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**Buyer-Seller Relationship Development Episodes:
Theories and Methods**

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Abstract¹

This paper conceptually frames investigation into critical episodes—those episodes that fundamentally strengthen or fatally weaken relationship development between buyers and sellers, particularly those who represent businesses. It also considers the importance of non-critical episodes in business relationships. Episode-relationship theory, the qualitative/quantitative debate, and one episode research method are reviewed and critically assessed for the benefit of those who want to address gaps in our understanding of interaction episodes. Particular attention is paid to the enduring yet frequently modified Critical Incident Technique (CIT) associated with Flanagan (1954).

Issues Addressed

How do episodes in business relationships foster trust? Create conflict? Spark commitment? Looking down from our research observation balloons, we see networks clearly. To a lesser degree we are obtaining good resolution on the state of business relationships. However, we just cannot seem to put episodes, let alone patterns of interaction, into focus.

The interactionist perspective says buyers and sellers in business marketing engage in social and economic exchanges leading to working relationships (Håkansson 1982). Macneil (1980) theorizes that the social component of relationships is all-important, for it compensates for imperfect legal contracts. That is, to sustain an ongoing commercial relationship, adjustments are required that adapt commercial exchange to changing circumstances. Legal contracts are insufficient for this purpose because it is impossible to perfectly predict the future and build legal remedies into a contract—hence, the importance of working relationships that can make adjustments.

That social interaction is embedded in business relationships we have no doubt (Granovetter 1985). The marketing literature contains many articles about the state of a business relationship. Various research questions have been addressed. Is trust necessary for cooperation and commitment? How does the level of communication influence conflict? Unfortunately,

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there is a significant gap in our understanding about the nature of critical interaction-episodes and the effects they have on buyer-seller relationships. First, we lack a system for characterizing and grouping key episodes. That is, how can we characterize or typify episodes? Because of this deficiency, the second problem is our incomplete understanding of the effect episodes have on relationships. For example, is conflict over obligations a sign that a relationship is in trouble or a hopeful indicator that partners are working to adjust their relationship? Third, we need greater understanding of the human calculus associated with episodes. For example, do individuals keep mental accounts of positive and negative critical episodes, leading to cumulative effects? How do agents make attributions about critical episodes? Fourth, since our goals are different from the Flanagan-inspired researchers of critical incidents, we also want to understand how less critical episodes, such as meetings for exchanging information on recent performance and new opportunities, influence relationships. That episodes in relationships need more attention there can be little doubt.

The importance of these research questions has to do with understanding how the actions taken by purchasing agents and sales consultants in the context of a business relationship influence the outcomes of their collaboration. Interaction episodes are engines of change, motors that engage the energy of a relationship. Relationship theory is incomplete without a more complete understanding of interaction episode dynamics. From a business strategy standpoint, it is not possible to effectively “manage relationships” when we lack the operation manual for interaction episodes.

This paper aims at contributing a foundation for episode investigations. Our contribution is that we review, critically assess, and draw conclusions about three issues that underlie interaction episode investigations:

- What is the state of the theory connecting episodes and relationships?
- Are qualitative methods, quantitative methods, or some combination of the two methods more suited to investigations of interaction episodes?
- Given that Flanagan’s (1954) Critical Incident Technique has been widely applied to episode studies, is this the research paradigm of choice?

The State of Theory Connecting Episodes and Relationships

Håkan Håkansson (1982) and the multinational European research team known as the Industrial Marketing and Purchasing Group (IMP Group) produced the seminal work connecting episodes and relationships. Several key insights distinguish this work. First, despite the mixed motives of buyers and sellers in organizations, their exchanges are more typically characterized by continuity—relational exchanges, not discreet transactions (Dwyer, Schurr, and Oh 1987). This observation predated the managerial attention given to the benefits of closer cooperation within supply chains by perhaps five to 10 years. Second, interactions represent the appropriate unit of observation. Third, the hierarchy of effects travels upwards from interaction episodes to relationships to networks. An interesting consequence of the IMP Group perspective was that followers of this paradigm adopted case study methods, which had the unintended effect of keeping many developments in the IMP Group research out of the mainstream U.S. marketing journals. This unfortunate state of affairs makes the quantitative-qualitative debate worthy of more attention. Of course, the IMP group research has expanded its influence and its domain of scientific writing in the two decades since this paradigm-changing work was published. Our narrow focus in the following discussion concerns the episode construct.

The Business Marketing Literature

Table 1 summarizes research that links interaction episodes and business relationships. For example, in 1987 Johanson and Mattson provided an important conceptual distinction between relationships and interaction episodes. Relationship constructs refer to characteristics that are more generalized and more long-term in nature than interaction episodes. Interactions are short-term, dynamic, and comprised of actions associated with exchange and adaptation between firms. Exchanges may include social, informational, and economic content. Easton (1992) builds on their work and summarizes the four elements of business relationships: mutual orientation, mutual dependence, bonds of various kinds and strengths, and investments made in the relationship. In brief, interaction episodes are acts closely connected in time involving business associates and relationships are (conceptually) higher-level manifestations of connected episodes.

