

Clandestine and Arranged Marriages

A study on business relationships in light of market structures

Competitive Paper

Anna Bengtson¹, Annika Tidström², Susanne Åberg³

¹*Department of Business Studies, Uppsala University, P.O. Box 513, SE-751 20 Uppsala, Sweden, anna.bengtson@fek.uu.se*

²*Department of Management, University of Vaasa, P.O. Box 700, FI-65101 Vaasa, Finland annika.tidstrom@uwasa.fi*

³*Department of Business Studies, Uppsala University, P.O. Box 513, SE-751 20 Uppsala, Sweden, susanne.aberg@fek.uu.se*

Abstract

The perception of business being based on arm's length market exchange, which IMP studies were a reaction against, still influences many business settings as well as legal structures. By recognizing the influence of such a market perception on business exchange and on different structures within which business relationships evolve and exist, we could further develop our understanding of business relationships. The purpose of this paper is therefore to study the nature and development of business relationships that emerge in what can be defined as business settings with elements of a market structure, i.e. where ideas of the (ideal) market affect the structures imposed on companies. The literature addressed consists mainly of IMP literature.

In the empirical part of the paper three different cases are described; each of which presents a context with business relationships that can be considered atypical from an IMP perspective. In this study several qualitative research methods have been used for gathering data; personal interviews, telephone interviews, document analysis, participation in seminars and personal observations.

Starting from the marriage metaphor, our study shows that relationships exist although they should not exist (clandestine relationships), and that it is difficult to force relationships upon parties (arranged marriages). Within IMP research, there has been a call for better descriptive models of markets that take into consideration for example the role of third parties that influence exchanges between companies (Håkansson et al., 2004). Thus, we need a better understanding of the richness and variety in markets. We believe that taking situations which can be considered atypical from an IMP perspective into account provides one mean to reach such richness.

Keywords: Business relationships, relationship characteristics, IMP, market structures, "atypical" business relationships

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INTRODUCTION

The basic ideas behind the IMP-approach arose as criticism against conventional market thinking, where arms' length relationships and competition are in focus. The IMP-approach is based on a view of companies as parts of larger networks, where each relationship influences and is influenced by other relationships (Håkansson & Snehota, 1995; Johansson & Mattsson, 1993). To describe the relationships, a model viewing the connections between companies as activity links, resource ties and actor bonds has been developed (Håkansson & Snehota, 1995). It is stated that it is through these relationships that activities are coordinated and resources adapted; and that this interaction holds the network together. Focus lies on cooperation, rather than on competition as within the market view. According to Laage-Hellman (1989), it is natural for the interaction model (Håkansson, 1982) to stress the cooperative aspects of the interaction process. The model is originally based on the assumption that two actors have mutual interests and that their relationship should be beneficial for both actors. In IMP-research, business relationships are sometimes described by using the marriage-metaphor, which indicates a focus on cooperation, trust and commitment. However, it has been stated that “[s]ome of the early writings using the interaction approach seem to have over-emphasized the closeness and co-operative aspects of business relationships” (Ford, 1998:8). Research has shown that business relationships may lack trust (Mouzas et al., 2007), contain conflicts (e.g. Waluszewski & Håkansson, 2006) and that the marriage metaphor can be questioned (Mitrega, 2008). Moreover, some business relationships are more or less forced upon the involved parties (e.g. Bengtsson & Kock, 1999; Wilkinson et al., 2003). According to Ford, Mouzas and Spencer (2009) competition has received remarkably little attention in IMP literature. There has recently been a call for more research into competition (e.g. Cunningham, 2008) and other elements that may decrease the strength of business relationships (Holmlund-Rytkönen & Strandvik, 2003; 2005).

Based on these somewhat critical notions on the traditional IMP view of business relationships, there seems to be a need for developing the meaning of business relationships. The perception of business being based on arm's length market exchange, which IMP studies were a reaction against, still influences many business settings, as well as legal structures. By recognizing the influence of such a market perception on business exchange and on different structures within which business relationships evolve and exist, we could further develop our understanding of business relationships.

The purpose of this paper is to study the nature and development of business relationships that emerge in what can be defined as business settings with elements of a market structure, i.e. where ideas of the (ideal) market affect the structures imposed on companies. This purpose can be further divided into three different questions:

- How do business relationships develop in cases where the business setting does not allow for, or benefit, relationships (“*clandestine marriages*”)?
- How do business relationships develop in cases where the actors are forced to interact (“*arranged marriages*”)?
- What characterizes these relationships, the clandestine and arranged marriages, and do they differ from the relationships traditionally described in IMP literature?

The focus of the paper therefore lies both on examining the characteristics of these relationships and on describing the contexts within which they exist.

