1, t(63) = 2.4, p < .05$).

**6.16 Paired Samples Test – Organization Personality
(customers and supplier)**

	Paired Differences						t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Organization Personality	.13	.44	.05	.02	.24	2.40	63	.020	

Looking at the changes in perceptions for single components we find a significant difference for the *Boy Scout* component. The mean score for this decreased after the interaction. There is a change from pre interaction ($M = 5, SE = 0.10$) to after the interaction ($M = 4.6, SE = 0.13, t(31) = 3.87, p < .05$) that is significant. The mean score for the component of *Innovativeness, Dominance and Style* pre interaction ($M = 4.6, SE = 0.13$) is not significantly different from the mean post interaction score ($M = 4.6, SE = 0.12, t(31) = 1, p > .05$). The same can be said for the *Thrift* component. The difference between the mean for pre ($M = 6, SE = 0.10$) and post interaction ($M = 6.1, SE = 0.12, t(31) = -0.43, p > .05$) is not significant.

Results from the paired t-tests on organization personality carried out separately for customer and supplier (Table 6.17) exhibit no differences from when the scores for customers and supplier were computed earlier. Results show that mean Supplier Organization Personality pre-interaction scores ($M = 5.36, SE = .09$) differ significantly from those at post interaction ($M = 5.18, SE = .1, t(31) = 2.5, p < .05$). Also, the Customer Organization Personality pre interaction mean ($M = 4.7, SE = .12$) is significantly different from that found after an interaction ($M = 4.5, SE = .14, t(31) = 2.5, p < .05$).

**6.17 Paired Samples Test – Organization Personality
(customers and supplier)**

	Paired Differences		Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2- tailed)
	Mean	Std. Deviation		Lower	Upper			
Supplier OP	.17	.39	.07	.03	.32	2.5	31	.018
Customers OP	.17	.39	.07	.03	.32	2.5	31	.018

6.4.4 The overall perception of identity

Having examined changes in identity we also carried out analysis to test directly the second hypothesis that states that:

H₂: The identity attributed to the counterpart in a business relationship changes from interaction to interaction

To do this, we proceeded by putting together the two scales for quality and personality that have previously been separately investigated and validated. The results of the paired sample t-test reported in Table 6.20 indicate that the actors, whether customers or supplier, have changed their perceptions of the identity of their counterpart during an interaction. This is evidenced by the mean scores before ($M = 5.2, SE=.08$) and after the interaction episode ($M = 5, SE=.09, t(63)= 3.8, p < .05$). This finding provides support for *H₂* and that *the identity attributed to the counterpart in a business relationship changes from interaction to interaction.*

**6.18 Paired Samples Test – Identity
(customers and supplier)**

	Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
Identity	.17	.36	.04	.08	.26	3.8	63	.000

Conclusion on H_2

The analysis of the data on change in perceptions in terms of personality and quality after an interaction episode allows us to draw some conclusion regarding the second of our hypotheses that considers the change in identity attributed to an actor.

The first impression from the means scores data is that there are very few cases in which the identity attributed to the counterpart remained unchanged. Results of the paired sample t-test on supplier service quality dimensions confirms sub-hypothesis H_{2a} that *perceptions of supplier quality change after an interaction*. This result was not supported only for the *Empathy* dimension. Results of the paired sample t-tests of customer quality dimensions confirm H_{2b} that *Perceptions of customer quality change after an interaction*. This result was not supported only for the *Success* dimension. Paired sample t-test results for *Organization Personality* support H_{2c} that *The Organization Personality of the counterparts in a business relationship changes after an interaction*.

Finally, paired sample t-test results (cf. Table 6.18) using a composite scale that puts together quality and personality aspects to assess overall identity, provide support for Hypothesis 2: *The identity attributed to the counterpart in a business relationship changes from interaction to interaction*.

In addition:

H_{2c} *The organization personality of the counterparts in a business relationship changes after an interaction* is supported, because the change in the overall organization personality of both customers and supplier resulted in statistically significant differences.

H_{2b} *Perceptions of customer quality change after an interaction* is supported, because the change in the overall customer quality resulted in statistically significant differences between pre- and post-interaction mean scores.

H_{2a} *Perceptions of the supplier quality change after an interaction* is not broadly supported because our analysis does not provide statistically significant changes in the overall supplier quality mean scores. However, some level of support can be provided in that three of the four components that make up supplier quality do provide mean scores for pre and post interaction that are statistically significant.

CHAPTER 7

DISCUSSION AND IMPLICATIONS

7.1 Introduction

The empirical phenomenon examined in this thesis is business relationships. This thesis follows and builds on several decades of research on business markets that were reviewed and discussed in chapters two, three, and four. This research has produced substantial empirical evidence of the existence and importance of continuous business relationships among companies and other economic organizations. The evidence of lasting and complex business relationships in business markets has had two consequences for the research previously discussed in Chapters 2 and 3. The first consequence related to the mutual interdependences among market actors that follow from the existence of relationships. The presence of mutual interdependences makes it difficult to use the concept of market that—certainly in theory—is based on the idea of full independence and autonomy of the market actors. Therefore, it becomes conceptually more appropriate to refer to such a context as a business network rather than a market. The business network concept refers to a peculiar distributed structure that consists of a set of interconnected and interdependent business relationships. The second consequence of the empirical evidence of continuous business relationships has been that relationships became the phenomenon of major interest in the research field. Numerous studies have focused on various aspects of relationships between businesses and other economic organizations, and a growing research interest has focused on business relationships over the last three decades. Such interest acknowledged that, if we are to understand business networks and their dynamics and get better insights into how

businesses develop in business networks, business relationships are the phenomenon to study.

Past research on business relationships appears to fall into two broad categories. Most of the research on business relationships has been concerned with how the existence of business relationships affects the dynamics of business networks and the single businesses. It has largely been dealing with antecedents and outcomes of business relationships, producing valuable insights in that respect. The second category of research on business relationships—apparently a minor stream—has been concerned with processes that lead to the formation and development of business relationships. For instances, studies have examined how the resource ties or activity links impact the relationship development. We reviewed and discussed some of the main studies in both categories in Chapter 3.

Acknowledging that relationships are at the centre of the process of network formation requires shifting the attention from exogenous to endogenous factors in an attempt to explain the development of business networks. It also implies the need to focus on the development of relationships and, consequently, on the interaction processes in relationship formation. In order to explain how a business relationship emerges and evolves, we need to understand how actors interact and what happens when actors interact. This need serves as the background of our study against which to consider the findings and conclusions we reached.

Our study is concerned with one of the apparently main processes underlying the formation of business relationships—namely, the interaction between the individual actors who represent the parties to the relationship. Several streams of research in management as well as other disciplines that have dealt with interaction processes, such as psychology, social psychology, and sociology, have found that when actors interact one central process is the formation of their identities. In an attempt to explore the question of “how business relationships form,” we investigated identity construction in the interaction processes. The thesis that we developed and explored in this study is that the processes by which identities emerge between the individual actors as they interact in

business relationships impact the interaction process and thus how the relationship will develop.

It appears that the very process by which identities form as actors interact is quite central in the dynamics of relationships, business networks, and markets. Actors' identity emerges in interaction and the perceived and attributed identity orients the behaviours of the interacting parties. Therefore, identity formation is at the origin of evolution and change in business relationships. However, the identity formation processes are important not only because they affect each single relationship, but also because—if we assume that relationship is a constituent part of the wider business network—any change in the substance of the relationships affects the overall structure (Håkansson & Snehota, 1995, p. 40). Therefore, changes in single relationships generate changes in the overall business network.

The idea that identity in interaction is an important element in explaining how interaction unfolds and relationships develop has long been rather central in several research streams of psychology and sociology research examining (human) relations and identity or *self*. We reviewed some of that literature and the main ideas in Chapter 4. A review of the marketing literature has shown that in marketing, until recently, only the IMP research had addressed the issue of an actor's identity in interaction and had further proposed some reflections on business actors' identities in business relationships, resulting in two broad propositions that became central to our study. These propositions also underlie the hypotheses we tested through our empirical study.

The first of the propositions is that *actor's identities are relationship specific*, which indicates that an actor's identity differs according to the relationship we observe. Any actor is involved in several relationships, meaning the actor actually has different identities in different relationships. The second proposition is based on research examining actors in business relationships, which suggests that the perceptions of identity are formed as actors interact and therefore change and evolve from interaction to interaction. As such, identities are formed in interactions while also being inputs in interaction; consequently they impact how the interaction process unfolds. In this sense, an identity is never accomplished; rather *an actor's identity is always emergent and*

changing from interaction to interaction. Both propositions are interesting because they contrast much of the thinking about actors in the mainstream management literature.

The arguments underlying both propositions are central to the relational perspective, intuitively appealing, and convincing; however, based on our review of much of the related literature, the empirical evidence is sporadic and mostly episodic. The limited empirical research on the two topics can stem from the methodological challenges inherent in exploring it.

With a goal of contributing to closing the gap in research, we conducted an empirical study of the 32 customer relationships of a large international industrial business, carrying out interviews with actors acting as agents for both the supplier and customer organizations pre- and post- an interaction episode (meeting). The interviews aimed to assess the perceptions of the counterpart—what we refer to as the attributed identity. The structured part of the interviews was based on two constructs of rather diffused use in marketing—namely, the constructs of organization personality (Slaughter et al., 2004) and supplier quality (Parasuraman, Zeithaml & Berry, 1994) proposed in the management literature for other purposes. Instead, to assess customer quality, we developed an ad hoc construct of the customer quality.

The results of the empirical study are interesting and promising. They provide empirical evidence for the hypothesized features of the interaction process among actors in business relationships. They provide support for postulating that actors' identity in business relationships is formed in interactions, always emergent, and relationship specific, thus multifaceted.

Although in Chapter 6 we reported the empirical findings regarding our hypotheses, in the current chapter we discuss the implications of the findings for the interpretation of the phenomenon explored. After the interpretation of the empirical results related to the two specific propositions in the next section, we will shift the attention to the conceptualization and discuss the notion of actor's identity from the interaction point of view. The limitation of the empirical study will be discussed before focusing on the implications of our study for both management research and practice.

7.2 Comments on findings

Before discussing and interpreting the findings presented in Chapter six, we have two considerations about our expectations regarding the results of the empirical study related to the design of the case study. First, as we mentioned when describing the sample of the case study in chapter five, we were obliged to carry out the study with the commercial customers (resellers) of Molle and were not allowed to include Molle's primary customers, which include industrial companies and heavy users of adhesives. As further pointed out by Molle's management, these tend to be customers with more demanding technical and commercial requirements and more pronounced interdependences than in relationships with the commercial customers. Interactions in relationships with these industrial customers tend to be broader and more intense. Therefore, we took into account the eventuality that, because of the reduced level of interdependences among these types of actors, the results of the study would not be significant. In addition, we were not certain if the relatively limited number of relationships (the 32 cases) could limit the statistical robustness of the results. Even if 32 relationships are in principle a sufficient set of observations for an in-depth case study, we suspected that the likelihood to obtain statistically significant results with this sample was moderate.

Despite these doubts, the empirical findings turned out rather robust. Indeed, we found support for both of our hypotheses regarding the differences and heterogeneity in identity perceptions and for the change in the identity perception as a consequence of interaction episodes. In light of such considerations and doubts, the results are particularly encouraging given that we have dealt with relationships in which the interaction is not particularly intense. We would expect more significant results in a research study designed to take into account the main and most significant customer-supplier relationships, emblematic of those described in chapter three.

In the next section, we will discuss the hypothesized differences in the attributed supplier identities among customers and the hypothesized change from interaction to interaction in attributed identities (7.2.1). We will then highlight a further interesting

aspect that emerged from the case that concerns the elements of business actors' identity profile (section 7.2.3).

7.2.1 Differences and changes in the attributed identity

The study provides interesting results regarding the differences in identity attributed to the supplier by different customers (Hypothesis 1). Various types of data analysis provide evidence of the differences. We have indications of the differences from the comparison of the average scores of data from each customer along the identity's components analysed. The supplier's service quality and organization personality scores offer a pattern that is unequivocally not homogenous. In addition, the analysis of the frequency distribution of means and the cluster analysis offer evidence of the differences of identity attribution.