TABLE 1
Selective Review
Research Connecting Episodes and Relationships

Reference	Subject	Contribution
Dwyer, Schurr, and Oh 1987	Developmental conceptualization of relational exchange.	Discusses interaction processes that underlie different phases of relationship development.
Ford 1980	Framework identifying the characteristics and phases of relationships.	Discusses five characteristics of relationship distance that influence and are influenced by interaction episodes.
Granovetter 1985	Seminal article theorizing that both social and economic factors influence interactions	Proposes that social influence is at least as important as economic influence in organizational behavior.
Håkansson 1982	Multinational study of business networks.	Articulates interaction theory as applied to business marketing.
Halinen, Salmi, and Havila 1999	Change in business networks.	Proposes that changes in networks arise from critical events (also termed critical incidents) triggered by a business dyad or the network.
Johanson and Mattson 1987	Examines networks in connection with transaction cost analysis.	Differentiates interaction episodes and relationships.

Halinen, Salmi, and Havila (1999) provide further connection to relationships and network theory. They cite several studies of business relationships where critical interaction episodes caused important changes in business relationships and networks. Also, they

characterize different types of critical events and identify entrepreneurial and strategic decisions as especially important. Significantly, while they view interaction episodes as generators of change, they also consider the environment as an equally important factor. They remind us that actors in relationships often confront forces of change external to the relationship. That is, it is a mistake to consider episodes in isolation from the relationship and the network in which they are embedded. Their most important contribution is underscoring the notion that some episodes are *critical* in the sense that they cause significant change.

Missing from their work is the complementary notion of important non-critical episodes. Quite apart from the critical incident technique championed by Flanagan (1954) and, as we will explain shortly, in the services marketing literature, basic relationship theory places significant importance on less salient activities. For example, Dwyer, Schurr, and Oh (1987) mention a variety of activities that take place in relationships, including social interaction, communication, cooperation, bargaining, and information exchange. Some of these activities are diminished or ritualized in discrete transactions, but play a larger role in relational exchange. Macneil (1980) proposes, for example, that activities characterized as social interactions—not necessarily dramatic in nature—are essential generators of trust and understanding. In turn, trust and understanding are needed when economic partners want to adapt their agreements to a changing situation.

Recognizing that familiarity and trust are essential for close cooperation, Ford (1980) uses five characteristics to explain the hurdles faced in business relationships. He explains that social distance is inversely related to the degree of familiarity buyers and sellers have with each other. Cultural distance is inversely related to similarity in norms, values, and working methods. Cultural distance stems from different national traits. Differences in a buyer's and a seller's product and process technologies is termed technological distance. Time distance concerns separation between events in a purchase process, while geographical distance refers to physical miles between two locations. All five forms of distance are reduced by interaction. In studying episodes, the distance constructs offered by Ford suggest outcome measures. It is interesting to consider that distance is not always reduced by *critical episodes*. Rather, it seems that commonplace (i.e., non-critical) interactions also lead to reduced relationship distance.

To illustrate the point, a manufacturer of thermal-mechanical testing machines employed a policy of bringing technicians of Chinese customers to their US facilities for month long training. Not only did this practice reduce technological distance, it also reduced cultural distance through everyday, mundane interactions that fostered closer beliefs and values. Daily interaction episodes doubtlessly played the largest role in reducing technological and cultural distance. Change was incremental, not dramatic or “critical” in character.

We might explain changes in technological and cultural distance as socialization episodes, following Granovetter's (1985) illuminating discussion of social influences in economic-oriented organizational systems that is often cited in business marketing research. Granovetter says that communication within interaction episodes is driven by desire for both economic and social gains. We exert and respond to social influence to attain the satisfactions of human interaction and, particularly, gain access to scarce resources. Certainly we interact for social rewards, but we also seek access to economic rewards that come from social ties. Self-interest in financial and emotional gain also underlies perception and understanding.

Of course, other factors besides episodes can influence distance. Ford (1980) mentions reputation as one mitigating factor. Reputation refers to the overall quality or character of a person or business as judged by others in the network. A strong reputation, for example,

shortens the trust-building process and reduces transaction uncertainty. A damaged reputation, on the other hand, substantially increases the number of episodes devoted to building trust. Schurr and Ozanne (1985) found reputation effects in a bargaining experiment. Poor trust damaged relational prospects for hard bargainers (see also Morgan and Hunt 1994).

