THE DEATH OF BUSINESS TRIADS: THE DISSOLUTION PROCESS OF A NET OF COMPANIES*

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ABSTRACT

The purpose of this paper is to describe the dissolution process of a net of three companies, i.e. a business triad. Research into business relationships and networks has tended to concentrate on the formation and development of relationships, ignoring the problems and issues related to relationship termination. However, a better understanding of relationship dissolution would offer valuable information for managers on how to maintain relationships and avoid unnecessary termination costs.

Three aspects of the dissolution process are examined in particular: the reasons for dissolution, the stages of the process, and the paths of development a dissolving triad will potentially follow. Existing literature in sociology and social psychology are used to construct a theoretical framework of business triad dissolution. We end by discussing research and practice implications.

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INTRODUCTION

Research into business relationships has, to date, kept itself mainly ‘on the sunny side of the street’, examining the formation and development of relationships. We argue that it is time to acknowledge that not everything in relationships is agreeable, and that sometimes dissolving a relationship may be the best thing to do. For relationship management to succeed, a proper knowledge of both relationship development and dissolution is required.

Business relationships are always connected to other relationships in a business network. In many fields of business, a net of three companies even forms an indispensable setting for conducting business. For instance, in international trade an intermediary is commonly used to bridge the gap between the seller and buyer from different geographical markets, or in the information technology industry, triadic co-operation between the producers of software and hardware and the customer is often necessary to fulfil customer-specific needs. In cases such as these, the most suitable perspective from which to study dissolution is not a single relationship but a net of three relationships. This paper therefore describes the dissolution process of a business triad.

A business triad is defined here as a net of three independent companies connected to each other by direct exchange relationships for the purpose of doing business. There are also other types of triads. Havila (1996a, p. 27) has defined a triad of supplier, customer and intermediating actor as "a business-relationship triad", thus referring to a relationship of three actors (see also Easton and Lundgren, 1992, p. 90). Here we take a network perspective and therefore define a triad as a net.

A triad is a useful level of analysis in studying change processes such as dissolution in business networks. As the smallest possible network, a triad simplifies the study yet still permits the investigation of different network flows and effects (see e.g. Smith and Laage-Hellman, 1992, p. 40). Adopting a triadic perspective does not, however, mean that the triad is investigated in isolation from the surrounding business network. Other relationships and their interaction with the focal net are also taken into consideration. We thus take a micronet-macronet perspective on the study of triad dissolution (see e.g. Halinen and Törnroos, 1997).

In comparison with a dyadic perspective, a triadic approach adds a new and interesting dimension to the investigation of the dissolution process. As pointed out by Simmel (1950, p. 135), the third actor affects the other two actors, either positively or negatively. The third actor may keep the triad together by softening any discords between the other two, or alternatively, potential disagreements between two actors may be absorbed in the comprehensive whole of the triad. However, the negative effects do tend to disturb the relationships, which cannot thus be as intimate as where only two actors are involved. So there is a tendency, although not dominant, for a triad to segregate into a dyad and an isolated actor (Caplow, 1968, p. 3; Simmel, 1950, p. 135; Thibaut and Kelley, 1986, p. 193).

Dissolution of business networks in general, or triads in particular, have to date received hardly any attention from business researchers. In order to provide a preliminary understanding of the dissolution process of business triads, we draw on existing psychology and sociology literature. Existing studies of the dissolution of dyadic relationships, whether intercompany or interpersonal, are also used as a source for theory development.

Our objective is to present a tentative framework of the dissolution process of a business triad where three issues in particular are addressed: reasons for, stages of and paths of dissolution.

First, we discuss reasons for dissolution, the area that has attracted the most research attention so far. We add to existing ideas by suggesting a distinction between predisposing factors and precipitating events underlying the dissolution process. Different precipitating events in particular may function as impulses for a triad's dissolution.

Secondly, we concentrate on describing the dissolution process itself. The process is delineated by stages, characterised by specific activities undertaken and decisions made by the parties involved. Here we draw on the framework of Ping and Dwyer (1992) concerning channel relationship termination, which we elaborate further to make it applicable to a business network context.

Thirdly, the triadic context makes it important to examine how the process of dissolution advances from one relationship to another. Three potential paths of dissolution are proposed, based on the different functions of the third actor and the way the members of the triad respond to change. Here we use the ideas of Simmel (1950) on group behaviour and those of Easton and Lundgren (1992) on change flows in business triads.