The results suggest that the identities attributed to one and the same counterpart (in our case, the supplier) are relationship specific and tend to be heterogeneous in the sense that—based on the differences in the value of a set of given dimensions—one could also infer that differences exist in the relative importance of the identity dimensions. The evidence of the aspect of heterogeneity is naturally limited because of the tools used to capture the identity profiles (the standardized questionnaire with predefined dimensions).

As a consequence of the relationship specificity of the attributed identity, if we consider the differences from the point of view of a business (the supplier, in our case), it has clearly multiple relationship-specific identities. We will explore the meaning and implication of the heterogeneous nature of identity in more detail in section 7.4, discussing in particular the interrelation between the heterogeneous nature of identity and the always emergent nature of identity. However, since the format of the analysis concerning the change in attributed identities allows for the formulation of richer observations of the results, in the current section we focus more on the issue of change in the attributed identities.

The analysis of the data related to the change of identity perceptions (Hypothesis 2) provides even more robust results and appears fruitful for further considerations. To evaluate the entity of change after the customer–salespeople interaction, we used the *t*-test. Customers’ and salespeople’s reciprocal identity perceptions were tracked twice and compared though a statistical test. *T*-tests confirmed that the perceptions of customer quality as well as customer and supplier organization personality are significantly different when we compare the perceptions pre- and post-interaction. Although the *t*-test did not confirm, at the overall level of the scale, that supplier quality perceptions significantly change after a customer–supplier interaction, it did confirm a significant change in three of the four dimensions of the supplier quality facet of the supplier identity—namely, *Reliability & Assurance*, *Responsiveness*, and *Tangibles*.

The latter result of the change in the supplier’s quality perceptions regarding the single components is particularly interesting if we consider that the overall change in the quality of supplier was not significant. It appears that this change depends primarily on the stability and consistency regarding the *Empathy* component. Attempting to find a rationale for this result, we can suggest that *Empathy*—compared to the other components comprising the quality of the supplier—can be interpreted as a more person-based than role-based component. Indeed, *Empathy* items have much to do with several aspects of the personality scale that—as we will discuss in section 7.2.3—showed an overall less significant change compared to quality (expected performance) scales.

This point is interesting because it opens the discussion about the variation in the results. Considering our data set, we could find two dimensions along which the results appear to vary: 1) the variation between the facets of the overall identity—namely, quality versus personality; and 2) the variation in relation to the role actors play in the relationship—namely, customer versus supplier. Our data do not allow for precise inferences on the differences between quality and personality aspects of identity, but they suggest that there might be differences in the pattern of change and tend to confirm the dual nature of the relational identity of an actor—namely, quality and personality.

Following the same logic, we found it interesting to examine whether the two dimensions vary in the same way dependent on the role of the actor in the relationship as

customer or supplier. We did not formulate any hypotheses in this regard, expecting that the quality and personality would change in a similar way for both customers and supplier. However, the data suggest a different pattern of change for the customer identity and supplier identity, implying that attributed identity might change depending on the role actors represent.

These two aspects—differences in change consequent to interactions between personality and quality and diversity of change between customer and supplier—are further discussed in section 7.4. In the following section, we report a further rather curious, albeit perhaps minor, result concerning pattern in the change of identity perceptions.

7.2.2 Interaction and the “dropping effect”

Investigating the sign of change (positive or negative) of identity perceptions was not the aim of this study as we could not imagine a reasonable argument for increasing or decreasing change. Therefore, we focused exclusively on whether changes occur and whether they are significant, but not on the sign of change positive or negative.

However, an interesting result emerged from the case study regarding the decrease in means in 7 of the 11 components of the identity considered as a consequence of the interaction event (cf. Table 7.1). Indeed, in only one dimension—*Responsiveness*—the mean increased after interaction. In three dimensions—*Empathy* of the supplier quality and *Strength* and *Thrift* of organization personality—the mean scores are more or less stable.

Table 7.1 Trend of change (decrease/increase/stable after interaction) by components of the scales

Legend:

- **Bold components decrease after interaction (-)**

- *Italicized components neither increase nor decrease after interaction (=)*

- Responsiveness increases after interaction (+)

Supplier quality	Customer quality	Organization Personality
1. R&A* (-)	5. Success* (-)	<i>9. Strength (=)</i>
<i>2. Empathy (=)</i>	6. Empathy* (-)	<i>10. Thrift (=)</i>
3. Responsiveness* (+)	7. Profitability* (-)	11. Boy Scout*(-)
4. Tangibles* (-)	8. Smooth Relationship* (-)	

Components followed by * have significantly different pre- and post-interaction results.

We did not find useful theory in the literature that would explain this pattern. Therefore, we can only offer the following conjecture. Considering the results regarding the quality facet of the identity, we could deduce that the face-to-face customer–supplier interaction has a “dropping effect” on reciprocal identity perceptions for both the customer and supplier. This dropping effect could be interpreted as a negative aspect of interactions (since, for instance, reliability and assurance of the supplier decreased after interaction), although in a different way. The explanation could also be that, when actors perceive something as a (acute and urgent) problem, the interaction could have the effect of mitigating (or normalizing) the perceptions of the parties, bringing them to some kind of normality after the arousal. In other words, this dropping effect of interaction could affect perceptions in two ways: dropping positive perceptions as well as dropping negative perceptions. This dropping effect, if confirmed, would provide interesting insights into the relevance of interaction processes for the perceptions produced and ask for further research on the topic of interaction capabilities.

7.2.3 Building blocks of identity

Identifying the building blocks (i.e., the critical and relevant dimensions of the identity of the actors in business relationships) is a major issue in our study. One of the central points of this study is the challenge of identifying which dimensions are of relevance and used when customers and suppliers interact and form perceptions of the reciprocal identities. Following the IMP conceptualization of business actor identity and the limited attempts to specify potential dimensions building identity while also taking into account the ideas stemming from the proposition of the relational identity discussed in Chapter 4, we assumed that personality and quality are the two relevant aspects of identity of both the supplier and customer roles. In analysing the empirical data set, a different pattern of change emerged for the two dimensions and for each of the two roles.

When we examine the change in the attributed identities' by dimension, we find that the variable that changes most as a consequence of interaction is customer quality (4/4 dimensions), followed by supplier quality (3/4 dimensions changed significantly after interaction); personality is relatively more stable for both customers and supplier (1/3 dimensions). This result is interesting as it can be interpreted in the following way: 1) the *Quality* aspect of the identity of a business appears more interaction-dependent than *Personality* and 2) customer quality perceptions change more than supplier quality perceptions. In the next two paragraphs, we will discuss the two dualities encountered—namely, *Quality* versus *Personality* and *Customer* versus *Supplier*.

Quality vs. Personality

Our data suggest that the *Quality* aspect of the identity tends to change more than *Personality*. Looking for a rationale, it can be argued that an organization's personality traits are more enduring, apparently linked to more objective company's characteristics than the role-based aspects underlying the quality traits (Locke, 1976; Rokeach, 1973; Dawis, 1990). However, two other possible reasons can explain this result. On one hand, this result could depend on the weakness of the scale or part of the scale that we used. In fact, all the scales of personality existing in the literature have been developed for

consumer markets and have never been used in the business context. This could mean that, even if the scale worked well (as the reliability test confirmed), there may exist other, more appropriate, aspects of personality of an organization (and role as supplier/customer) in which respondents are more interested but that have not been investigated.

The second possible explanation of the weaker change in personality compared to quality can reflect the very concept of personality and, consequently, personality perceptions. For both the individuals and the company, certain characteristics are more “visible” and more easily observable and recognized by the public. One’s description of a co-worker’s personality will probably be similar to that of other colleagues in some aspects and different in some others. However, if it is the quality of his/her work to be evaluated/perceived, a colleague would likely have different perceptions if compared to his/her supervisor and still different comparisons to the perception of a friend. The role-based part of the identity is more difficult to observe and possibly dependent on some direct experience of interaction. Moreover, the role played by the actors when it refers to performance (quality) is less static and might be expected to change continuously, depending on the situations that arise.

Similarly, customer or supplier quality, being the aspect of identity on which the opposite role is more directly interested, can be assumed to depend more on the problem situation faced. It might reflect that the solution required depends on the priority of one of the parties in a specific situation and at a certain point in time. This dependence on the context of the interaction could be one reason for expecting major variability in the quality aspect.

Supplier vs. Customer

Another aspect that appears interesting is the difference in how perceptions change between supplier quality and customer quality. On one hand, this result reinforces the issue of the complexity of evaluating customers, particularly the customer’s value for the supplier. The result of our study—namely, the significant changes before and after

interaction in perceptions of the customer quality—supports the idea that customer value for a supplier is created in interaction. This finding leads to the discussion of reasons.

On the other hand, in our empirical material, customer quality perceptions change more than supplier quality perceptions; this difference requires an explanation. We assume that the reason is the combination of two factors: substantial and methodological factors. The substantial reasons could be the one previously attributed to the role played by the component *Empathy*, but also to the idea that in general customer quality might be more context dependent than the quality of the supplier. The second reason relates to the ad hoc scale used for measuring customer quality. As the instrument used to assess the quality of customers was constructed with the help of managers acting in this specific context, it is likely that it better captures the more relevant items for actors than the instrument borrowed from the service marketing field—the *Servqual* model—and used to evaluate supplier quality.

7.3 Limitations of the empirical study

Our study has two limitations common to in-depth case studies that we think do not need an extensive discussion as they are well known—namely, the size of the sample and the fact that the study was conducted in only one business context. Both of these limitations have been argued to have bearing on the possibility to generalize the results. However, we have three other considerations concerning the limits of our study.

The first concerns the use of tools originally developed for other contexts and purposes. Although the test of the scales showed that they worked properly with our sample, we reckon the importance of developing more appropriate specific analytical constructs. However, we used these because we considered it even more important to develop first a useful conceptual framework before any attempt to contextualize the measures. Therefore, we opted to use the available scales for organizational personality and service quality.

The second limitation concerns the trade-off between the qualitative and quantitative approach to the phenomenon of interest: the interaction and attribution of

identities. In a study aimed at exploring heterogeneity of perceptions and the change of perceptions over time, the most intuitive way of proceeding would be a qualitative, open approach to data collection. However, we have chosen to use a quantitative approach as well as it makes it less problematic to aggregate and compare data and diminishes the risk of interpretative bias. Indeed, the use of a qualitative approach may lead to over-emphasis on certain differences and ultimately to biased results in favour of our underlying assumptions. In addition, the quantitative approach has limits. In particular, we have to consider the problem of flattening results due to dealing primarily with aggregated and averaged data. In the attempt to take the positive aspects of both methods, we used a quali-quantitative research approach.

The third limitation of our approach relates to the trade-off between a truly longitudinal study and observation at two points rather close in time (not far distant). The decision to include or not include past interactions in the design of the research has also been discussed. Identities' perceptions depend not only on the interaction in which both actors are currently involved, but also on precedent interactions and experiences, which provide the clues that actors use in the identity attribution process. Since precedent interactions are always different, such clues will be different and will also bring a different influence over identities' formation. The bracketing of customer-supplier interaction is always problematic as it is always difficult to define the starting and ending points of interactions in business relationships. No specific points in time can be taken as beginning or end. We have chosen to adopt a bracketing that could be disputed. We observed relatively short interaction events (indeed, we interviewed the parties pre- and post-event but mostly at distance of 7 to 10 days). Part of the reason for this short bracketing was our concern with avoiding the possibility that exogenous factors could intervene and cause the changes in identity.

Despite such limitations, the results obtained by using a relatively small sample consisting of less intense types of relationships and in conditions of one short interaction indicate that the methodological approach followed has been rather fruitful for the exploration of the phenomenon. Data from our case study effectively illustrate the phenomenon that we are set to explore in our research and can be considered a first

empirical test of the two hypotheses. They can also serve as an indication that it is worth further refining the conceptual framework available and the methodology and tools to test the hypotheses empirically, in a more solid and robust way.

7.4 Conceptualizing interactions in business relationships

In this section, we shift from the empirical observations to focus on conceptualization. The empirical evidence of differences in how the same supplier is perceived in different relationships by different counterparts and of the change in these perceptions after a customer–supplier interaction provides important consequences for how we conceptualize the perceptions of identity of business actors as well as their identities. The two phenomena are interrelated: Identities change according to how the interaction (and the relationship) develops and are simultaneously inputs in the interaction process, which is an important factor in how the interaction process will unfold; actors acquire multifaceted identities because identities are relationship specific and tend to differ from relationship to relationship. These aspects are discussed in section 7.4.1. In the second part of this section (7.4.2), we will discuss the implication of these characteristics for conceptualizing business actors.