Articles considered in this selective review and Table 1 indicate that interaction episodes cannot be understood in isolation—out of context. Rather, episodes take place in the context of higher-level concepts, such as relationships, networks, and environment. Yet interaction episodes drive changes in relationships and networks. Episodes involve behaviors that influence perceptions. Interestingly, the services marketing literature has advanced this perspective through studies that find a cause-and-effect relationship between particular interaction episodes and relationship dissolution—although typically the context is not business marketing. Nevertheless, this work is informative to the present theme and deserves a brief review.

The Services Marketing Literature

Vargo and Lusch (2004) contend that the provision of services is evolving as the new dominant logic for marketing, a notion that doubtlessly has relevance to business marketing, particularly in advanced economies. For our purposes the services marketing literature is especially interesting because many researchers have studied service failures as critical episodes leading to switching from one service provider to another. Services marketing researchers are attracted to studying critical episodes by their conceptual emphasis on "moments of the truth" described in business lore as a defining experience that either delights a customer by exceeding their expectations or disappoints customers by falling below their expectations. For example, Friman and Gärling (1999) say "negative critical incidents are defined as specific interactions that are dissatisfying because they deviate from an expectation" (p. 3). The basic consumer-oriented services marketing model is different from the business-oriented interaction episode model fostered by the IMP Group—consumer relationships with mass marketers usually are less personal, less complex, and less enduring. However, the similar emphasis placed by both scientific communities on relationships and on events—service encounters in one and interaction episodes in the other—makes the service marketing literature important.

The seminal work of Bittner, Booms, and Tetreault (1990) established the Critical Incident Technique (CIT), fathered by Flanagan (1954), as an accepted and valid method for studying service encounters. Bittner and her colleagues collected 700 verbal interaction episode narratives from customers of airlines, hotels, and restaurants. Using classification procedures typical of CIT, she identified generic interaction episodes that generalize across industries. This finding is very encouraging because it suggests that we can identify characteristic episodes associated with changes in business relationships. Her 1994 work with Booms and Mohr (1994) extended this paradigm to investigation of the service provider.

Inger Roos (1999) offers an uneven yet interesting look at 1-4 month relationships between consumers and supermarkets. While this study seems far a field from business marketing, Roos' article contains some useful insights. She adapts CIT so that critical incidents are related to a series of episodes comprising the "relationship." Her method, cleverly called the Switching Path Analysis Technique, takes into account aspects of the relationship beyond critical incidents, such as the relationship's duration and the economic drivers. Although she overlooks the connection, she actually finds that both social factors (i.e., failure to solve problems) and economic factors (the marketing mix) drive switching, as Granovetter's (1985) theory might suggest.

Services marketing articles that connect episodes to relationships are important because they at least begin the process of creating knowledge about one phase of relationships—dissolution. Also, these articles identify an effective approach to investigating interaction episodes. Finally, this body of research points the way to adapting useful methods developed by Flanagan (1954). However, the services marketing work examines a very narrow range of relationship episodes and pays insufficient attention to a broad range of relationship changes that is of interest to business marketers.

Critical Assessment

While there is ample acceptance of the notion that interaction episodes generate different relationship states and cause change in those states, there is insufficient discussion, let alone agreement, about the nature of interaction episodes. Business marketers know that episodes of cooperation, agreement making, and conflict resolution are important; however, they lack a paradigm and the corresponding terminology for even discussing episode characteristics and strategy. In short, the domain of knowledge associated with relating episodes to the higher level constructs of relationship and network is sadly lacking. Nevertheless, theoretical starting points exist in business marketing literature.

Early in a research stream it is useful to classify aspects of behavior that seem relevant to the theoretical framework. This has clearly taken place in the domain of knowledge that has grown from the original IMP Group research (Håkansson 1982). Perhaps the best example of this is the article collection edited by Ford (2002a). Yet interaction episodes remain somewhat less completely defined within the IMP framework.

What sort of episode classification scheme might be appropriate? In the marketplace of ideas there are many possibilities. Here is one possible starting point though doubtlessly there are others. Table 2 identifies three categories of episodes that are defined by their effect on a relationship. Generative episodes have a positive effect because the outcome of the interaction is

TABLE 2
Illustration of Episode Categories

Concept	Definition	Example
Generative Episode	An episode having a positive effect on a relationship by increasing cooperation, trust, mutual understanding, and joint benefits.	An interaction where partners agree to share customer information with a view toward creating higher service levels.
Degenerative Episode	An episode having a negative effect on a relationship by decreasing cooperation, trust, mutual understanding, and joint benefits.	An interaction where a buyer makes a long-term commitment to an alternative supplier.
Neutral Episode	Having the power or function of keeping a relationship state at current levels when otherwise degeneration would occur.	A sales consultant makes a courtesy call on a customer to discuss progress on a customer's project.

increased capacity to cooperate, trust, understand, and jointly benefit. Degenerative episodes have a negative effect. Neutral episodes overall sustain, but do not change, the capacity for interaction and mutual gain. *Characteristic* episodes within each category represent unique forms of relationship interactions. For example, episodes of promise and promise-fulfillment increase trust in a relationship. Characteristic episodes are recognizable types of interactions that produce predictable effects, such as increased mutual understanding, commitment of nontransferable assets for mutual gain, and perceptions of relationship continuity. No episode stands alone, so we must look for patterns, often comprised of non-critical episodes, which increase the likelihood for a critical, relationship-state changing characteristic episode.