At this point, we wish to emphasise our processual perspective on the study of triadic dissolution. Process here refers to the nature, sequence and order of events and activities that unfold over time (Halinen, 1997, p. 15; Van de Ven, 1992, p. 170). In the IMP Group’s interaction studies, various activity types have been distinguished in

business relationships. Business (or resource) exchange, communication, co-ordination and adaptation have proved central to business interaction (see e.g. Möller and Wilson, 1995, p. 26). We use these activity types and the decisions of the triad's members in describing the dissolution process.

Some writers have found it useful to see dissolution as the reverse of relationship formation. We however argue that there are important differences between the two processes (see also Duck, 1981, p. 11 and Dwyer et al., 1987, p. 20). Both actors are needed in the development phase, but dissolutions can be initiated by one actor alone (Simmel, 1950, p. 123). Moreover, in relationship formation, the actors increase their knowledge of each other whereas in the dissolution phase, knowledge itself does not decline significantly but can be re-interpreted or acted upon in different ways (Duck, 1981, p. 11; Baxter, 1985, p. 259). It is likely that relationship dissolution as well as the dissolution of a business triad follows its own particular processes and therefore merits research attention of its own.

The paper starts with a brief overview of the literature that will be used to develop a framework for triadic dissolution. Another section is devoted to the issue of how dissolution can be defined in a triadic business network setting. The preliminary framework of the dissolution process is then constructed step by step, and each of the key issues − reasons, stages and paths of dissolution − is discussed separately. Managerial implications and avenues for future research are presented at the end.

BACKGROUND LITERATURE

Four areas of literature are used as a source of inspiration in this paper: research on business relationships and networks, studies in the social psychology of intimate

relationships, organisational research concerning the failure of interorganisational arrangements and organisational death, and finally, sociology research on triads.

In business research, studies on relationship dissolution have focused on the antecedent conditions of dissolution (e.g. Heide and Weiss, 1995; Ping, 1993 and 1995) or factors and events that lead to a relationship break-up (e.g. Keaveney, 1995; Michell et al., 1992; Perrien et al., 1995). Studies have approached dissolution as a cognitive process, emphasising decision-making concerning the break-up (see e.g. Heide and Weiss, 1995; Perrien et al., 1994). Different dissolution strategies have also been investigated. Helper (1993) developed the idea of exit and voice strategies as two types of response to problems that arise in a business relationship, and Alajoutsijärvi and Tähtinen (1997) studied various disengagement strategies in order to facilitate "beautiful exits" from a relationship. The process of relationship dissolution has been largely ignored, although several authors have emphasised the need to study it (Dwyer et al., 1987; Halinen, 1997; Keaveney, 1995). The process model of Ping and Dwyer (1992) concerning relationship termination in marketing channels is an interesting exception.

Models of personal relationships that have been developed in social psychology offer a potential basis for theory development in a business context. Duck's model (1982, p. 16) has paved way for a stream of research on the dissolution of intimate relationships. Duck proposed that individuals progress through four broad phases on the way to terminating a personal relationship: intra-psychic, dyadic, social and grave-dressing. This model has also been applied and further elaborated in business settings (see Dwyer et al., 1987; Ping and Dwyer, 1992). Duck's model and the elaborated version of Ping and Dwyer (1992) will be used as the main sources for theory development in this paper.

Further support for theory development can be found in studies concerning the reasons for failure in alliances and joint ventures (e.g. Serapio and Cascio, 1996; Park and Russo, 1996) or the process of organisational death and decline (e.g. Keyton, 1993; Sutton, 1987; Weitzel and Jonsson, 1989). In organisational and interorganisational research, the need for further research on the process of dissolution has also been acknowledged, although little has been done. One of the reasons for this may be the problem of getting access to dying organisations and relationships.

For the study of network dissolution, theoretical support has to be sought from sociological research into group behaviour. Here we draw on the ideas of Simmel (1950) and other studies inspired by him (e.g. Caplow, 1968; Thibaut and Kelley, 1986).

A DISSOLVED BUSINESS TRIAD

The definition of a dissolved business triad needs to be addressed before any description of the dissolution process can be meaningful. As stated earlier, a business triad consists of three direct exchange relationships between its members. In order to define a dissolved business triad, we therefore first discuss the point at which an exchange relationship can be considered broken, and on this basis present a definition of a dissolved business triad.