The empirical part of the paper is based on three cases from different contexts. Two of the cases can be characterized as vertical business relationships, i.e. relationships between users

and producers. The first one concerns interaction between an international research organisation and industry, where the business activities are subject to public procurement, and the possibilities to create relationships despite the context. The second case is from the construction industry in Sweden and describes an attempt at technological development. In several IMP studies the construction industry has been addressed, and one of the characteristics of the industry is the use of competitive tendering. The third case is related to intercompetitor cooperation within the natural health products industry in Finland where the companies have been more or less forced to cooperate in order to find common principles for marketing.

The paper is structured as follows: In the next section, the theoretical part of the paper is presented. It consists partly of a discussion concerning the market concept and market perceptions, and partly of a discussion on the definition of business relationships according to IMP-research. The theory ends with a summary. Thereafter the methodology is described. In the following section the findings of the empirical study are outlined together with a case comparison and analysis of the results. The study is finalized with a discussion and some conclusions with suggestions for further research.

BUSINESS RELATIONSHIPS – FROM MARKET EXCHANGE TO MARRIAGES?

The Market View

One of the basic characteristics of human interaction is related to exchange. From the moment humans implemented some sort of division of labour, exchange was a means of getting products needed. Neoclassical economics talks about exchange as something happening in a *market*. According to Loasby (1999:107) “an exchange is an event – or if /.../ one wishes to include all the preliminaries, it is a process; it is something that happens. A market is a setting within which exchanges may take place”. In this paper, for all intents and purposes, the focus will be on the market as *perceptions* of a setting, rather than on any objective setting as such.

How is a market defined? The European Commission defines *market* as “the business or trade in a particular product or service”, and gives the following explanation to how *competition* is achieved on a market; “independent companies selling similar products or services compete with each other on for example, price, quality and service to attract customers” (European Commission’s website). This definition seems to be based on traditional theoretical definitions of the market; Snehota, for instance, states that “markets tend to be [...] defined departing from categories of products exchanged (objects of exchange) or from production technologies that [accommodate] a set of actors” (1990:28).

The market concept is by no means as old as the phenomenon of exchange. According to Powell (1990:298), “the word market first enters the English language during the twelfth century to refer to specific locations where provisions and livestock were sold.” Having first being used to denominate the location, the word market did not come “to imply a boundless and timeless phenomenon of buying and selling” (Powell, 1990:298) until the latter part of the eighteenth century. Today, the word *market* is used substantially in everyday language, depicting a large array of phenomena (Helgesson, Kjellberg & Liljenberg, 2004).

Obviously the market concept is vital to economic theory, but it is used in a wide variety of theoretical fields. The monopoly neoclassical economic theory has on the market concept,

however, “has lead to ascribing to the market phenomenon properties from the assumptions made when constructing models for quite different purposes and has generated explanations of the market phenomenon and of market behaviour which indeed are not satisfactory for the purpose of explaining business behaviour” (Snehota, 1990:90). It is therefore crucial not only to recognize these underlying market assumptions, but also to make them visible when studying business behavior.

According to Alderson (1958), all human interaction is characterized by an underlying tension between the desire for *monostasy* and the desire for *systasy*. In plain text, this means that every actor is torn between a simultaneous desire to remain independent and free from interference from others (monostasy), and a dependence on others to achieve common goals (systasy). In practice, this could mean that competitors are more or less forced to cooperate with each other, for example, because of limited growth of the business, whilst remaining afraid of revealing core competences to each other. Fey and Beamish (2000) recognize that interorganizational relationships imply conflicting desires of the firms for cooperation and autonomy. While cooperation with another company brings benefits, it can also be problematical for companies afraid of losing too much autonomy.

Many companies view competitors as threats, some to the point of even viewing competitors as an enemy to be eliminated (Porter, 1985). Competitors are usually seen as striving to conquer or defeat each other, which naturally makes the basis of a relationship built on cooperation more difficult. Cooperative arrangements between competitors are, moreover, legally restricted, with the general aim of preserving a solid market economy with open competition and alternative offerings. The basic idea is to protect the market from too powerful constellations between competitors, which will more or less dictate the terms in the market.

It has been stated that a “perfect market is defined as the exchange system in which price mechanism is the only mechanism that settles the allocative problem” (Snehota 1990:90). In other words, all information needed is provided by the price of goods, and there is thus perfect competition. This perception of the market as the best means to achieve efficiency and effectiveness, as well as some kind of objectivity or “fairness”, permeates many business settings today. An example of such a business setting can be seen in the legal issues of intercompetitor cooperation. To protect customers, companies are restricted from cooperating in certain cases; for instance when it comes to pricing. Most business settings do not function in accordance with the perfect market definition, however, and various theories to better describe and understand business life has emerged. One of these theories, or views – the IMP view – will be further described below.