A significant implication of our viewpoint is that some episodes stand out as critical because they change the state of a relationship—and some episodes are *not* critical, but are important. For example, neutral episodes may simply maintain the state of a relationship. However, as time lengthens between interactions, even neutral ones, relationship vitality will decline. Marriages can fail simply because neither party is paying attention to the relationship. As relationship vitality wanes, an alternate supplier can step in.

The theory of interaction episodes places each episode in a context. Although the services marketing investigations have studied connections between episodes and changes in relationships, particularly relationship dissolution, much work remains. Figure 1 depicts a hypothetical interaction episodes map along a timeline. The focal path of events is designated by shadowed boxes. For example, SB 2 represents an interaction episode in which a buyer and seller agree that the buyer will initiate the process whereby the seller might become a qualified vendor. The cluster of B episodes above the focal path represents interaction episodes with role partners in the buying side network. Similarly, the sales consultant might interact with estimators, production engineers, and managers to gain information and approvals necessary to facilitate the buyer's decision to qualify the supplier's product.

FIGURE 1
Hypothetical Episode-Mapping Diagram as Pioneered in IMP Group
Studies Showing Correspondence to Changes in the State of a
Business Relationship

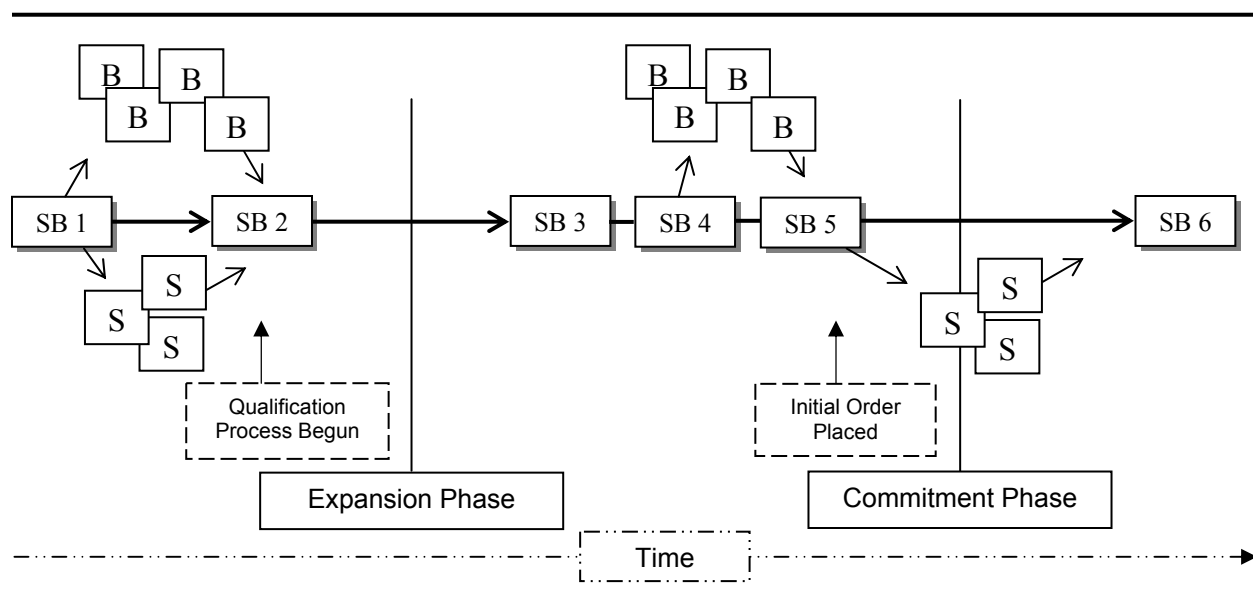


Figure 1 illustrates a number of key elements in studies of interaction episodes as they relate to relationship changes. First, there is a focal path that is identified by interactions and decisions that change the business relationship. Second, the changes in the relationship are identified as shown in the boxes outlined by broken lines. “Qualification Process Begun” is one such change and would represent a critical outcome. Third, the critical outcome is preceded by a number of interactions. Some of these may be critical incidents in that they can favorably or unfavorably affect the critical outcome. However, some of these episodes are not necessarily critical. Perhaps, for example, the episode designated SB 3 is a neutral episode as defined in Table 2. Fourth, by considering the characteristics of groupings of interaction episodes and significant outcomes that change the state of a relationship, we can characterize different phases of a relationship. For example, SB 1 appears to be an *exploration* phase as defined by Dwyer, Schurr, and Oh (1987). SB 2, the episode where a decision is made to enter the supplier into a qualification process, moves the relationship into an *expansion* phase.