Relationship dissolution in a business-to-business context has been approached via terms such as customer switching behaviour (Keaveney, 1995; Michell et al., 1992), disengagement from a relationship (Dwyer et al., 1987), withdrawal (Dwyer et al.,

1987), termination (Ping, 1995; Ping and Dwyer, 1992) and dissolution (Ping and Dwyer, 1992; Perrien et al., 1995). No explicit definition of dissolution or a dissolved relationship is presented in any of these studies, which indicates how little attention the topic of relationship dissolution has attracted but also shows up one of the major flaws of relationship studies, namely a lack of interest in defining the business relationship phenomenon itself.

Using the IMP Group's network model (Håkansson and Johanson, 1992; Håkansson and Snehota, 1995, pp. 24–36) and other related research (Halinen, 1997; Möller and Wilson, 1995), we see business exchange relationships between two companies consisting of three substantive elements: activity links, resource ties and actor bonds. Activity links comprise resource exchange, communication, co-ordination and adaptation processes. Resource ties connect various resource elements − technological, material and knowledge − between the two companies. As a result of interaction, companies become connected by different actor bonds. They build up a relational infrastructure including personal relationships, technological bonds, interfirm knowledge, contracts, norms and interfirm roles. In order to qualify as a relationship there also has to be an indication of continuity, i.e. a bilateral expectation of future interaction between the parties (Halinen, 1997, pp. 4–5). This expectation is manifested in the relational bonds, i.e. attraction, trust and commitment between the companies.

Sticking to this description, it is logical to conclude that a relationship is dissolved when all activity links are broken and no resource ties or actor bonds exist between the companies. It is probable that some personal relationships are maintained after the dissolution (see Havila 1996b) and a lot of knowledge will remain in the actor's organisational memory that continues to influence the way the ex-partners perceive

each other. The actor bonds created and maintained in actual interaction between parties vanish, however, and along with them the bilateral expectation of relationship continuity.

The definition of a dissolved relationship is irrevocably bound up in time. If, at a certain point in time, a relationship can be considered to have ended and the parties have no mutual expectation of its future reactivation, the relationship is dissolved. This does not however rule out the possibility that the dissolved relationship could be re-activated at some point in the future. As time passes, the actors themselves, the business environment and the surrounding network of relationships change, which may result in a need and willingness to rebuild the relationship.

Mutual expectation of relationship continuity is crucial for a relationship's existence. It takes two parties to form and maintain a relationship but only one to end it. This means that the decision of one actor is sufficient to define a dissolved relationship, although the other may still wish it to continue. Mutuality also distinguishes a sleeping relationship from a dissolved one. In a sleeping relationship, where activity links and resource ties may have considerably weakened (or completely vanished), the parties still share a will to keep the relationship alive. This is manifested in the mutual bonds that still connect the companies because they continue to communicate with each other and may carry out activities to keep the relationship alive (cf. e.g. Hadjikhani, 1996 on project marketing).

From defining a dissolved relationship, it is possible to move on to define a dissolved triad. For a triad to exist, there need to be three independent companies connected to each other by direct exchange relationships. Accordingly, a business triad can be considered dissolved when at least one of the direct relationships is dissolved,

meaning that activity links, resource ties and actor bonds between the two companies are broken. The parties have no expectation of relationship continuity.

Dissolution of a business triad may result in three structurally different outcomes (Figure 1).