7.4.1 Actors and relational identities

We adopted the interaction perspective of actors because we are first and foremost interested in explaining how relationships form and develop. We started with the assumption that how actors interact shapes the development of business relationships and is in turn related to how they interpret and attribute meaning and identity to each other. Our argument is that the mutually attributed identities appear central to interaction behaviours and, consequently, to the development of business relationships.

If we accept that perception that an actor's identity is formed in the encounters between customer and supplier, we tend to admit that an actor's identity is relational. It is thus essential to explore the interaction process in business relationships. Given the

common roles of the parties in business relationships, actors tend to represent supplier or customer organizations—a composite and fuzzy entity that has not only the actor, but also resource and activity dimensions. Each actor focuses on and emphasizes certain dimensions of the counterpart; the particular dimensions depend on the actor's role as well as the context and angle from which it approaches and perceives the counterpart. Perceptions of the counterpart are seldom stable and indeed tend to change as any of the actors becomes aware of and discovers other dimensions that have not been previously considered. Rather than what actors actually do and see others do, it is the process of the interaction itself that determines the outcome of the interaction at hand and, therefore, that of the relationships. What really matters is how actors see each other, frame problems, and ascribe meanings to counterparts' behaviours—in other words, how they interpret information and action. Interpretations and choices made by the actors during interactions result in action-oriented problem solving (Rudolph, Morrison & Carroll 2009).

An important factor in how identity perception is formed is thus how actors see and elaborate upon impressions rather than what they actually see. Given this aspect of the interaction process in business relationships, it is easy to appreciate why the attributed identity is relational and the outputs of different interaction processes in different relationships are not comparable.

Given the characteristics of the interaction process previously discussed, it is easy to accept the argument that an actor's identity is formed in interaction and thus the product of interaction; at the same time, it serves as important input to the interaction process. Indeed, what an actor ascribes to the counterpart (the attributed identity) will affect expectations and behaviours of the parties in a relationship. Who an actor thinks the counterpart is, what it provides, and how it performs will impact on the resulting interaction in a reciprocal way. This two-way relationship between identity and interaction is also possibly an explanation of the ever-emergent nature of identity. Indeed, regardless of the identity perceived and attributed by actors, it is only a temporary stabilized snapshot of an underlying entity in continuous development. The emergent nature, which is the continuous change in the identity, can evolve dependent on

factors exogenous to the relationship as well as relationship endogenous factors. We have highlighted in our study the endogenous factors. The importance of these factors comes to the fore in Mead's observation that "as a man adjusts himself to a certain environment he becomes a different individual; but in becoming a different individual he has affected the community in which he lives" (Mead, 1962).

The consequence of the relational nature of identity and of its emergent nature is that every actor has a multifaceted identity that is consequent to the actors' simultaneous involvement in several relationships and possibly with different roles. Considered from the perspective of the actor, each actor's identity includes several facets because the actor has more than one relationship. However, considered from the perspectives of the specific relationship and interaction process, each actor has one distinct and specific relational identity. If we want to understand the dynamics of a given business relationship, we have to look at the specific facet in which actors are reciprocally interested rather than focus on the overall profile of an actor's set of identities, however unique it may appear. What makes an actor different from another is not primarily a different weight given to an a priori set of characteristics. Rather, what makes each actor different is the variation in the dimensions in which others are interested from their own specific angle. An actor's identity is not multifaceted because counterparts see certain a priori characteristics in a different way; an actor has a multifaceted identity because the counterpart's perceptions of the counterpart vary depending on "differences in kind" in the counterpart's perceptions. This is the meaning of heterogeneity: Perceptions of the same actor (identity) are not comparable because they are based on different dimensions. How an actor perceives a counterpart has little to do with how another actor perceives the same counterpart since an actor's identity in business relationships arise as two related actors mutually acquire meaning in their reciprocal acts and interpretations.

Our empirical findings regarding the differences in the perceived identities are consistent with the arguments put forward in the IMP research tradition, which emphasizes that in business-to-business markets there is no such thing as a standard relationship as every business relationship is unique and that the customers are not anonymous and the offerings of suppliers are neither faceless nor homogeneous (Ford et

al., 2003). Our study confirms and gives empirical support to the idea that the identity of an actor is the outcome of the way in which it is viewed by each of its counterparts and an important input into the interaction process on which the development of a business relationship depends.

In the following section, we discuss in more detail the implication of the emergent and heterogeneous nature of identity for conceptualizing business actors.

7.4.2 Re-conceptualizing business actors

In chapter four, in order to describe the idea of considering and conceiving actors as they appear when they interact in business relationships, we introduced the notion of “interaction’s actors.” In the current discussion, we will further elaborate upon this idea, which appears to be challenging but also fruitful in approaching and conceptualizing the phenomenon of business relationship formation and evolution.

Actors play a prominent role in business relationships because they are important for how resources become interfaced and activities configured in a relationship, thereby shaping the content of a business relationship. How actors interact, act, and react as well as how the interaction unfolds largely determines how the relationship will develop. Yet one cannot avoid the impression that the actor dimension of business relationships, in the IMP research as well, is less explored and developed than the resource and activity dimensions. What makes the study of actors’ interaction behaviours in business relationships challenging is that it entails revisiting the concept of the actor and re-examining the variables underlying actors’ behaviours.

As we anticipated in chapter four, looking at actors from the perspective of the interaction process yields a radically different concept of actor compared to how actors are generally defined in social sciences. The conventional concept of actor in social sciences is defined from the capacity to act purposefully, which is to form intent and interpret conditions so as to adopt behaviours leading to the achievement of desired goals. Discussing the concept of actor from the interaction perspective in chapter four, we observed that from others’ perspectives an actor is such if, broadly speaking, its behaviours matter to and impact others. We observed that in interaction perspective even

routine behaviours triggered by different stimuli can have such an impact. In other words, if we are set to explain the formation of relationships and the role of actors in how relationships develop, we cannot limit our enquiry to consciously planned behaviours. From the interaction perspective, the actor is defined by the interaction partners from their perception of the relevance of the actor's actions.

The first interesting feature of actors seen from the interaction perspective is their *limited autonomy*. The interaction perspective of actors' behaviours in business relationships leads to questioning the autonomy of the actors and the actual control that actors have of their actions as well as their outcomes. Our findings suggest that actors do not govern their selves nor can they always freely transmit a desired image to the counterpart. An actor interacts with the counterpart, which can—depending on the issues of concern in that particular moment—determine which facets of identity are important in attributing an identity to the actor. Thus, outcomes of what an actor does in a business relationship depends largely on the identities that others with whom he interacts attribute to him. Constraint in autonomy is the flipside of the “jointness” of the actors in business relationships (Håkansson, 2009). The outcomes of an actor's actions have to do with its plans or intentions only to a certain degree; rather, they depend on the pattern of the actions and reactions of the interacting actors. How the interaction develops depends quite a lot on the meanings ascribed by each of the interacting actors to the other actor. The importance of identities' attribution is amplified not only because it affects the specific relationship, but also because the effects are spread at the network level.

The second distinctive feature of actors appears to be the *fuzzy boundaries*. Seen from the interaction perspective, actors are defined by the perceptions of those with whom they interact; the contours and boundaries of the actor are relative and changing. As such, the concept of actor—defined from action as perceived by others—can never be defined a priori without specifying the interaction context. Defining an actor and its boundaries requires reference to a specific relationship, interaction process, and moments in the interaction process. In this sense, the identity of the actor (and thus the entity) is relationship specific, dependent on the counterpart, and changing as the

interaction develops. Thus, in interactions, actors cannot be taken as given and are a changing and emergent entity.

Interestingly, adopting the interaction perspective results in the conclusion that an actor is a variable entity. Neither the entity nor the identity of the actor is a given. In an interaction from a specific angle of the specific counterpart, any actor represents an organized entity—a set of resources and activities it is capable of. However, the boundaries of the organized entity do not necessarily (and in fact very seldom) coincide with the boundaries of the formal organization for which the actor is agent. Boundaries of the actor, in the sense what the actor actually represents, are in the eye of the beholder.

The third distinctive feature of the interaction's actors is that they have *multiple identities*. Since every actor has several relationships and engages in several interaction processes, more or less simultaneously, every actor has multiple identities as it has multiple roles. The multifaceted identity depends on the relationships in which it is involved and possibly others' role expectations. The corollary of interdependence and of multifacetedness further indicates that outcomes of actions, and thus successes, are "collectively dependent." In addition, the economic outcomes of any business are largely dependent on collective action occurring elsewhere in the network context of the business and are never fully under the control of the company.

The ways in which actors interact and become mutually and selectively associated with each other have substantial consequences for those actors, the actor web, and the relevant resource constellations and activity patterns. Actors continuously change and co-evolve with specific others. Each actor is unique and has unique requirements for success.

Finally, a fourth characteristic of the inter-actor exists: *Actors are products of their interactions*. Not only are their identities defined in interactions with others, but the extent to which they interact as well as their conduct evolves as the interaction unfolds, and their features tend to be shaped by the interactive relationships and the interaction processes in which they engage. Not only does their identity emerge in each single specific interaction process, but their features and characteristics are also shaped by the

relationships they have. For business actors, this means that their capabilities and potential as much as the economic outcomes originate in interaction and, consequently, always evolve as the various interactions develop.

We argued that an actor can never be defined a priori; it always exists in a specific moment—namely, in that moment when actors are interacting. Shifting from one moment to another means shifting from one interaction to another interaction. Since what happens in an interaction is not predictable, we can similarly not prefigure an actor's identity. Consequently, actors are the product of their interaction. They co-evolve with others.

A related interesting aspect of the interaction's actor is that identities as attributed in relations with others become substantial features of the actor. Every actor is uniquely associated and forms bonds with a limited number of others. These bonds both enable and limit what an actor can achieve. Regardless of the self-perception of the actor, the identities attributed by others are important for what an actor can actually do and achieve with the counterpart. In that sense, the attributed identity becomes an important element that defines the potential of what an actor can achieve and can therefore be thought of as capabilities of the actor.

7.5 Implication for research and practice

This study confirms that interaction perspective on actors is a promising and fruitful road to develop our understanding of business relationship formation. It also confirms that the process by which identities are attributed between actors is an important part of the interaction process. We believe that a better understanding of this process could be useful and yield better insights into other important empirical phenomena where the formation of new business relationships is central. For instance, the new business formation development of customer and supplier relationships is a critical process for bringing innovation to the market; gaining acceptance and credibility is critical to this process. It is sensible to think that identity attribution processes could be fruitful in

exploring these phenomena. Therefore, we are convinced that further research exploring the processes with which our study has dealt is likely to be fruitful.

The implication of our study is that we need to elaborate upon a better conceptual framework to analyse the actor's identity in the interaction as well as develop suitable measurement constructs. Three issues that emerged in this study need to be explored in greater depth: 1) the idea that individual and organization identities differ in dimensions considered to be relevant; 2) the idea that the relevant dimensions of the identity are related to the role that actors can assume in a business relationship (e.g., customer or supplier); and 3) the idea that relational identity of a business has two facets—one related to the performance of a role (i.e., quality) and the other to its features (i.e., the “personality” of the organization).

In the next section, we suggest some directions that future research might take. In the concluding section, we reflect on the implications of this interaction perspective on actors' identities for management.

7.5.1 Implications for further research

From a methodological point of view, an interesting problem is how to capture and cope with the variability in the dimensions of the actor's identity. Future research should aim to refine both the conceptual framework and the tools for assessing and measuring identity perceptions in business markets. This process is likely to involve identifying and defining more role-specific dimensions. The aim of such research would be to conceive the relevant dimensions of an organizational role in a business relationship. It would involve determining what makes a good business customer and a good supplier: It involves identifying and specifying the relevant characteristics of the roles. Interested scholars may explore the relevant dimensions of identity of a business through qualitative research (e.g., open or semi-structured interviews) as well as subsequent testing of the emergent propositions, which is likely to require a more quantitative empirical research.