In this section we have considered the connection between interaction episodes and changes in relationships. While many positivist studies focus on a snapshot of a business relationship, episode theory concerns a more dynamic perspective concerning patterns of interaction. There exists an opportunity for researchers to more fully study episode-relationship associations by identifying characteristic episodes within defined categories (Table 2), developing more understanding about critical and non-critical episodes, and cataloging episode outcomes that change relationship states. Figure 1 suggests how episode patterns can be mapped. The missing ingredient to successfully carrying out this research is an appropriate research method. The services marketing literature seems to point the way to the Critical Incident Technique. However, for our purposes the technique is deficient in some respects, and there is a larger issue that could be termed the qualitative/quantitative debate.

Qualitative or Quantitative Methods for Interaction Episode Research?

Two camps have emerged in the community of marketing scholars. The positivists, who rely on quantitative methods, often place their quantitative reports in US journals, such as the *Journal of Marketing*. The postpositivists, who often rely on narratives and case studies with varying degrees of statistical summary, find many outlets for their work in European journals. And then there are the liberals of the research field, the proponents of the qualitative method. Lincoln and Denzin (2002, p. 1047) offer a realistic yet flattering perspective on qualitative research:

Qualitative research is many things at the same time. It is multiparadigmatic in focus. Its practitioners are sensitive to the value of the multi-method approach. They are committed to the naturalistic perspective and to the interpretive understanding of human experience. At the same time, the field is inherently political and shaped by multiple ethical and political allegiances.

Of course, few would argue that a single method or even a collection of methods provides the direct route to ultimate knowledge. Yet journal reviews sometimes imply just such foolishness. Debate over scientific methods is always healthy because it sharpens our thinking about the factors that make one method more applicable than another in a particular situation.

Yet our purpose is not to enter into the debate. Rather, in this section we will highlight some of the important dimensions of the debate. Our goal is to understand the range of options available to us for conducting research on the connections between interaction episodes and business relationships. In our critical assessment section we provide suggestions for positioning research according to its objectives.

Review of Method Paradigms

Table 3 suggests characteristics of the objectivist and constructivist paradigms as well as the middle ground, critical realism, which combines features of both. Objectivism seeks more impartially defined reality, while constructivism captures the big, complex, subjectively

TABLE 3
The Range of Research Paradigms

Paradigm Characteristic	Objectivism (Positivism)	Critical Realism (Postpositivism)	Constructivism
Ontology	Reality can be known—at least as an approximation.	Reality exists independently of our knowledge of it.	Reality is relative—local with deep underpinnings that are context embedded.
Epistemology	We come to know reality through objective findings that are true and founded in internal and external validity.	We come to know reality by going beyond concepts of truth and falsification to seek deeper, possibly subjective understanding.	We come to know reality through subjective reasoning and insights.
Methodology	Falsificationist, using quantitative methods that test hypotheses; experimental manipulations.	Considering internal and external validity yet creating substantive raw data that enables description and interpretation.	Descriptive; using interpretation, discussion, and reasoning.
The Nature of Knowledge	Verified or nonfalsified hypotheses.	Empirical methods check and enhance our understanding. Effectiveness in informing and explaining is not by accident (Easton 2002).	Individual reconstructions coalescing around consensus.
Type of Narration	Scientific report.	Combined description, interpretation, and scientific report.	Interpretive case studies.
Investigator's Posture	Neutral, dispassionate.	Involved yet actively planning to reduce sources of bias.	Involved, cognizant of biases and values.
Inquiry Goal	Explanation, production, and control.	Understanding with control.	Understanding and reconstruction.

Note: based in part on Lincoln and Guba (2002) and following Easton (2002, p. 104).

perceived world. While Charmaz (2002) sees grounded theory and postpositivism laden with positivist characteristics, this is not consistent with the viewpoint espoused by those who advocate a middle ground.

In Table 3, a paradigm is the interpretive framework or the beliefs that guide research. Lincoln and Guba (2002) provide a more comprehensive review of paradigm characteristics, whereas Denzin and Lincoln (2002, p. 22) offer a somewhat different take on important differences between paradigms. However, Table 3 captures informative differences and incorporates Easton's (2002) application of critical realism to marketing theory.

To some, perhaps, postpositivism appears to be the positivist's response to the limitations of positivism within the realities of university publish-or-perish policies. That view is too harsh. Today's researchers are simply attempting to strike a productive balance in their approach within the context of their objectives. Those who embrace constructivism or postpositivism address research questions that require some reliance on rich reconstructions of reality plus interpretive emphasis that places understanding into a specific context.