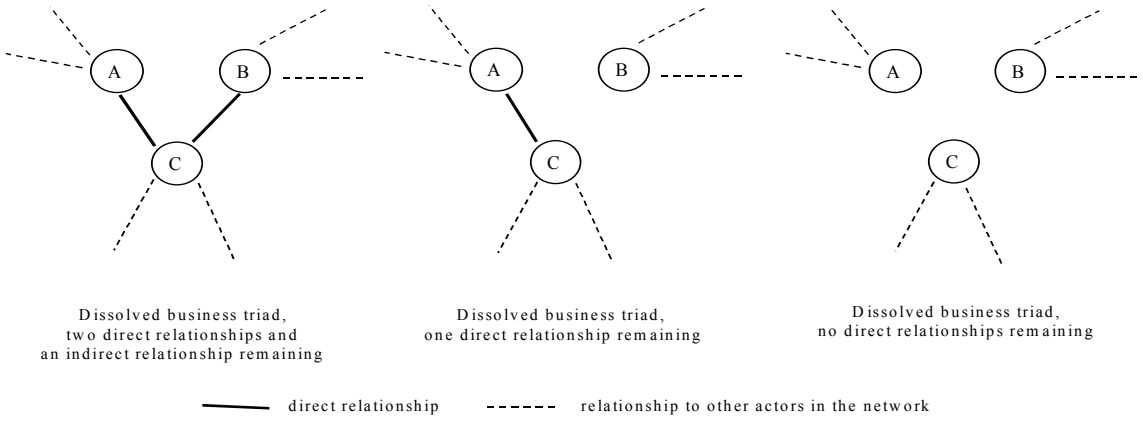

Figure 1. Three potential outcomes of a business triad dissolution

In the first outcome, one out of the three relationships has been dissolved, leaving two dyads. The smallest kind of network has been transformed into two direct dyadic relationships (A-C and B-C) and one indirect relationship mediated by C (A-C-B)[1]. The second outcome has two of the three relationships dissolved, leaving only one direct dyadic relationship (A-C). The third possibility implies that all three relationships dissolve, leaving three actors with no direct relationships with one another.

[1] This can be labelled as a serial triad relationship (for details see Havila, 1996a, p. 27).

In all these cases, the larger network in which the triad is embedded may also change as a result of the changes in the triad. Triads are connected to other companies through direct and indirect relationships, which creates a platform for connected change, i.e. changes acted upon by other actors in the network (Halinen et al., 1995; see also Easton and Lundgren, 1992). The surrounding network also transmits influences to the focal triad. Moreover, many changes may occur in the links, ties and bonds within each relationship that are never received or acted upon by the third member of the triad or other actors in the network. These changes thus remain within a dyad and may be termed confined changes (Halinen et al., 1995).

The three potential outcomes presented in Figure 1 do not reveal the whole picture of a triad's dissolution. The breakdown of one direct relationship may lead to a connected change and affect the remaining two direct relationships so that network dissolution continues. It may proceed towards the second or third outcomes, leading finally to a total loss of relationships between the members of a triad. We return to this issue later when dealing with triad dissolution paths.

REASONS FOR BUSINESS TRIAD DISSOLUTION

Various factors can pave the way for a triadic dissolution, either singly or in combination with other factors. As business triads evolve, events in their development or in the broader network may function as impulses for dissolution. In order to understand the reasons behind triad dissolution, or the subsequent disengagement process, it is first necessary to consider the nature of the triad and the original motivations for its establishment.

Using Caplow's (1968, pp. 5−7) ideas about a triad's situation, we can distinguish between three types of business triads: terminal, continuous and episodic. On the basis of this classification, different types of triadic death can also be identified (see Table 1).

Table 1. Death of a business triad − a classification

Type of triad	**Type of death**
Terminal	Desired
Continuous	Decided Forced Natural
Episodic	Predetermined Decided Forced

Terminal triads are unwillingly extant − the actors would prefer to operate independently − dissolution is their desired outcome to be realised as soon as circumstances permit (desired death). In *continuous triads*, the actors are related to each other 'for the time being' and the dissolution thus comes unexpectedly from the members point of view. The reason for dissolution may be that one actor is dissatisfied with the triad and wants to exit from it (decided death). Dissolution may also take place without any decision made on the part of the actors. For instance, a change in the broader network in which the triad is embedded may force the actors to end their relationships (forced death) or a relationship may gradually become obsolete, as the need for business exchange diminishes (natural death).

An episodic triad is established for a certain purpose and/or certain time period, and thus dissolves when it has served its purpose or the time period has elapsed (see Duck, 1981, p. 14; Serapio and Cascio, 1996). Dissolution of an episodic triad is thus predetermined, although the triad may also break up before the predetermined point of dissolution. In such cases its death may be characterised as decided or forced.