Our experience of the scales we have adopted in this study could be of help in attempting to develop more suitable constructs for exploring actors' identity in business relationships. Some comments should be shared about the way in which we approached the problem of measuring differences in identity perceptions. In fact, when comparing respondents' identity perceptions based on the same ordinal scales, we did not really identify diverse (heterogeneous) identity perceptions. Rather, using a standardized measurement construct (like Servqual or organization personality), we identified differences in the degree of perceptions of given aspects and not variations in dimensions that may be equally—if not more so—important. It would be interesting in future research to devise a method for capturing identity perceptions that enables us to assess “differences in kind” and not only the differences in degree (size or value). We assume, as much of the research on business relationships, that various relationships and the related identities are indeed heterogeneous. This heterogeneity is about “differences in kind,” which suggests that heterogeneous identities have, by definition, different, non-comparable dimensions. Heterogeneity does not derive from perceiving identity differently “in degree,” but rather from attributing different properties (kind) to the same actor. This reflects different role expectations. The capabilities sought in a given relationship by one actor (and the attributed capabilities) are not necessarily of interest for another actor, who is likely to seek and attribute other capabilities to the counterpart.

This line of reasoning makes it particularly urgent and challenging to develop a specific construct to measure relational identity. In our study, we examined the problem of adopting closed questions and quantitative scales and asked whether it is appropriate to use a set of dimensions of identity that fit all customers in evaluating their supplier and vice versa. Although we are convinced that a qualitative, open-questioned survey would offer richer findings, we are equally convinced of the need to produce observations that can be aggregated and compared. Therefore, we ultimately identified categories and dimensions expected to be recurrent. In hindsight, in order to capture more of the heterogeneity (i.e., the “differences in kind”), we would allow for measuring more precisely at least the relative weight of the different dimensions of an actor's relational identity.

In addition, two considerations are related to the conceptualization of identity in this study. The first concerns the ambivalence of the identity perceptions in business relationships related to the facets of personality versus quality (i.e., role performance). The second concerns the differences between roles such as customer versus supplier. Our study suggests that both considerations are relevant. If future research confirms the duality of identity in business relationships, we suggest constructing specifically tailored scales for assessing personality (features and characteristics) and quality (role performance expectation) of customer and supplier. We would argue that substantial differences exist between business and consumer markets that have bearing on the significant dimensions of the “personality.” The organizational personality cannot simply be a translation of personality features of individuals to organizations—a principle that inspired the organization personality construct used in our study. In a similar vein, we would suggest substituting the Servqual as the construct for measuring the supplier quality. The Servqual that we used to assess the role-based component of supplier identity (role performance expectations of a customer in relation to a supplier) was originally developed to suit individual consumers as customers and their performance expectations of service businesses in the business-to-consumer context. We would argue for the need to replace it with a more suitable instrument focusing on the dimensions that truly matter for business customers in relation to business suppliers. To some extent, this recommendation is based on the experience of developing an ad hoc scale for customer quality that we used in our study. It appears to capture the relevant dimensions of the business customer effectively. We would simply suggest further testing and refining it since it appeared to be a useful instrument in this study.

Another consideration regarding implications for further research on the topic relates to the relationship between the interaction patterns and the perceived identities. Our study suggests that emergent diversity in identity perceptions among actors in relationships reflects a certain pattern of interaction. In order to explore the possible link between the two, it might be useful to develop an instrument that makes it possible to capture and analyse interaction encounters and relate these to differences in identity perceptions. It is likely that, in order to shed some light on the constitution—and re-

constitution—of identity perceptions over time, studies with a longitudinal perspective of business interactions would be welcome. Adopting a longitudinal study would help avoid the problem of bracketing interactions.

A final remark that needs to be addressed in further research concerns the IMP idea that interactions between actors involves not only actors, but also activities and resources as each actor in a business relationship tends to represent an organized entity of resources and activities. In this study, we focused on actors implicitly assuming the conjoined effect of activities and resources. However, it seems challenging to consider in a further research design to investigate specifically the role of activities and resources in identity attribution.

7.5.2 Implications for practice: Dealing with multiple and emergent identities

Both the heterogeneity of a business's identity perceptions by its customers (and suppliers) and the emergent nature of identity perceptions appear to be issues of concern for management. The heterogeneity in perceptions entails difficulty in monitoring and assessing the projected identity of the business. Attempts to aggregate the relational identities are problematic if we take the heterogeneity argument seriously. Aggregating perceptions of identity that are "different in kind" is contradictory while monitoring the overall perception of a company's identity is likely to be ineffective. Given the evidence that emerged from our study, the appropriate unit of analysis (and one to be managed) should be the single relationship and, thus, a relationship-specific attributed identity. In particular, management should monitor the elements considered important by counterparts in attributing identity and the importance assigned to each of them, thereby resulting in the possibility to capture the emergent heterogeneous pictures by customers as they emerge.

Furthermore, the emergent nature of the identities and the impact it has on the conduct in business relationships are matters of concern for management. Our study provides support for the claim that relational identities are only temporarily stabilized. The identities attributed to the company in each relationship are continuously emergent

and forming. Considering the emergent nature of the relational identities, the key issue for management is not planning communication or training for all representatives to follow a certain code of interaction with customers. Rather, the task of management becomes more difficult because in a certain sense it is counterintuitive.

Accepting the idea that identity perceptions do not simply derive from a company's actions—whether mediated or direct—but are unpredictable and characterized by diversity is demanding for management. On one hand, it means that management should focus more attention on interaction capabilities that are likely crucial for managing the unpredictable nature and probably require a set of specific competences. Moreover, the concern with communication processes is rather central; thus, communication skills are crucial.

Dealing with multiple identities and coping with the emergent nature of the relational identities certainly represents a management challenge. The situation raises the question of how management can deal with a multitude of different identities and how it can deal with the continuously emergent nature of the identities perceived by others, given that managing perceived identities is a complex process. Multifacetedness and continuous change cannot be avoided. To cope with the two is a challenging task for management.

Meanwhile, neither the heterogeneity of the identities nor the emergent nature of these is simply a problem; both can also have positive implications and valence. However, they require management to learn how to deal with the heterogeneity and the emergent nature of the identity perceptions. Heterogeneity of the attributed identities can be a valuable resource for a business. It might help the company to promote innovation and internal renewal. As with the management of self, multiple images of *self* generated by the company allow businesses to form, develop, change, and consequently innovate. Multifacetedness of the identity tends to require a certain amount of devolution due to the difficulties in aggregating the relationship among specific and evolving identities. Relational identities have to be monitored and enacted at the single relationship level. It is impossible to act upon those sensibly across different relationships. The multiplicity of an actor's perceptions among the stakeholders offers such a possibility, but also imposes

the need to define strategies in each significant relationship in a way coherent with the features of its specific business context.

In addition, the emergent nature of identity can be leveraged for the benefit of the business. The emergent nature of the attributed identities offers an opportunity to shape and influence the projected identity because it offers the possibility to adapt and adjust it over time through interaction with others. Combined with multifacetedness, it also allows the flexibility to adjust and adapt to different partners and to broaden the behavioural repertoire of the company and to meet the requirements of different others while maintaining an intelligible profile toward others, “being the same and different at the same time” (Brewer, 1991, p. 475).

However, in order to reap such benefits from heterogeneity and the emergent nature of identity, companies have to develop competences that go beyond a general customer-orientation approach. Indeed, we face something different from anticipating or understanding customer needs; we must deal with interaction processes in which both parties play an active role. Therefore, key competences do not have to do with the cognitive, individual (or collective) ability of one of the parties’ actions, but rather with the capacity to interact and the ability to adopt others’ perspectives. Thus, among other things, the interaction response capacity (Ramani & Kumar, 2008) is important, and emphasis should be placed on acting, interpreting, cultivating diagnoses, and reinforcing feedback. A corollary would be the need to give more importance in management to the interactive communication processes both within the organization and across the organizational boundaries in business relationships. Since it is talk that brackets action and thus gives meaning (Weick, Sutcliffe and Obstfeld, 2005) also the examination of discourse (cf. Ellis, 2010) is a promising field of research.

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Appendixes

Appendix 1

SERVQUAL (Parasuraman et al., 1994) – 21 items

Reliability	1. Providing services as promised 2. Dependability in handling customers' service problems 3. Performing services right the first time 4. Providing services at the promised time 5. Keeping customers informed about when services will be performed
Responsiveness	6. Prompt service to customers 7. Willingness to help customers 8. Readiness to respond to customers' requests
Assurance	9. Employees who instill confidence in customers 10. Making customers feel safe in their transactions 11. Employees who are consistently courteous 12. Employees who have the knowledge to answer customer questions
Empathy	13. Giving customers individual attention 14. Employees who deal with customers in a caring fashion 15. Having the customer's best interest at heart 16. Employees who understand the needs of their customers
Tangibles	17. Modern equipment 18. Visually appealing facilities 19. Employees who have a neat, professional appearance* 20. Visually appealing materials associated with service 21. Convenient business hours

* eliminated

Appendix 2

Customer Quality Scale – 20 items

Success	1. Guarantee of large purchase volume
	2. Good potential to grow
	3. Proactive
	4. Cooperative
	5. Taking the initiative
	6. Innovative
	7. Competent
	8. Plenty of resources
Empathy	9. Comprehensive_ve
	10. Easy to understand their needs_ve
	11. Giving supplier attention_ve
	12. Adequate effort required_ve
Smooth Relationship	13. Reliable
	14. Solution-oriented approach
	15. Easy to work with
	16. Allows to plan in advance
	17. Easy to manage
Profitability	18. Allows to gain high margins
	19. Provides useful information
	20. Allows to gain high profits

“Customer A is useful as bridge with other people, companies or institutions”: eliminated

Appendix 3

Organization Personality scale (Slaughter et al., 2004) – 33 items

Boy Scout	1. Friendly 2. Attentive to people 3. Pleasant 4. Family-oriented 5. Cooperative 6. Personal 7. Helpful 8. Clean 9. Honest
Innovativeness	10. Interesting 11. Exciting 12. Unique 13. Creative 14. Boring 15. Plain 16. Original
Dominance	17. Successful 18. Popular 19. Dominant 20. Busy 21. Active
Thrift	22. Low budget 23. Low class 24. Simple 25. Reduced 26. Sloppy 27. Poor 28. Undersized 29. Deprived
Style	30. Stylish 31. Fashionable 32. Hip 33. Trendy

Appendix 4 A

Questionnaire – Supplier Representative pre-interaction

PART I

Introduction: information about the interviewee

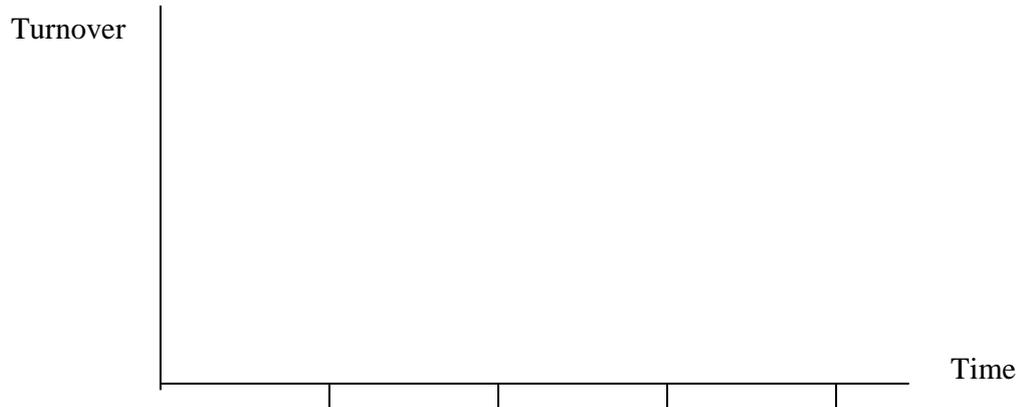
1. How long have you been working for Molle?
2. How long have you been a supplier of Customer A?
3. How many of Customer A's employees do you deal with? What is their role/position in the company?
4. With how many other people of Customer A do you deal with? Why?