Table 4 highlights noteworthy developments in the middle-ground approaches. For example, James Anderson, Håkan Håkansson, and Jan Johanson (1994) propose a role for both constructivism and positivism. They suggest employing these "complementary research approaches," which involve using "directed case studies to guide and refine theory development, and survey research using key informants and structural equation modeling" (p. 11). Their investigation reported in the article offers statistical support and interpretative background for their proposed *network identity* and *outcome comparison* constructs.

If Anderson and his colleagues see objectivist and constructivist paradigms as complementary, Kathleen Eisenhardt (1989) proposes an approach to inductive theory building that moves constructivist grounded theory (e.g., Charmaz 2002, Strauss and Corbin 1997) more in the direction of the objectivist paradigm. Defining the research question begins the process. Case study selection, the next step, takes on positivist overtones with focus on controlling extraneous variation by clarifying the domain of investigation. Selection of instruments and protocols uses rationale that "is the same as in hypothesis-testing research." Her recommendations for first-stage analysis seem drawn from the classic case study paradigm (e.g., Yin 2003). Second stage analysis emphasizes techniques for identifying patterns in the descriptive stories. Category comparisons are important. The theory building part, which involves creating hypotheses, involves refining construct definitions, much like we saw in connection with Anderson, Håkansson, and Johanson (1994). A tabular display of evidence is used to support the constructs. Eisenhardt's final step involves comparing the emerging concepts, hypotheses, and theory to the extant literature. She says "tying the emergent theory to existing literature enhances the internal validity, generalizability, and theoretical level of theory building from case study research" p. 545. Langley (1999) by contrast sees Eisenhardt's approach as requiring a very specific type of process-data in order to work, and this specificity would certainly limit what a researcher might investigate.

Eisenhardt's paradigm, though published in a highly regarded, prestigious research journal, did not result in a dramatic change in the number of published quasi-qualitative studies. However, it has been followed by productive discussion. Wilson and Vlosky (1997), for example, follow Eisenhardt's paradigm and contribute a list of relationship activities that provide another starting point for investigations of interaction episodes in relationships. Geoff Easton (2002) provides an essential conceptual extension of Eisenhardt's discussion. He applies the critical realist approach to one of three core ideas of marketing—the exchange concept. Through

TABLE 4
Selective Review
Qualitative or Quantitative Methods?

Reference	Subject	Contribution
Anderson, Håkan Håkansson, and Jan Johanson 1994	Conceptualization of network identity and outcome comparison constructs.	Articulates the view that directed case studies and key informant/ structural equation model approaches are complementary and appropriate for network studies.
Denzin and Lincoln 2002	A compendium of articles presenting all facets of qualitative research paradigms.	Offers a much broader perspective on the many alternative approaches to qualitative research. Identifies important aspects of technique. Addresses philosophy of science issues.
Easton 2002	Interpretation of the marketing- as- exchange concept in the light of the critical realism paradigm.	Underscores the deficiency of theory developed using the positivist paradigm.
Eisenhardt 1989	Discusses a critical realist approach to theory induction using case study but with consideration of external and internal validity.	Clarifies elements of a research paradigm that promotes inductive theory development.
Langley 1999	Differentiates variance theory and process theory and reviews seven strategies for sensemaking. Says process theories concern sequence of events leading to outcomes.	Explains the trade-offs when using seven different research strategies for studying episodes and processes.

a careful analysis of the relevant literature, he makes a convincing case that marketing theory requires understanding at a deeper level than is provided in much of our theoretical writing and our positivist scientific reports. For example, he says, "...rather than simply characterizing the environment in general terms, why not try to understand what the structures are in the environment that cause changes to take place?" (p. 107).