In taking a closer look at reasons for dissolution, we distinguish between two groups of factors that underlie triadic dissolution: predisposing factors and precipitating events (see also Duck, 1981, pp. 17–24). *Predisposing factors* already exist when companies enter into relationships and form a triad. They make the actors, their dyadic relationships and thereby the entire triad more prone to dissolution (cf. Duck, 1981[2]). Episodic and terminal triads carry with them a predisposition for termination by their very nature, but predisposing factors may also be less visible and less consciously perceived. *Precipitating events*, for their part, bring change to the triad and accelerate the process of dissolution. They function as impulses for members of a triad to terminate their co-operation. Precipitating events may emerge from within the companies themselves, from their dyadic relationships, from the triadic net or the broader business network in which the triad is embedded (see Figure 2).

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[2] In his studies of personal relationships, Duck (1981, p. 17) links predisposing factors to an individual actor. We extend his idea to take in business triads, and suggest that predisposing factors may concern business actors, i.e. companies, their relationships or the entire triad.

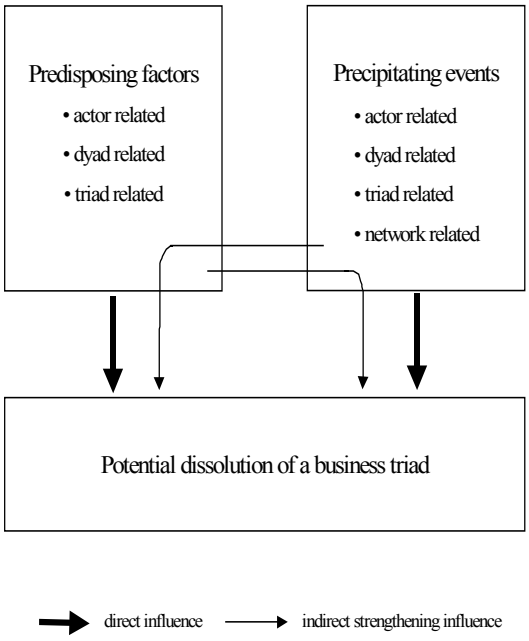

Figure 2. Reasons for a business triad dissolution

Predisposing factors

Studies on business relationships have revealed a number of predisposing factors that seem to engender relationship dissolution. These factors can be divided into actor-related factors and dyad- or interaction-related factors. Factors inherently valid to a business triad can also be traced, although business research in this area has been scarce.

Certain company characteristics, e.g. a lack of competence or poor economic performance, seem to make companies possessing such characteristics more prone to experience dissolutions (cf. also Duck, 1981, p. 17). A lack of competence may refer here to a company with little interaction experience (Möller and Wilson 1995, p. 30)

or a poorly stated operational overview of factors governing relationship maintenance, or a complete absence thereof. Poor company performance may also foster relationship termination (see Michell et al., 1992; Perrien et al., 1994). In a marketing channel context, Ping (1995) found that poor retailer performance − e.g. low retailer revenue or revenue per employee − positively affected a retailer's intention to exit a relationship.

A poor choice of partner can be seen as a dyad-related predisposing factor, inasmuch as relationship establishment always concerns two parties. Poor partner choice means mismatches and dissimilarities between the partner companies. Differing interests and expectations regarding the relationship and incompatible needs and resources between the parties may later lead to relationship dissolution (Halinen, 1997, p. 181; Möller and Wilson, 1995, p. 37; Park and Russo, 1996). Dissimilarities refer, for instance, to differences in company culture and management style (Serapio and Cascio, 1996) or company size.

Self-interest seeking together with an unequal distribution of power also forms a potential basis for a triadic dissolution. These factors can be classified as triad-related predisposing factors. They create a tendency to form coalitions within a business triad which may then lead to the triad breaking up. Rubin and Brown (1975, p. 64) define coalition as the unification of power and/or resources between two actors in a triad. By forming a coalition, the actors concerned stand a better chance of obtaining a desired outcome or controlling other parties that are not part of the coalition (Rubin and Brown, 1975, p. 64). This implies that the interests and intended outcomes of all three members do not mesh. Coalitions are especially likely to form in competitive, multi-party bargaining relationships, where the power is or is perceived to be unequally distributed (Caplow, 1968, p. 2; Rubin and Brown, 1975, p. 65).