Relationship Assessment

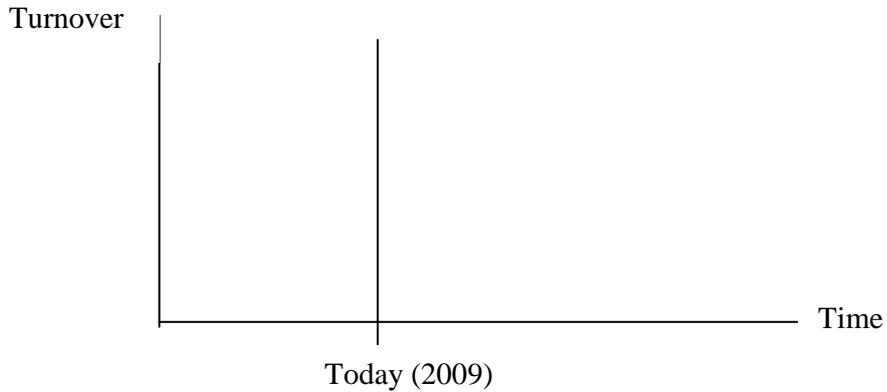
A. History and current status of the relationship

5. Relationship with (of the customer company): _____
6. How long has Molle been a supplier of Customer A?
 - Less than 2 years
 - 2-5 years
 - 5-10 years
 - More than 10 years

7. Considering the turnover how did the relationship with Customer A change over the past 3 years (2005-2008)?



8. Considering your relationship with Customer A, what do you expect in terms of turnover evolution in the future?



9. Considering the relationship development with customer A, do you remember significant events (both positive and negative)?
10. How many customers do you have for this specific product?

11. Considering your personal product portfolio, what is the position of Customer A for you?

- The main customer
- One of the main customers
- A secondary customer
- One of many customers

12. How much time do you spend managing the relationship with Customer A?

13. How often do you meet Customer A and how do you evaluate the frequency of contact.

	Personal contact	Phone contact	E-mail contact
Number of contacts			
Assessment	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently, I would prefer more	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently, I would prefer more	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently, I would prefer more

14. How do you think Customer A perceives Molle in terms of purchasing?

- The most important supplier
- One of the most important suppliers
- One of the secondary suppliers
- One of the many suppliers

15. What products do you sell to Customer A?

16. Do you consider the relationship with Customer A profitable? If yes, why?

17. Are there threats in this relationship? If yes, what are the threats?

B. The relationship atmosphere

18. To what extent is there full understanding between the two companies?

Full incomprehension 1 2 3 4 5 6 7 Full comprehension

19. How do you judge the level of influence in the relationship? (Dependence level).

- We have more influence
- There is a balance between the two
- The other part has more influence

C. Network

20. How do you judge the importance of Customer A in the customer's portfolio?

- It is the most important customer
- It is one of the most important customers
- It is a secondary customer
- It is one of the many customers

21. If it is one of the secondary relationships, do you consider it important: why?

22. Does this relationship influence other relationships with customers? If yes, how?

23. Do this relationship influence relationships with your suppliers/other actors?

24. Do you think this relationship works well? Why?

Completely unsatisfied 1 2 3 4 5 6 7 Completely satisfied

D. Activity, resources and actors

The links between actors, resources and activities within a relationship can create value for both companies in different ways. Please can you indicate the degree of agreement/disagreement for each of the following claims?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

25. The customer changed its product/service in order to make it specific for our company
26. We have changed our requirements in order to adapt to the customer's needs
The customer has adopted particular procedures and routines that are specific for our company
27. Routines in terms of information exchange (administrative solutions)
28. Logistical routines
29. Routines in terms of payment conditions (trade solutions)
We have adopted specific procedures and routines for Customer A:
30. Routines in terms of information exchange (administrative solutions)
31. Logistical routines
32. Routines in terms of payment conditions (trade solutions)
33. The relationship is characterised by a mutual willingness to adapt
34. The relationship offers useful impulses of development through a combination of the resources of both parties
35. There is a good level of understanding between the parties
36. By means of the relationship with Customer A we started having other relationships with important actors in our business
37. Customer A has favoured our company over other suppliers
38. We have favoured Customer A over other customers
39. With Customer A I know I don't have negative surprises
40. We expect Customer A will be our customer in the future

Level of satisfaction

41. From an economic point of view, is Molle satisfied with customer A?

Completely unsatisfied 1 2 3 4 5 6 7 Completely satisfied

PART II

Please, could you indicate the degree of agreement/disagreement for each of the following sentences?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

- 42. Customer A is reliable (e.g. when Customer A promises to do something in a certain time, it does; it always respects conditions of payment, etc.)
- 43. In the event of a problem Customer A always tries to find a solution
- 44. Customer A is useful as bridge to other people, companies or institutions
- 45. Customer A allows us to gain high margins
- 46. Customer A provides information that is useful for our business
- 47. Customer A guarantees large purchase volume
- 48. Customer A is not available to listen to and understand our position
- 49. Customer A has good growth potential
- 50. Customer A is proactive
- 51. Customer A is cooperative
- 52. It is easy to work with Customer A
- 53. Customer A makes it possible to plan in advance (e.g. its orders are programmed; no last-minute requests)
- 54. Customer A helps us achieve high profits
- 55. Customer A often takes useful initiatives
- 56. It is difficult to understand Customer A's needs
- 57. Customer A does not give us particular individual attention and care
- 58. Customer A is an innovative company
- 59. The relationship with Customer A is demanding because of the complexity of the products it buys
- 60. We do not have a problem managing the relationship with Customer A
- 61. Customer A has most of the knowledge needed to answer our questions

PART III

Please Indicate if and to what extent each of these characteristics is descriptive of Customer A.

[Scale] Not at all descriptive 1 2 3 4 5 6 7 Extremely descriptive

- | | |
|---------------------|-------------------------|
| 62. Friendly | 79. Popular |
| 63. Trendy | 80. Clean |
| 64. Pleasant | 81. Original |
| 65. Family-oriented | 82. Active |
| 66. Boring | 83. Low Budget |
| 67. Personal | 84. Fashionable |
| 68. Helpful | 85. Simple |
| 69. Dominant | 86. Reduced |
| 70. Honest | 87. Sloppy |
| 71. Undersized | 88. Creative |
| 72. Exciting | 89. Interesting |
| 73. Unique | 90. Deprived |
| 74. Poor | 91. Stylish |
| 75. Cooperative | 92. Low class |
| 76. Plain | 93. Hip |
| 77. Busy | 94. Attentive to people |
| 78. Successful | |

Appendix 4 B

Questionnaire – Supplier Representative post-interaction

PART I

Introduction: information about the interviewee

1. Name:
2. Relationship with (Customer A):
3. Have you met Customer A since we last met?
4. Did you have other contact with Customer A since we last met? With whom? Why?
5. To what extent is there a clear understanding between the two companies?

Full incomprehension 1 2 3 4 5 6 7 Full comprehension

D. Activity, resources and actors

The links between actors, resources and activities within a relationship can create value for both companies in different ways. Please can you indicate the degree of agreement/disagreement for each of the following claims?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

6. The customer changed its product/service in order to make it specific for our company
 7. We have changed our requirements in order to adapt to the customer's needs
- The customer has adopted particular procedures and routines that are specific for our company:
8. Routines in terms of information exchange (administrative solutions)
 9. Logistical routines
 10. Routines in terms of payment conditions (trade solutions)
- We have adopted specific procedures and routines for Customer A:
11. Routines in terms of information exchange (administrative solutions)

12. Logistical routines
13. Routines in terms of payment conditions (trade solutions)
14. The relationship is characterised by a mutual willingness to adapt
15. The relationship offers useful impulses of development through a combination of the resources of both parties
16. There is a good level of understanding between the parties
17. By means of the relationship with Customer A we started having other relationships with important actors in our business
18. Customer A has favoured our company over other suppliers
19. We have favoured Customer A over other customers
20. With Customer A I know I don't have negative surprises
21. We expect Customer A will be our customer in the future

Level of satisfaction

22. From an economic point of view, is Molle satisfied with customer A?

Completely unsatisfied 1 2 3 4 5 6 7 Completely satisfied

PART II

Please could you indicate the degree of agreement/disagreement for each of the following sentences?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

23. Customer A is reliable (e.g. when Customer A promises to do something in a certain time, it does; it always respects conditions of payment, etc.)
24. In the event of a problem Customer A always tries to find a solution
25. Customer A is useful as bridge to other people, companies or institutions
26. Customer A allows us to gain high margins
27. Customer A provides information that is useful for our business
28. Customer A guarantees large purchase volume
29. Customer A is not available to listen to and understand our position
30. Customer A has good growth potential
31. Customer A is proactive
32. Customer A is cooperative
33. It is easy to work with Customer A
34. Customer A makes it possible to plan in advance (e.g. its orders are programmed; no last-minute requests)
35. Customer A helps us achieve high profits
36. Customer A often takes useful initiatives
37. It is difficult to understand Customer A's needs
38. Customer A does not give us particular individual attention and care
39. Customer A is an innovative company
40. The relationship with Customer A is demanding because of the complexity of the products it buys
41. We do not have a problem managing the relationship with Customer A
42. Customer A has most of the knowledge needed to answer our questions

PART III

Please Indicate if and to what extent each of these characteristics is descriptive of Customer A.

[Scale] Not at all descriptive 1 2 3 4 5 6 7 Extremely descriptive

- | | |
|---------------------|-------------------------|
| 43. Friendly | 60. Popular |
| 44. Trendy | 61. Clean |
| 45. Pleasant | 62. Original |
| 46. Family-oriented | 63. Active |
| 47. Boring | 64. Low Budget |
| 48. Personal | 65. Fashionable |
| 49. Helpful | 66. Simple |
| 50. Dominant | 67. Reduced |
| 51. Honest | 68. Sloppy |
| 52. Undersized | 69. Creative |
| 53. Exciting | 70. Interesting |
| 54. Unique | 71. Deprived |
| 55. Poor | 72. Stylish |
| 56. Cooperative | 73. Low class |
| 57. Plain | 74. Hip |
| 58. Busy | 75. Attentive to people |
| 59. Successful | |

PART IV

Interaction evaluation

- 76. Was this meeting scheduled (planned & scheduled)?
- 77. Who called for this meeting and what was the main objective?
- 78. The objective of the meeting is linked to previous meetings or is relevant just to the present meeting?
- 79. What will be the consequences of this meeting?

Please point out the degree of your agreement for each of the following claims

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

- 80. I'm fully satisfied with the outcome of the meeting with Customer A.
Why?
- 81. This meeting surprised me. If you agree, why?
- 82. From this meeting I got what I wanted. If you disagree, please explain why
- 83. The timing and duration of the meeting was in line with my expectations. If you disagree, please explain why
- 84. The communication between the representative and me was balanced in terms of time to talk
- 85. During the meeting we had adequate confrontation of the different point of view.

Appendix 4 C

Questionnaire – Customer of Molle pre-interaction

PART I

Introduction: information about the interviewee

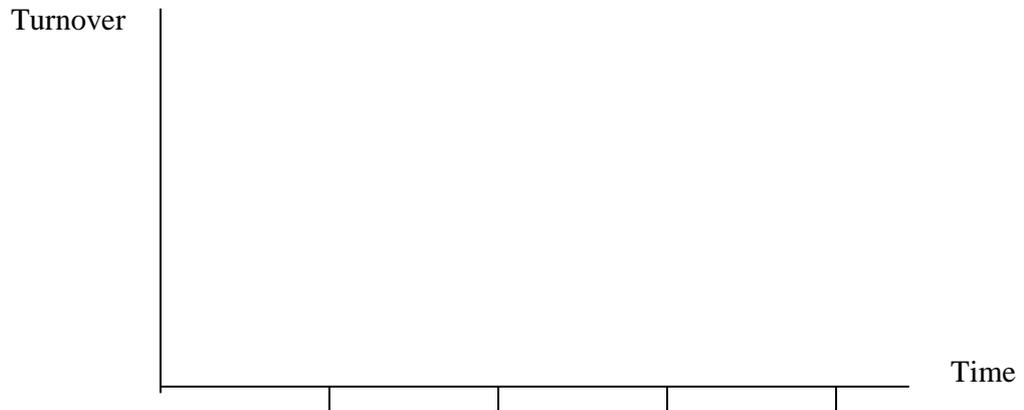
1. Company name:
2. Company size:
 - Small 1-49 employees (maximum turnover €7 million)
 - Medium 50-250 employees (turnover €7-€40 million)
 - Large, more than 250 employees (turnover more than €40 million)
3. Interviewee position: _____
4. How long have you been working for this company? _____
5. How many of Molle's people are you dealing with? What is their role/position in the Molle company?
6. How many other people did you have contact with? Why?