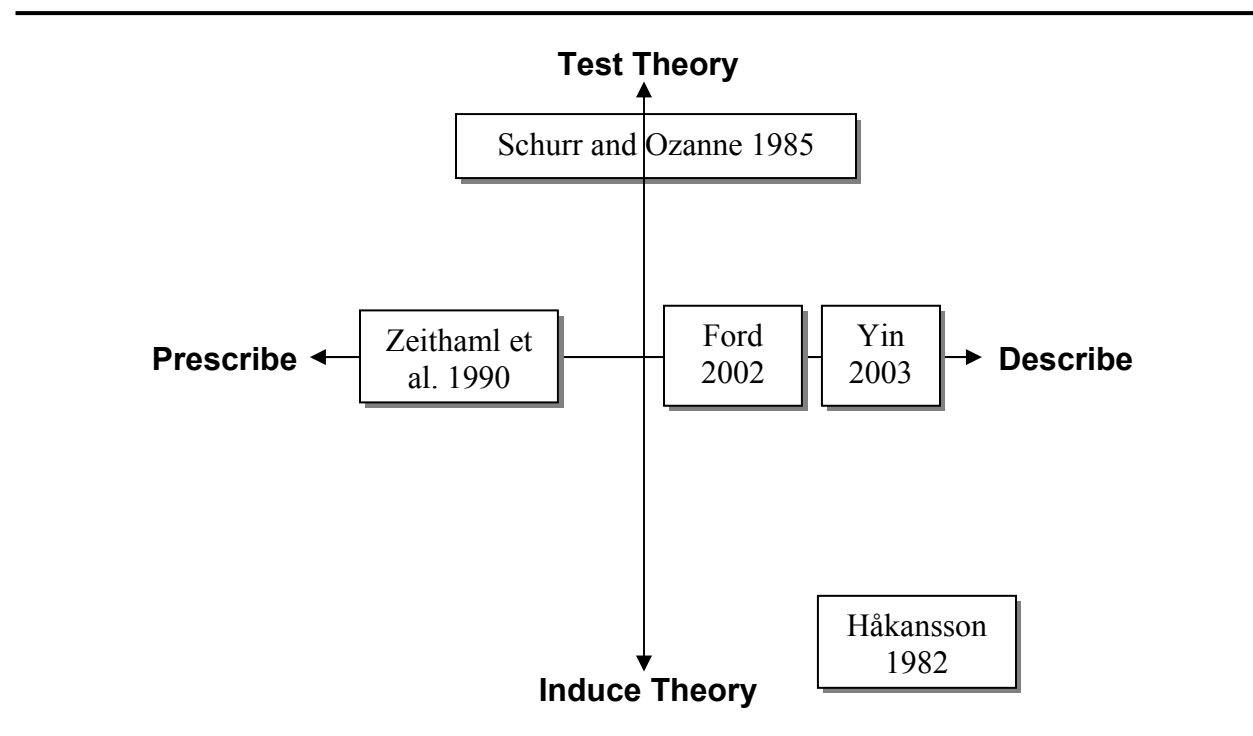
Critical Assessment

We draw two conclusions from our brief review of research paradigm alternatives. First, there is increasing attention to the middle ground of the methods debate. Quasi-qualitative methods are being adopted to provide deeper understanding of our theories and constructs. Clearly, numerous studies using the Critical Incident Technique fit this conclusion.

Second, we underscore the importance of evaluating a research paradigm or a writer's

perspective based not on a special appreciation for one paradigm over another, but based on the research objectives of the researchers. Figure 2 organizes various writings in a perceptual map that characterizes writing in terms of two dimensions. Consider the following. The landmark Håkansson (1982) book uses critical realist methods to induce theory and provide stories about companies to describe what takes place between cooperating companies. Textbooks (e.g., Ford 2002) provide description, while trade books (Zeithaml et al. 1990) provide prescription. The Zeithaml et al. piece is noteworthy because it is based on an influential service marketing theory. Case studies may be pure description (Yin 2003), and critics of qualitative methods sometimes incorrectly imply that that is all they are. The Schurr and Ozanne (1985) experiment illustrates a test of theory that relates trust in relationships to bargaining episodes in business marketing. Although their study is purely positivist in approach, it provides the sort of complementary understanding that Anderson, Håkansson, and Johanson (1994) say is important to theory development. Similarly, the cited Bittner CIT studies are complemented by the Bittner 1990 experiment concerning the relationship between attributions about service failures and the degree of felt dissatisfaction. In sum, it would be correct to say that the correct method is the one that best fits the purposes of the research.

FIGURE 2
Positioning Map Depicting the Contributions of Different Types of
Research and Research-Based Writing



Methods Suited to Interaction Episode Studies

Flanagan's Critical Incident Technique is already receiving attention in studies of service encounters, and CIT certainly appears relevant to studies of interaction episodes in business

relationships. Therefore, the following sections devote more attention to this particular method. In addition to a basic introduction to the method, studies that discuss the method are noted and unresolved issues with using the technique are discussed.

Review

Colonel John C. Flanagan, Director of the Division of Aviation Psychology, pioneered CIT during World War II as a way to improve flight training practices. Researchers have employed the technique in thousands of situations since Flanagan's method was developed. Also, the American Institutes for Research, founded in 1946 by Flanagan, remains an active not-for-profit research organization².

TABLE 5
Selective Review
CIT Applied to Interaction Episode Studies

Reference	Subject	Contribution
Andersson and Nilsson 1964	Examines the critical job-related behaviors of store managers in a Swedish grocery company.	Discusses the effectiveness of using CIT and examines several reliability and validity issues.
Bittner, Booms and Tetreault 1990	Collected 700 incidents from customers of airlines, hotels, and restaurants.	Generated interest and acceptance of CIT among services marketing researchers. Showed that interaction episodes generalize across industries.
Edvardsson and Roos 2001; Roos 2002	CIT applied to services marketing.	Reviews and critiques variations of CIT. Examines the issue of determining the criticality of critical incidents.
Flanagan 1954	The critical incident technique (CIT).	Introduces CIT by explaining the rationale for using this research paradigm and identifying its strengths and weaknesses. Steps in the technique are explained.
Gremler 2004, forthcoming)	Analyzes 141 studies in marketing employing CIT.	Provides guidelines for decisions about CIT methods and reporting practices.
Stauss and Weinlich 1997	The process of delivering services.	Adapts CIT to studying both critical and non-critical episodes in the process of service experiences.
Woolsey 1986	The critical incident technique (CIT).	Discusses how to perform CIT and indicates some of its applications.