Duck (1982, p. 5) associates actor related predisposing factors to a latent model of dissolution that he terms "pre-existing doom". This refers to the assumption that actors lacking certain characteristics will be likely to dissolve relationships. Similarly, the absence of certain actor-, dyad- or triad-specific characteristics may be assumed to result in the dissolution of a business triad. Moreover, present characteristics (e.g. mismatches between partners) or absent characteristics (e.g. a lack of competence) may create favourable conditions for a variety of precipitating events to occur and be received and acted upon by triad members (see Figure 2).

Precipitating events

Precipitating events bring change to a business triad and accelerate its dissolution. These may be sudden, singular events that cause radical change in the triad, i.e. its dissolution (see Halinen et al., 1995), or part of a series of events that gradually create pressure for one or several actors to take measures to break up relationships. It is essential to acknowledge that it is not the event *per se* that causes the break-up, but the responses of triad members to these events that then lead towards dissolution (see Duck, 1981, p. 20; Halinen et al., 1995).

Precipitating events may stem from any member company. For instance, bankruptcies or changes in company strategy, organisation or personnel, may potentially lead to triadic dissolution (see e.g. Halinen et al., 1995; Michell et al., 1992; Perrien et al, 1995). When e.g. the strategies and goals of a company are modified, extant business relationships may no longer fit the new strategy and are therefore terminated (Michell et al., 1992; Serapio and Cascio, 1996). In service companies in particular, personal relationships and changes therein have often proved influential on both relationship

maintenance and termination (Halinen, 1997, p. 209; Michell et al., 1992; Perrien et al., 1995).

Performance failures are potential precipitating events that emerge from dyadic interaction. Poor performance in individual transactions (see e.g. Keaveney, 1995) or dissatisfaction with the entire relationship (e.g. Halinen, 1997; Michell et al., 1992) may result in dissolution. Dissatisfaction may be due to factors such as undesired relationship management, for instance, to unfair use of power in a relationship, or violation of the contracts and norms established in previous interactions (Serapio and Cascio, 1996).

Precipitating events emerging from the broader network include different circumstantial events and the effects of other linked actors on the focal triad. Circumstantial events refer to changes in the economic, political, social or technological conditions of companies, that are mediated to the focal triad through its links with other actors in the business network (see Halinen et al., 1995; Mattsson and Hultén (eds.), 1994). Various changes may occur in the position of actors within their network that then precipitate triad dissolution. Important actors may for instance disappear or new actors enter the network. Competitors may make attractive offers and break up the existing relationship (Keaveney, 1995; Ping, 1993; see also Duck, 1981, p. 20).

Although we propose a fairly clear-cut classification of the sources of precipitating events here, it should be noted that these sources are highly interdependent. Change always takes place in interactions between business actors. It is generated in business dyads, received in them and potentially transmitted to other connected relationships (Halinen et al., 1995). This means, for instance, that the response of one member of a

triad to an event arising from the broader network may bring about changes in an actor's relationships with other actors and create pressure to dissolve the triad.

The state of the relationships within a triad is likely to moderate the effects of precipitating events on potential dissolution (see e.g. Halinen, 1997, p. 277). The state of a relationship may vary from strong to weak, depending on the nature and strength of the bonds between parties as well as the interdependencies created by activity links and resource ties. This explains why some triads dissolve in response to a precipitating event while others may survive the very same event. A number of studies on business relationship dissolution have investigated relationship characteristics in particular, e.g. the magnitude of relationship-specific investments, perceived switching costs or degree of overall satisfaction with the relationship, as important conditions affecting break-up (see e.g. Heide and Weiss, 1995; Ping, 1993).

PHASES AND ACTIVITIES IN TRIADIC DISSOLUTION

The dissolution of a business triad is likely to be a complex process, since it always involves various network actors and levels (people, companies, dyads, triads and broader networks). As Dwyer et al. (1987) suggest, more than just one phase would be necessary to describe the process over time. In their model of channel relationship termination, Ping and Dwyer (1992) suggest two phases − committed and dissolution − which are further divided into seven stages. The model is primarily based on Duck's (1982) framework of personal relationship dissolution but concerns established, committed channel relationships. A single actor's chronic dissatisfaction with a relationship is proposed as a primary explanation for relationship dissolution.