Relationship Assessment

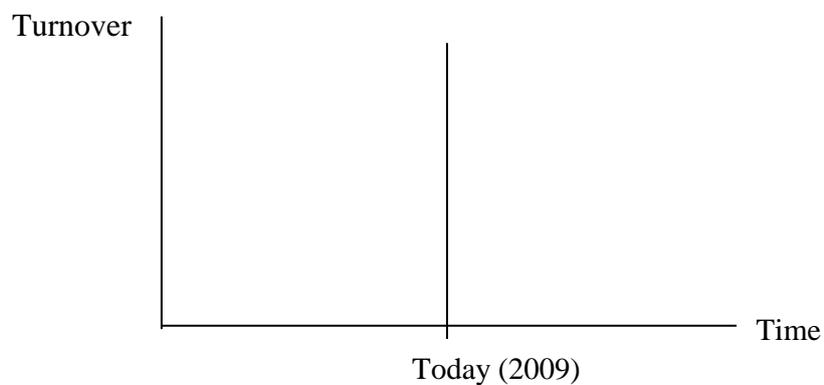
A. History and current status of the relationship

7. Relationship with (of Molle): _____
8. How long have you been a Molle customer?
 - Less than 2 years
 - Between 2-5 years
 - Between 5-10 years
 - More than 10 years

9. Considering the turnover, how has the relationship with Molle changed over the past 3 years (2005-2008)?



10. Considering your relationship with Molle, What do you expect in terms of turnover evolution in the future?



11. Considering the relationship development with Molle, do you remember significant events (both positive and negative)?
12. How many suppliers do you have for this specific product? _____
13. If you have other suppliers, please explain who they are and why you use them.

14. How do you consider Molle as a supplier of these specific products?

- The most important supplier
- One of the most important suppliers
- A secondary supplier
- One of many suppliers

15. How much time do you spend managing the relationship with Molle? _____

16. How often do you meet the Molle sales representative and how do you evaluate the frequency of contacts.

	Personal contact	Phone contact	E-mail contact
Number of contacts			
Assessment	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently, I would prefer more	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently , I would prefer more	<input type="checkbox"/> Too often, I would prefer less <input type="checkbox"/> The right number of times <input type="checkbox"/> Infrequently, I would prefer more

17. How do you think Molle perceives your company in terms of sales?

- The most important customer
- One of the most important customers
- A secondary customer
- One of many customers

18. What do you purchase from Molle?

19. Do you consider the relationship with Molle as profitable? If yes, why?

20. Considering the average margin on products that you sell, the gross margin on Molle's products is:

- Above average
- Average
- Below average

21. Are there threats in this relationship? If yes, what are they?

B. The relationship atmosphere

22. To what extent is there full understanding between the two companies?

Full incomprehension 1 2 3 4 5 6 7 Full comprehension

23. How do you judge the level of influence in the relationship? (Dependence level).

- We have more influence
- There is a balance between the two
- The other part has more influence

C. Network

24. How do you judge the importance of Molle in the supplier's portfolio?

- It is the most important supplier
- It is one of the most important suppliers
- It is of secondary importance in the ranking
- It is one among the suppliers

25. If it is one of the secondary relationships, do you consider it important? Why?

26. Has the relationship with Molle influenced other relationship with your suppliers? If yes, how?

27. Has the relationship with Molle influenced the relationship with your customers?

28. Do you think this relationship works well? Why?

Totally unsatisfying 1 2 3 4 5 6 7 Totally satisfying

D. Activity, resources and actors

The links between actors, resources and activities within a relationship can create value for both companies in different ways. Please, can you indicate the degree of agreement/disagreement for each of the following claims?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

29. The supplier changed its product/service in order to make it specific for our company

30. We have changed our requirements in order to adapt to Molle's offering.

The supplier adopted particular procedures and routines which are specific for our company

31. Routines in terms of information exchanges (administrative solutions)

32. Logistical routines

33. Routines in terms of payment conditions (trade solutions)

We have adopted specific procedures and routines for Molle

34. Routines in terms of information exchanges (administrative solutions)

35. Logistical routines

36. Routines in terms of payments conditions (trade solutions)

37. The relationship is characterized by a mutual willingness to adapt

38. The relationship offers useful impulses of development through the combination of the resources of both parties

39. There is a good level of understanding between the parties

40. By means of the relationship with Molle we started having other relationships with important actors in our business

41. The supplier has favoured our company over other customers

42. We have favoured Molle over other suppliers

43. With Molle I know that I don't have negative surprises

44. We expect Molle will be our supplier in the future

Level of satisfaction

45. From an economic point of view, is your company satisfied with Molle?

Completely unsatisfied 1 2 3 4 5 6 7 Completely satisfied

PART II

Please could you indicate the degree of agreement/disagreement for each of the following sentences?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

46. When Molle promises to do something in a certain time, it does

47. When you have a problem with Molle, the company makes you feel secure

48. Molle can be trusted

49. Molle provides products and services in the time promised

50. Molle does not inform exactly when services will be executed

51. We do not receive immediate services from Molle

52. Molle is not always available to help

53. Molle is too busy to give you prompt feedback

54. Molle instils trust

55. We feel secure negotiating with Molle

56. Molle is polite

57. Molle has the knowledge to answer questions

58. Molle does not pay individual attention to you

59. Molle's employees do not deal with you in a caring fashion

60. Molle does not know your needs

61. Molle does not have your best interest as its objective

62. Molle has modern equipment

63. Molle's facilities are visually "attractive"

64. Molle's employees have a neat, professional appearance

65. Everything associated with the product/service is visually appealing

66. The company does not have convenient business hours

PART III

Please Indicate if and to what extent each of these characteristics is descriptive of Molle Company.

[Scale] Not at all descriptive 1 2 3 4 5 6 7 Extremely descriptive

- | | |
|---------------------|-------------------------|
| 67. Friendly | 84. Popular |
| 68. Trendy | 85. Clean |
| 69. Pleasant | 86. Original |
| 70. Family-oriented | 87. Active |
| 71. Boring | 88. Low Budget |
| 72. Personal | 89. Fashionable |
| 73. Helpful | 90. Simple |
| 74. Dominant | 91. Reduced |
| 75. Honest | 92. Sloppy |
| 76. Undersized | 93. Creative |
| 77. Exciting | 94. Interesting |
| 78. Unique | 95. Deprived |
| 79. Poor | 96. Stylish |
| 80. Cooperative | 97. Low class |
| 81. Plain | 98. Hip |
| 82. Busy | 99. Attentive to people |
| 83. Successful | |

Appendix 4 D

Questionnaire – Customer of Molle post-interaction

PART I

Introduction: information about the interviewee

1. Company:
2. Name:
3. Relationship with the salesperson:
4. Have you met the representative since the last time we met?
5. Have you had other contacts with Molle since we last met? With whom? Why?
6. To what extent is there a clear understanding between the two companies?

Full incomprehension 1 2 3 4 5 6 7 Full comprehension

Activity, resources and actors

The links between actors, resources and activities within a relationship can create value for both companies in different ways. Please, can you indicate the degree of agreement/disagreement for each of the following claims?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

7. The supplier changed its product/service in order to make it specific for our company
8. We have changed our requirements in order to adapt to Molle's offering.
The supplier has adopted particular procedures and routines which are specific for our company
9. Routines in terms of information exchanges (administrative solutions)
10. Logistical routines
11. Routines in terms of payment conditions (trade solutions)

We have adopted specific procedures and routines for Molle

12. Routines in terms of information exchanges (administrative solutions)
13. Logistical routines
14. Routines in terms of payments conditions (trade solutions)
15. The relationship is characterized by a mutual willingness to adapt
16. The relationship offers useful impulses of development through the combination of the resources of both parties
17. There is a good level of understanding between the parties
18. By means of the relationship with Molle we started having other relationships with important actors in our business
19. The supplier has favoured our company over other customers
20. We have favoured Molle over other suppliers
21. With Molle I know that I don't have negative surprises
22. We expect Molle will be our supplier in the future

Level of satisfaction

23. From an economic point of view, is your company satisfied with Molle?

Completely unsatisfied 1 2 3 4 5 6 7 Completely satisfied

PART II

Please, could you indicate the degree of agreement/disagreement for each of the following sentences?

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

24. When Molle promises to do something in a certain time, it does
25. When you have a problem with Molle, the company makes you feel secure
26. Molle can be trusted
27. Molle provides products and services in the time promised
28. Molle does not inform exactly when services will be executed
29. We do not receive immediate services from Molle
30. Molle is not always available to help
31. Molle is too busy to give you prompt feedback
32. Molle instils trust
33. We feel secure negotiating with Molle
34. Molle is polite
35. Molle has the knowledge to answer questions
36. Molle does not pay individual attention to you
37. Molle's employees do not deal with you in a caring fashion
38. Molle does not know your needs
39. Molle does not have your best interest as its objective
40. Molle has modern equipment
41. Molle's facilities are visually "attractive"
42. Molle's employees have a neat, professional appearance
43. Everything associated with the product/service is visually appealing
44. The company does not have convenient business hours

PART III

Please Indicate if and to what extent each of these characteristics is descriptive of Molle Company.

[Scale] Not at all descriptive 1 2 3 4 5 6 7 Extremely descriptive

- | | |
|---------------------|-------------------------|
| 45. Friendly | 62. Popular |
| 46. Trendy | 63. Clean |
| 47. Pleasant | 64. Original |
| 48. Family-oriented | 65. Active |
| 49. Boring | 66. Low Budget |
| 50. Personal | 67. Fashionable |
| 51. Helpful | 68. Simple |
| 52. Dominant | 69. Reduced |
| 53. Honest | 70. Sloppy |
| 54. Undersized | 71. Creative |
| 55. Exciting | 72. Interesting |
| 56. Unique | 73. Deprived |
| 57. Poor | 74. Stylish |
| 58. Cooperative | 75. Low class |
| 59. Plain | 76. Hip |
| 60. Busy | 77. Attentive to people |
| 61. Successful | |

PART IV

Interaction evaluation

78. Was this meeting scheduled (planned & scheduled)?
79. Who called for this meeting and what was the main objective?
80. The objective of the meeting is linked to previous meetings or is particular just to the present meeting?
81. What will be the consequences of this meeting?

Please point out the degree of your agreement for each of the following claims

[Scale] Completely disagree 1 2 3 4 5 6 7 Completely agree

82. I'm fully satisfied with the outcome of the meeting with the representative. Why?
83. This meeting surprised me. If you are agree, why?
84. From this meeting I got what I wanted. If you disagree, please explain why
85. The timing and duration of the meeting was in line with my expectations. If you disagree, please explain why
86. The communication between the representative and me was balanced in terms of time to talk.
87. During the meeting we had adequate confrontation of the different point of view.