² See www.AIR.com, the official Web site, for publications and background.

The basic idea of CIT is to identify the events that could cause an effective or an ineffective outcome. These turning-point events are called critical incidents. Flanagan (1954) essentially documents all the important aspects of the technique in his seminal article. A number of the articles in Table 5 augment Flanagan's explanation of the technique. CIT uses middle-ground methods, very much in the spirit advocated by Eisenhardt (1989) and critical realists. Also, CIT is very robust. Researchers have altered many aspects of the method with good success.

Gremler (2004, forthcoming) provides a very current assessment of CIT's use in marketing. He reviews 141 CIT studies in marketing, all of which addressed service marketing research questions. Just 16 of these studies occurred before the Bittner et al. 1990 article mentioned earlier. Also, only 15 studies addressed a business marketing context. For example, Hedaa (1996) uses CIT to examine episodes connected with customer attraction and indicates the promise of CIT in business marketing. Interestingly, this is one of only 7 interpretive studies that eschew positivist overtones. What practices are suited to using CIT in episode studies? Gremler answers this question in part by identifying six articles that in his view effectively employ CIT and report results consistent with what he considers good practices.

More specifically, CIT is traditionally implemented as a story-collection study that emphasizes categorizing these reports of critical incidents. Much attention is paid to how questions about critical outcomes are posed, who collects the information, and how verbal reports of incidents are processed into reliable categories. The CIT discussions also devote attention to psychological issues related to the ability of respondents to accurately report salient aspects of a critical incident. Researchers seem skeptical about the ability of respondents to accurately report critical incidents in many different situations. This concern doubtlessly becomes an even greater problem for non-critical incidents.

Critical Assessment

Unfortunately, aside from Stauss and Weinlich (1997), little attention has been devoted to a method that takes into account non-critical incidents or other features of an episode, such as network structure, that might influence the outcome of the episode and change to a relationship. Also, business marketing presents a more complex setting than business-consumer interaction episodes. Deliberation that takes place within an organization is highly relevant to what takes place in an episode involving boundary spanners. While it is legitimate to argue that households are organizational units and businesses that sell to consumers present organizational environments, the perspective of consumer service marketers does not take into account the same complexities as found in business marketing studies. Thus, an opportunity exists to develop CIT such that it fits interaction episode studies in business marketing to a greater extent than it does at the present time.

A more positive conclusion is that the articles found in Table 5 offer very useful detail on the practices and procedures that contribute to an effective research project. The method is well developed for studies that focus primarily on critical incidents. Also, we can be confident that CIT provides reliable results as it has been applied. These considerations suggest that adaptation of CIT to interaction episode studies in business marketing is warranted.

Conclusions

Perhaps the most curious aspect of the bountiful research on relationship development—particularly the quantitative studies—is that so many studies are locked in a moment of time.

Marketing studies of relationship development tend to ignore the causes of changes in the state of a relationship, the dynamic effects of alternative communication strategies, and most significantly, the importance of time and process. Progress on investigation of interaction episodes in relationship development will require different thinking about appropriate research questions and more balanced thinking about the approaches to and the uses of research.

In conclusion, this article offers a foundation for stimulating research into interaction episodes—both critical and non-critical—as they relate to networked relationships that grow and are productive as well as relationships that are riddled with unproductive conflict and degenerate into separation. We devote the first part of this paper to reviewing the theoretical significance of an interaction episode level of understanding. We need to connect episodes to relationship change, and this represents a starting point for future research. With this objective in mind, the categories of *generative*, *degenerative*, and *neutral* episodes were introduced. Further, we proposed that researchers investigate *characteristic* episodes within these categories and patterns of *non-critical* episodes that lay the foundations for critical episodes. The second part of this article assessed available methods and concluded that perhaps critics give insufficient attention to how a research project is positioned before evaluating the methods used. Middle-ground methods—those of the critical realist—are best only if they fit the purposes of the research. Third, this article summarized the state of CIT research in marketing, noting that it is at present incompletely adapted to business marketing research. Work is needed on adapting the technique to the more complex setting provided in many business marketing contexts and the presence of networks and critical as well as non-critical episodes. There is a special need to develop ways of eliciting responses about non-critical events that provide a foundation for successes and failures associated with critical episodes.

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