The Ping and Dwyer (1992) model has a number of limitations that make its direct application to a business triad context somewhat difficult. First of all, it describes the termination of a single relationship, ignoring the presence and effects of a third party that are so crucial in the case of a business triad. The model also takes the committed phase of a relationship as an evident starting point for describing dissolution. Business relationship research has however indicated that termination may occur in any of the phases of a relationship's development (e.g. Halinen, 1997, p. 282; Rosson, 1986, p. 211). Moreover, both the Duck (1982) and Ping and Dwyer (1992) models describe the dissolution process of a continuous relationship, where one actor takes the decision to terminate the relationship. Business triads and relationships may however end in several ways, and without any purposeful decision by the partners, as in forced and natural deaths.

The Ping and Dwyer model thus needs some elaboration for its pertinent application to the dissolution of business triads. In Figure 3, we present a modified model, distinguishing six stages in the dissolution process of a business triad. Intrapersonal and intracompany stages occur within one member company and dyadic and triadic stages occur in intercompany interaction with other members of a triad. The network stage broadens the perspective to the network environment surrounding the triad, and finally, the aftermath stage potentially involves all of the levels identified. The stages themselves are described by referring to actors' activities and the decisions they make at each stage.

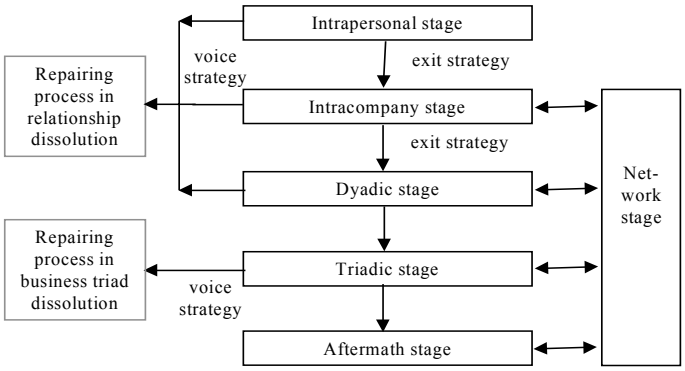

Figure 3. Stages of dissolution in a business triad

Taking the example of a continuous triad and decided death, the process starts from the *intrapersonal stage*, where the relationship is negatively perceived by the individual with day-to-day responsibility for its maintenance (Ping and Dwyer, 1992, p. 223). This individual (or several people in boundary-spanning roles), assess the relationship and possibilities for ending it. The person(s) in charge may have the authority to terminate the relationship or may need to suggest termination to a superior(s), which moves the dissolution process into the *intracompany stage*. Here, the initiator will try to convince the organisation of the necessity or benefits of termination. The company's potential to break activity links and resource ties with the partner and replace that partner with some other actor are considered. Perceived switching costs have an important role to play in this assessment.

There are two main strategies available to the actor: exit or voice (Helper, 1993, p. 142). Adopting an exit strategy means that the company wants to terminate an existing relationship and perhaps starts to find a new partner. The voice strategy implies confronting the reason for potential dissolution together with the partner(s), and both (or all) companies taking steps to repair and maintain relationships. If the repairing process is successful, the dissolution process may end there. If not, or if the actor is not able or willing to use a voice strategy, dissolution will advance to the dyadic stage. Before this, the company has to decide how to notify the partner about its desire to exit. The company may wish to delay this notification in order to enhance the availability of alternative partners and/or to reduce potential switching costs (see Ping and Dwyer, 1992, p. 226; Sutton, 1987).

While the relationship is being assessed, business exchange and other interactions with the partner will continue. The assessment will in itself distract the initiator's attention from the relationship, however, which may also be perceived by the partner. The initiator's willingness to make further adaptations and investments in the relationship will decrease and his/her bonds of attraction, trust and commitment will weaken.

The decision to exit is directly or indirectly communicated to the partner in the *dyadic stage*. The way in which the decision is communicated will also vary in its other- or self-orientation (Alajoutsijärvi and Tähtinen, 1997; Baxter, 1985). The choice between direct/indirect or other/self will be influenced by the relationship, the strength of relational bonds and the type of relational infrastructure built by the parties over time. The desire to exit may be communicated to the partner indirectly using public media or other actors in the network (Ping and Dwyer, 1992). It may also be expressed through changed behaviour. One's opposite number is supposed to

perceive one's exit intentions e.g. from changes in openness and the frequency of communication or from a vanished investment initiative. Indirect communication offers the initiator a chance to respect the partner's 'face' (Alajoutsijärvi and Tähtinen, 1997; Baxter, 1985). Direct communication, on the other hand, would not leave the partner in any doubts as to the wishes of the initiator.