Appendix 5

Demographics of the parties to the relationship (personal and organizational)
and
Description of the relationships' content¹

¹ For the full meaning of items in the first column see the Questionnaires, Appendix 4

Role in the rel.	REL 1		REL 2		REL 3		REL 4	
	C1	S	C2	S	C3	S	C4	S
Size	small	-	small	-	small	-	small	-
Position in the company	admin.	-	sales manager	-	sales manager	-	sales manager	-
Work years in the company	17	8	5	8	14	3	12	7
Years of rel. between supplier rep. And customer	2		3		3		7	
N. contact people of the counterpart	2	2	3	2	2	1	2	1
N. years as customer/supplier of the counterpart	>20	>20	>20	>20	10	10	6-7	8-9
Past (2005) - Today Rel. Trend (turnover)	+ until 2007	+ until 2007	+ until 2007	++ until 2007 -30% 2008	+ until 2007 -40% 2008	+ until 2007	++	++ until 2008
Future Rel. Trend	+ 15-20%	+ 5%	+ 5%	+ 5%	+10 %	+ 5%	+	stable
N. other supplier for same category of product	4	-	0	-	2	-	4	-
Role of supplier/customer in terms of sold/ purchased products	secondary	secondary	secondary	one of the most important	secondary	one of the most important	one of the most important	the most important
How do you think supplier/customer perceives your company in terms of sales/purchases	one of many	one of many	one of the most important	one of many	one of the most important	one of many	the most important	one of the most important
Time spent with counter- part hours/ Month	8	1	1	4-5	1.5	2	48	96
N. C-S interaction	1/ quarter	1/quarter	1/Month	1/Month	2/Month	4/Month	1/Month	1/Month
Satisfaction with n. of interaction /Month	=	=	=	=	+	=	=	=
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes
Threat for rel.	no	no	no	no	no	yes	no	no
Comprehension	Pre	6	7	5.5	5.5	5	6	6
	Post	5	6	6		5	5	5
Major influence to	supplier	supplier	balanced	supplier	supplier	supplier	balanced	balanced
Rel. importance in the portfolio	one of many	one of many	one of the most important	secondary	secondary	secondary	one of the most important	the most important
The counterpart has favoured us	3	1	4	4	2	1	2	7
We have favoured the counterpart	6	4	7	6	5	5	4	1
Rel. satisfaction	Pre	6	6	6	6	7	6	6
	Post	6	6	6	6	5	7	5.5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed
Meeting requested by	supplier	supplier	customer+supplier	customer+supplier	customer+supplier	customer	supplier	customer+supplier
Level of sat. of the meeting	6	5	6	6	4	7	5	5.5
Level of surprise by the meeting	2	2	1	1	2	1	1	2
I got what I wanted	4	4	6	7	4	4	5	5.5

Role in the rel.	REL 5		REL 6		REL 7		REL 8	
	C5	S	C6	S	C7	S	C8	S
Size	small	-	medium	-	small	-	small	-
Position in the company	owner	-	Sales manager	-	Sales manager	-	Sales Manager	-
Work years in the company	10	10	8	8	30	3	13	3
Years of rel. between actual supplier rep. and customer	10		11		2.5		2	
N. contact people of the counterpart	2	3	2	2	2	6	2	5
N. years as customer/supplier of the counterpart	25	30	>20	>20	>20	15	>20	15
Past (2005) - Today Rel. Trend (turnover)	+ until 2008 -40% 2009	+ until 2007	+ until 2008 -30% 2009	stable	+10% 2007-2008			
Future Rel. Trend	+5%	stable	stable	stable	stable	Stable/+	stable	Stable/+
N. other supplier for same category of product	0	-	0	-	1	-	4-5	
Role of supplier/customer in terms of sold/purchased products	One of the most important	One of the most important	secondary	The most important	secondary	The most important	One of the most important	One of the most important
How do you think supplier/customer perceives your company in terms of sales/purchases	One of the most important	One of the most important	One of the most important	Secondary	One of many	One of many	One of many	One of many
Time spent with counterpart hours/ Month	16	2.5	15	8	10	16	2	24
N. C-S interaction	4/Month	2/Month	4/Month	4/Month	2/Month	8/Month	1/Month	2/Month
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes
Threat for rel.	no	Partially yes	no	Partially yes	no	yes	no	partially yes
Comprehension	Pre	6	6	6	6	4.5	6	6
	Post	6	5	5	6	4.5	6	6
Major influence to	customer	balanced	balanced	balanced	customer	balanced	balanced	balanced
Rel. importance in the portfolio	One of the most important	secondary	secondary	One of the most important	One of many	One of the most important	One of the most important	One of many
The counterpart has favoured us	1	6	4	6	1	5	5	1
We have favoured the counterpart	7	5	4	6	5	1	2	4
Rel. satisfaction	Pre	7	5	5	6	5	6	6
	Post	7	5	6	5	4	6	6
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed
Meeting requested by	supplier	supplier	Customer+supplier	Customer+supplier	supplier	supplier	supplier	supplier
Level of sat. of the meeting	6.5	5	4	5	5	6	6	7
Level of surprise by the meeting	1	5	1	1	1	4	1	1
I got what I wanted	6	4	2	5	2	6	5	6

Role in the rel.	REL 9		REL 10		REL 11		REL 12		
	C9	S	C10	S	C11	S	C12	S	
Size	medium	-	small	-	small	-	small	-	
Position in the company	sales manager	-	sales manager	-	sales manager	-	Manager	-	
Work years in the company	14	20	12	20	17	3	12	7	
Years of rel. between supplier rep. And customer	3		20		2.5		7		
N. contact people of the counterpart	22	2	32	10	2	2	3	2	
N. years as customer/ supplier of the counterpart	>20	>20	>20	>20	>20	15	6-7	>20	
Past (2005) - Today Rel. Trend (turnover)	+ until 2008	++ until 2008	++ until 2008	++ until 2007 -30% 2009	+ until 2008 -35% 2009	+ until 2008 -30% 2009	++ until 2008 -10% 2009	++ until 2008	
Future Rel. Trend	stable	+ 10%	-30%	+ 5%	+5%	+ 10%	+5%	stable	
N. other supplier for same category of product	3	-	1	-	21	-	1	-	
Role of supplier/ customer in terms of sold/ purchased products	secondary	The first customer	The first supplier	one of the most important	one of the most important	one of the most important	secondary	One of the most important	
How do you think supplier/customer perceives your company in terms of sales/purchases	secondary	one of many	secondary	one of many	The first customer	one of many	one of the most important	one of many	
Time spent with counter- part hours/ Month	8	9	8	6.5	8	16	4-5	4	
N. C-S interaction	1/ Month	3/Semester	1/Month	1/Month	1/Month	2-3/Month	4/Month	2/Month	
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=	
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes	
Threat for rel.	no	no	no	no	no	no	no	no	
Comprehension	Pre	6	4	6	7	5	6	6	5
	Post	7	5	7	6	5	6	6	5
Major influence to	balanced	balanced	balanced	supplier	balanced	balanced	customer	balanced	
Rel. importance in the portfolio	secondary	secondary	secondary	secondary	secondary	the most important	secondary	One of the most important	
The counterpart has favoured us	4	5	3	5	4	4	5	5	
We have favoured the counterpart	4	5	6	5	5	1	7	5	
Rel. satisfaction	Pre	6	5	6	5	7	6	6	4
	Post	6	5	6	5	6	6	4	5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed	
Meeting requested by	supplier	supplier	supplier	supplier	supplier	supplier	supplier	supplier	
Level of sat. of the meeting	7	5	7	6	6	6	6	3	
Level of surprise by the meeting	1	1	6	1	1	3	1	1	
I got what I wanted	5	4	6	6	-	6	4	4	

	REL 13		REL 14		REL 15		REL 16	
Role in the rel.	C13	S	C14	S	C15	S	C16	S
Size	medium	-	small	-	small	-	small	-
Position in the company	Sole director	-	sales manager	-	sales manager	-	Sales Manager	-
Work years in the company	6	20	22	7	18	7	20	20
Years of rel. between supplier rep. And customer	6		7		7		20	
N. contact people of the counterpart	2	2	1	2	2	6	3	5
N. years as customer/ supplier of the counterpart	>20	>20	>20	>20	16	16	>20	>20
Past (2005) - Today Rel. Trend (turnover)	++ until 2008 -40% 2009	++ until 2008 -40% 2009	+ until 2008 Stable 2009	++ until 2008 Stable 2009	+ until 2007 -40% 2009	+ until 2008 -30% 2009	++ until 2006 -10% 2007 +10 2008	++ until 2006 -10% 2007 +10 2008
Future Rel. Trend	+5%	+ 5%	+5%	+ 10%	+5%	+ 10%	+5%	+10%
N. other supplier for same category of product	0	-	1	-	1	-	6-7	-
Role of supplier/ customer in terms of sold/ purchased products	secondary	secondary	The first supplier	one of the most important	the most important	one of the most important	the most important	One of the most important
How do you think supplier/customer perceives your company in terms of sales/purchases	secondary	one of many	secondary	one of many	secondary	one of many	one of many	one of many
Time spent for the counterpart hours/ Month	8	1.5	3	5	8	7	4	4
N. C-S interaction	1/ Month	3/Semester	1/Month	2/Month	4/Month	2/Month	1/Month	1-2/Month
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes
Threat for rel.	no	no	no	no	no	no	no	no
Comprehension	Pre	6	6	6	5	5	6	5
	Post	5	6	7	6	5	7	7
Major influence to	supplier	supplier	balanced	balanced	balanced	balanced	supplier	supplier
Rel. importance in the portfolio	One of the most important	One of many	secondary	One of the most important	secondary	One of the most important	One of the most important	One of many
The counterpart has favoured us	4	4	3	6	5	5	4	2
We have favoured the counterpart	5	5	6	5	6	5	6	5
Rel. satisfaction	Pre	6	6	6	6	5	5	6
	Post	5	5	7	5	5	7	5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed
Meeting requested by	supplier	supplier	supplier	supplier	supplier	supplier	supplier	customer
Level of sat. of the meeting	5	5	6	5	5	5	7	6
Level of surprise by the meeting	4	1	1	1	1	1	1	2
I got what I wanted	4	4.5	5	5	5	5	7	6

	REL 17		REL 18		REL 19		REL 20	
Role in the rel.	C17	S	C18	S	C19	S	C20	S
Size	medium	-	small	-	small	-	small	-
Position in the company	Manager	-	Manager	-	sales manager	-	Sales Manager	-
Work years in the company	26 (last year with Molle)	25	20	7	11	3	15	3
Years of rel. between supplier rep. And customer	25		7		3		3	
N. contact people of the counterpart	2	3	2	2	2	3-4	1	4-5
N. years as customer/ supplier of the counterpart	>20	>20	>20	>20	8	7-8	15	20
Past (2005) - Today Rel. Trend (turnover)	+ until 2007 -50% 2009	+ until 2007 -30% 2009	+ until 2007 Stable 2008 -5% 2009	+ until 2007 Stable 2008 -5% 2009	+ until 2008 -60% 2009	+ until 2008	+ until 2008 -5% 2009	Fluctuating until 2007 2008-2009 stable
Future Rel. Trend	+5%	-10%	+5%	stable	-stable%	stable	stable	stable
N. other supplier for same category of product	0	-	2	-	0	-	0	-
Role of supplier/ customer in terms of sold/ purchased products	one of the most important	the most important	The first supplier	the most important	the most important	one of the most important	secondary	One of the most important
How do you think supplier/customer perceives your company in terms of sales/purchases	one of many	one of the most important	secondary	one of many	one of many	one of many	secondary	one of many
Time spent for the counterpart hours/ Month	20	16	2	2	1.6	12	5.5	4
N. C-S interaction	2/ Month	2-3/Month	4/Month	2/Month	3/Semester	9/Semester	2/Month	2/Month
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=
Rel. profitability	yes	yes	yes	yes	On average	partially	yes	yes
Threat for rel.	Partially yes	no	no	no	no	no	no	no
Comprehension	Pre	5	7	5	5	5	6	6
	Post	5	4	5	5	5	6	5
Major influence to	supplier	balanced	customer	supplier	customer	supplier	supplier	supplier
Rel. importance in the portfolio	One of the most important	One of many	secondary	One of the most important	One of many	One of many	One of many	One of many
The counterpart has favoured us	2	5	3	6	-	-	4	-
We have favoured the counterpart	5	5	5	1	1	1	5	1
Rel. satisfaction	Pre	5	4	5	3	5	5	6
	Post	4	6	4	3	4	6	5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed
Meeting requested by	supplier	supplier	supplier	supplier	supplier	supplier	supplier	supplier
Level of sat. of the meeting	5	6	5	4	6	5	7	6
Level of surprise by the meeting	1	6	1	1	1	5	1	4
I got what I wanted	5	7	-	7	5	5	6	5

	REL 21		REL 22		REL 23		REL 24		
Role in the rel.	C21	S	C22	S	C23	S	C24	S	
Size	small	-	medium	-	small	-	small	-	
Position in the company	Purchasing area	-	Sales Manager	-	Purchasing manager	-	Purchasing manager	-	
Work years in the company	10	3	20	1/2	8	6	12	6	
Years of rel. between supplier rep. And customer	3		1/2		6		1/2		
N. contact people of the counterpart	2	3	2	2	2	3	2	3	
N. years as customer/ supplier of the counterpart	>20	>20	20	15	8	-	>20	15	
Past (2005) - Today Rel. Trend (turnover)	+ until 2008 -15% 2009	+ until 2008 -2009	+ until 2007 -4% 2008 -35% 2009	+ until 2007	++ until 2008 - 45% 2009	- 10% until 2008 -40% 2009	+ until 2007 -10% 2008/9	+ until 2008 -10% 2009	
Future Rel. Trend	+5%	Stable/+	+5%	+10%	-stable	+10%	Stable/+5%	+6/7 %	
N. other supplier for same category of product	10	-	0	-	1	-	0	-	
Role of supplier/ customer in terms of sold/ purchased products	the most important	the most important	one of the most important	one of the most important	the most important	the most important	one of the most important	One of the most important	
How do you think supplier/customer perceives your company in terms of sales/purchases	one of the most important	the most important	secondary	one of the most important	one of the most important	one of the most important	secondary	one of the most important	
Time spent for the counterpart hours/ Month	104	36	6	6	8	32	8	32	
N. C-S interaction	8/ Month	2-3/Month	4/Month	3/Semester	4/Month	2/Month	4/Month	2/Month	
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=	
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes	
Threat for rel.	Partially yes	no	no	no	no	no	No, but..	no	
Comprehension	Pre	6	6	5	6	5.5	6	6	5
	Post	7	6	5	5	5	3.5	6	5
Major influence to	balanced	supplier	balanced	balanced	supplier	supplier	balanced	balanced	
Rel. importance in the portfolio	the most important	secondary	secondary	One of the most important	One of the most important	One of the most important	One of the most important	One of the most important	
The counterpart has favoured us	1	5	4	5	4	1	5	1	
We have favoured the counterpart	6	5	6	2	6	6	6	1	
Rel. satisfaction	Pre	7	6	6	6	4	6	5	5
	Post	6.5	7	6	6	6	4	6	5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed	
Meeting requested by	Customer/supplier	Customer/supplier	customer	customer	supplier	supplier	supplier	supplier	
Level of sat. of the meeting	7	5	3	5	4	4	6	5	
Level of surprise by the meeting	1	1	1	2	3	1	1	1	
I got what I wanted	7	6	3	6	3	5	6	5	

	REL 25		REL 26		REL 27		REL 28		
Role in the rel.	C25	S	C26	S	C27	S	C28	S	
Size	small	-	medium	-	small	-	small	-	
Position in the company	Purchasing area	-	Sales Manager	-	Purchasing manager	-	Product manager	-	
Work years in the company	6	9	40	9	10	3	17	2	
Years of rel. between supplier rep. And customer	2.5		2.5		6		1/2		
N. contact people of the counterpart	2	6	2	2	2	3	2/3	2	
N. years as customer/supplier of the counterpart	>20	>20	7-8	10	>20	15	>20	>20	
Past (2005) - Today Rel. Trend (turnover)	stable	stable	+ until 2008 2009 stable	+ until 2008 Stable/- 2009	+ until 2008 -45% 2009	+ until 2008 -50% 2009	+ +until 2008	+ until 2007 -2009	
Future Rel. Trend	stable	+5/10%	stable	+5%	Stable	+ %	++%	+3/5 %	
N. other supplier for same category of product	2	-	0	-	0	-	10	-	
Role of supplier/customer in terms of sold/purchased products	one of the most important	one of the most important	one of the most important	the most important	one of the most important	One of the most important	the most important	One of the most important	
How do you think supplier/customer perceives your company in terms of sales/purchases	secondary	the most important	one of the most important	one of the most important	one of the most important	one of the most important	one of the most important	One of many	
Time spent for the counterpart hours/ Month	4	16	4	32	32	16	8	8	
N. C-S interaction	1/ Month	2/Month	2-3/Month	3/Month	4/Month	4/Month	1-2/ Month	2-3/Month	
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=	
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes	
Threat for rel.	Partially yes	no	no	no	no	no	no	no	
Comprehension	Pre	4	7	6	6	5	6	7	5
	Post	5	5	6	6.5	5	7	7	7
Major influence to	balanced	balanced	balanced	balanced	customer	supplier	balanced	supplier	
Rel. importance in the portfolio	One of the most important	One of many	secondary	secondary	One of the most important	One of many	One of the most important	secondary	
The counterpart has favoured us	1	5	6	5	1	5	6	2	
We have favoured the counterpart	6	5	7	5	7	4	7	2	
Rel. satisfaction	Pre	5	5	6	6	5	7	7	5
	Post	4.5	5	6	6	6	6	7	7
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed	
Meeting requested by	supplier	supplier	Customer/supplier	supplier	Customer/supplier	supplier	Customer/supplier	supplier	
Level of sat. of the meeting	6	5	6	5	6	5	7	7	
Level of surprise by the meeting	1	1	1	1	1	1	1	1	
I got what I wanted	6	5	6	5	6	5	7	7	

	REL 29		REL 30		REL 31		REL 32		
Role in the rel.	C29	S	C30	S	C31	S	C32	S	
Size	small	-	small	-	small	-	small	-	
Position in the company	Sales manager	-	General Manager	-	Sales manager	-	Sales manager	-	
Work years in the company	40	13	5	10	35	3	20	7	
Years of rel. between supplier rep. And customer	13		8		4		2		
N. contact people of the counterpart	2	2	2	6	3	3	3	2	
N. years as customer/ supplier of the counterpart	>20	>20	8	8	>20	15	<2	4	
Past (2005) - Today Rel. Trend (turnover)	+ until 2008 -30% 2009	Fluctuating until 2007 + 15% 2008 -20% 2009	+ until 2008 -35% 2009	+ until 2008 -25% 2009	stable	stable	+ -10 % 2009	+ until 2008 -10% 2009	
Future Rel. Trend	Stable/ +	Stable	Stable/+	+6-7%	stable	stable	+	+	
N. other supplier for same category of product	0	-	2	-	0	-	1	-	
Role of supplier/ customer in terms of sold/ purchased products	One of the most important	the most important	one of the most important	the most important	one of the most important	one of the most important	one of the most important	secondary	
How do you think supplier/customer perceives your company in terms of sales/purchases	one of the many	One of the most important	One of the most important	one of the most important	one of the many				
Time spent for the counterpart hours/ Month	8	16	3	24	80	16	16	16	
N. C-S interaction	4/ Month	2/Month	8/Month	1/Month	3/Month	3-4/Month	2/Month	1/Month	
Satisfaction with n. of interaction /Month	=	=	=	=	=	=	=	=	
Rel. profitability	yes	yes	yes	yes	yes	yes	yes	yes	
Threat for rel.	no	Partially yes	no	Partially yes	no	no	no	no	
Comprehension	Pre	6	6	6	4.5	3	6	4	6
	Post	4	6	6	4	6	3	5	5
Major influence to	balanced	balanced	balanced	balanced	supplier	supplier	supplier	balanced	
Rel. importance in the portfolio	One of the most important	secondary	One of many	One of the most important	One of many	One of the most important	secondary	one of the many	
The counterpart has favoured us	1	6	2	5.5	5	1	6	4	
We have favoured the counterpart	6	6	6	5.5	6	1	7	1	
Rel. satisfaction	Pre	6	7	6	3.5	6	4	3.5	6
	Post	4	6	5	4	5	1	5	5.5
C-S meeting	programmed	programmed	programmed	programmed	programmed	programmed	programmed	programmed	
Meeting requested by	supplier	supplier	supplier	supplier	supplier	supplier	customer	customer	
Level of sat. of the meeting	6	6	6	4	6	2	7	5.5	
Level of surprise by the meeting	1	1	1	1	1	1	4	2	
I got what I wanted	6	5	4	5	2	1	4	5	

Appendix 6

Reliability of *SERVQUAL2*

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Providing services as promised	40.5	17.0	.6	.4	0.9
Dependability in handling customer's service problems	40.7	16.5	.7	.5	0.8
Performing services right the first time	40.4	17.6	.7	.5	0.9
Providing services at the promised time	40.5	17.1	.6	.4	0.9
Employees who instill confidence in customers	40.6	17.4	.7	.6	0.8
Making customers feel safe in their transactions	40.7	17.3	.7	.6	0.9
Employees who are constantly courteous	40.0	18.8	.5	.4	0.9
Employees who have the knowledge to answer customer questions	40	18.3	.6	.5	0.9
F1 - Reliability & Assurance (N. of items 8)			Cronbach's Alpha	.9	
Giving customers individual attention	23.9	8.0	0.6	0.4	0.7
Employees who deal with customers in a caring fashion	23.6	9.7	0.5	0.2	0.8
Having the customer's best interest at heart	24.0	9.1	0.5	0.3	0.8
Employees who understand the needs of their customers	24.1	7.8	0.7	0.5	0.7
Convenient business hours	23.3	10.5	0.6	0.4	0.7
F2 Empathy (N of items 5)			Cronbach's Alpha	.8	
Keeping customers informed about when services will be performed	17.6	6.6	0.4	0.2	0.8
Prompt service to customers	17.6	5.5	0.8	0.6	0.6
Willingness to help customers	17.4	6.3	0.6	0.4	0.6
Readiness to respond to customer's requests	17.2	7.0	0.5	0.4	0.7
F3 – Responsiveness (N. of items 4)			Cronbach's Alpha	.7	
Modern equipment	10.2	2.6	0.4	0.2	0.8
Visually appealing facilities	10.6	2.3	0.6	0.4	0.6
Visually appealing materials associated with service	10.5	1.7	0.7	0.5	0.4
F4 – Tangibles (N. of items 3)			Cronbach's Alpha	.7	

Appendix 7

Reliability of Customer Quality Scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Guarantee of large purchase volume	33.2	55.7	.6	.9
Good potential to grow	33.6	50.5	.7	.9
Proactive	33.5	47.0	.8	.9
Cooperative	32.8	56.0	.7	.9
Taking the initiative	33.8	52.3	.8	.9
Innovative	33.0	55.4	.7	.9
Competent	33.0	53.6	.6	.9
Full of resources	33.0	52.0	.7	.9
F1 Success (8 items)				Cronbach's Alpha .9
Comprehensive	16.0	8.7	.4	.5
Easy to understand their needs	15.6	8.7	.4	.5
Giving supplier attention	16.0	9.5	.4	.6
Generating an appropriate effort	14.7	9.8	.4	.5
F2 Empathy (4 items)				Cronbach's Alpha .6
Permit to gain high margins	10.3	2.5	.6	.7
Providing useful information	10.0	3.0	.6	.7
Permit to gain high profits	9.9	3.4	.7	.7
F3 Profitability (3 items)				Cronbach's Alpha .8
Reliable	21.7	9.9	.4	.8
Solution-oriented approach	22.0	8.5	.7	.7
Easy to work with	21.7	7.4	.7	.7
Permitting to plan in advance	22.1	8.7	.6	.7
Easy to manage	22.5	8.2	.4	.8
F4 Smooth Relationships (5 items)				Cronbach's Alpha .8

Appendix 8

Reliability of Organizational Personality Scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Boring_ve	62.3	213.1	0.1	0.9
Exciting	65.7	200.2	0.4	0.9
Unique	65.1	187.2	0.5	0.9
Plain_ve	62.4	198.1	0.5	0.9
Original	64.1	189.1	0.7	0.9
Creative	63.9	187.1	0.7	0.9
Interesting	63.7	185.9	0.8	0.9
Dominant	64.2	194.2	0.4	0.9
Successful	63.1	192.3	0.7	0.9
Popular	62.9	194.6	0.6	0.9
Active	63.1	193.8	0.7	0.9
Trendy	63.3	193.7	0.5	0.9
Stylish	63.9	187.9	0.7	0.9
Fashionable	63.3	192.3	0.7	0.9
Hip	64.9	186.5	0.6	0.9
F1 Innovativeness, Dominance and style (N of items 15)			Cronbach's Alpha .9	
Undersized_ve	30.9	19.0	0.4	0.8
Poor_ve	30.0	20.9	0.7	0.7
Low Budget_ve	31.4	18.5	0.5	0.7
Sloppy_ve	30.1	20.9	0.6	0.7
Deprived_ve	29.9	23.8	0.5	0.8
Low Class_ve	30.3	20.3	0.6	0.7
F2 – Thrift (N of Items 6)			Cronbach's Alpha .8	
Friendly	34.4	42.5	0.6	0.8
Pleasant	34.2	43.4	0.6	0.8
Personal	34.4	48.8	0.4	0.8
Helpful	33.5	49.7	0.7	0.8
Honest	33.7	46.2	0.6	0.8
Cooperative	33.7	50.0	0.6	0.8
Clean	34.0	47.4	0.5	0.8
Attentive to People	34.4	44.6	0.6	0.8
F3 – Boy Scout (N of Items 8)			Cronbach's Alpha .8	