Once the dissolution process reaches the dyadic stage, business exchange will start to declined and resource ties therefore begin to weaken. Other interactions between the companies, such as co-ordination and adaptation, may in fact temporarily intensify. Negotiations regarding contract annulment or disengagement may be needed. Proprietary rights, copyrights, contract penalties or final invoices have to be discussed, which may require a great deal of time and considerable adaptations on the part of both parties involved. Both actors will also start to make internal preparations for diminishing business exchange. The speed at which these activities occur may vary considerably, depending on the reason for dissolution and the availability of or need for alternative partners.

Depending on the way the decision was communicated, reciprocal bonds will deteriorate more quickly or slowly. Individuals involved in the business relationship may have developed strong personal relations that they wish to keep alive (Keyton, 1993). In forced death, for instance, where both parties are reluctant about dissolution, relational bonds between the companies as well as individuals may temporarily grow even stronger, despite measures already being taken to break the activity links and resource ties.

In the *triadic stage*, the third actor in the business triad becomes involved in the dissolution process. One relationship in a triad cannot dissolve with no effects on the

third actor and other two relationships involved. Even at this stage, it is still possible to engage in repairing activities and try and save the triad (see Figure 3). The positive influence of the third actor may indeed keep the triad together (cf. Simmel, 1950, p.135). The activities undertaken and decisions made during this stage are discussed in more depth in the next section.

In the *network stage*, the three members of the triad will have to manage the consequences of dissolution on other actors in the network. The dissolution of the relationship and the triad may need to be announced to other actors in the network, if it has not yet become apparent. The dissolution itself changes the structure of the network and the position of ex-members within it. In order to safeguard a favourable future scenario, the ex-members need to establish and reinforce other relationships in the network (see also Sutton, 1987).

The dissolution is highly likely to affect the network and the network may also affect and modify the dissolution process. Even at the early stages of dissolution, triadic actors/the initiator must consider not only the consequences upon themselves, but also implications for the broader network. Network actors may apply pressure on the initiator such that dissolution is abandoned. If the termination of a triad were to entail considerable changes to the initiator's position in the network as a whole, he/she may potentially reject the idea and engage in repairing actions, instead.

The dissolution is finalised in the *aftermath stage*. Although business activities have now ceased and resource ties and actor bonds been broken, the process of dissolution is not over. In the aftermath stage, the members of the triad each create an *ex post facto* account of relationship dissolution to disseminate within their company and to other members of the network (Ping and Dwyer, 1992, p. 221). The actors mentally

go through the dissolution process, in order to make sense of what happened in the process and what was achieved during the relationship (Keyton, 1993). It is a way of protecting the social and psychological identities of the individuals responsible (Duck, 1982, p. 28; La Gaipa, 1982, pp. 196–197). At its best, this 'story creation' is a part of the learning process within each company and helps to manage other relationships and potential dissolution processes. It may also be used as a means to polish company image and protect the identity of the company within the network. It should be noted that e.g. in natural death, the aftermath stage will not necessarily occur unless another actor from the network raises the issue.

The proposed stage-model should not be viewed as a deterministic description of triadic dissolution. Several trajectories are possible; the stages do not always occur in the order presented and in fact not all of the stages necessarily occur at all. The triadic and dyadic stages may occur simultaneously, and the network stage is likely to be enacted at the same time as the intracompany, dyadic, triadic and aftermath stages. For natural death, where the need for exchange has gradually diminished and no explicit decision has been made about dissolution, the intrapersonal and intracompany stages have a minor role to play. In predetermined deaths, where the decision to end co-operation was embedded in the triad's establishment, both the intrapersonal, intracompany and aftermath stages are likely to be of less significance.

The dissolution process may also be interrupted or stopped in its early stages. If the actors decide to use voice strategy, either in the intrapersonal, intracompany, dyadic or triadic stages, the dissolution process may stop or at least stall (see Figure 3). It has to be noted that the early signs of dissolution are difficult to detect and that even where they are addressed, the actor may understate the problem and therefore not take sufficient measures to repair the relationship (Weitzel and Jonsson, 1989). Even at the

network stage, the break-up may still be prevented. Thus, dissolution is not final until the process has reached the aftermath stage.