The IMP View on Business Relationships

According to the IMP view on business, the performance of a company can be seen as a function of its relationships, and many of the indicators measuring performance are affected by other actors: “The picture we get contrasts with the traditional one of a company facing ‘a market’ which consists of numerous and indistinct customers and suppliers” (Håkansson & Snehota, 1995:11). Research within this field has shown that relationships are an effective solution adopted by the companies as a result of trial and error in handling market exchange. To be more specific; technological development, knowledge generation, and cost reductions through adaptation and coordination are three often mentioned areas in which relationships

serve a purpose for firms (see e.g. Lundgren, 1995; Håkansson & Snehota, 1995; Dubois, 1994).

Since it is one of the main building blocks of IMP literature, the business relationship concept is of course defined and used by numerous researchers. According to Håkansson et al. (2009:185) “Each relationship is unique” and “...provides the particular context within which specific episodes of interaction between the companies take place”. Ford and Håkansson (2006) notice the blurred meaning of a relationship as they write (p.16): “The term ‘relationship’ is widely and loosely used in business theory and practice to describe a wide range of different states between having some contact to being ‘close friends’ or ‘strategic partners’”. This quote indicates that there are several different possibilities when defining business relationships. According to Håkansson and Snehota (1995:26), “A relationship is a result of an interaction process where connections have been developed between two parties that produce a mutual orientation and commitment.” Another definition of a relationship is that it is a “...mutually oriented interaction between two reciprocally committed parties” (Håkansson & Snehota, 1995:25).

Although it becomes apparent from the definitions that there are several different types of business relationships, these are often still described as cooperative, consisting of trust, commitment and adaptation (see e.g. Ford, 1998). The marriage metaphor is often used when describing business relationships. Levitt (1983) used the metaphor from the perspective of relationship marketing. Dwyer et al. (1987) like Levitt’s idea of using the marriage metaphor and argue that (p.14) “research analyzing the interpersonal attraction and the interdependence relationships between husbands and wives provides an apt framework for describing the evolution of buyer-seller relations”. The marriage metaphor is usually coupled with togetherness and cooperation. According to Mitrega (2008), however, the marriage metaphor can be questioned as far as B2B relationships are concerned. Relationships between companies are seldom monogamous and sometimes it is difficult if not even impossible for a company to freely choose whom to “marry” even if there is a strong mutual interest. Similar ideas are put forward by Wilkinson et al (2003:7), when they write that “in some situations firms have a limited choice as to relationships partners and ‘forced marriages’ arise when firms are required by law or market circumstances to continue to deal with another firm they would prefer not to deal with.”

According to Blois, it should be realized that “The risk of viewing relationships as if they must involve commitment and an almost blanket trust is to ignore the rich diversity of relationships which not only exist but are appropriate in different contexts” (1998:268). Based on this view of relationships, all firms have them (Anderson & Narus, 1991). But at the same time, there are areas where relationships are unwanted, and sometimes even illegal. Departing from these notions, we may ask if there are any “classical” markets, where the only exchange is money for goods and services, and where there are no relationships between buyer and seller, or whether it is true that all companies have relationships (Blois, 1998)? And what happens in a context where maintaining a relationship is something that is “done secretly and privately, and often against the law”¹?

Another fact is that, when it comes to studies of relationships, most of the existing research within the IMP group is based on buyer-supplier or vertical relationships. Intercompetitor relationships, i.e. horizontal business relationships, have not been studied to the same extent

¹Cf. ‘clandestine’ in *Longman Dictionary of Contemporary English*.

(Bengtsson & Kock, 1999; Easton & Araujo, 1992; Hu & Korneliusson, 1997; Johnsen & Johnsen, 1998; Reve, 1992; Tidström, 2006). According to Bengtsson and Kock (1999), the main difference between buyer-supplier relationships and intercompetitor relationships can be found within the general motives for cooperation; Vertical cooperation is usually more proactive and based on voluntary actions, while competitors are often more or less forced to interact.

It has been stated that, “unless a counter-intuitive definition of a ‘relationship’ is used, it is impossible for firms not to have relationships – indeed that a firm does not have the choice as to whether or not it has relationships” (Blois, 1998:256). On the other hand, there are situations where relationships are even considered to be a problem, something that distorts competition. Are there, opposite to what Blois (1998) claims, situations where firms do not have relationships, or does it solely depend on how we define the concept? As already mentioned, the “relationship” concept contains different aspects depending on how it is defined. Håkansson and Snehota touch upon something very relevant when they ask themselves: “What makes dealings between two companies in a market become a relationship?” (1995:25). The quote indicates that a business relationship may be defined in various ways depending on both the interaction between the companies and the market within which interaction takes place.

Summary and Comments

In this study a market is defined as a perception of a setting, which may include different purposes as well as restrictions. This implies that business relationships may be arranged as a consequence of different market settings.

The tentative theoretical framework of this study is outlined in Figure 1 below. The upper part of the figure starts out with two actors in a market setting, where some sort of “trigger” is introduced, i.e. something that changes the dynamic between the actors, which results in some form of arranged relationship. In the three cases, different examples will be given of both the market settings and the triggers, resulting in different forms of arranged relationships.

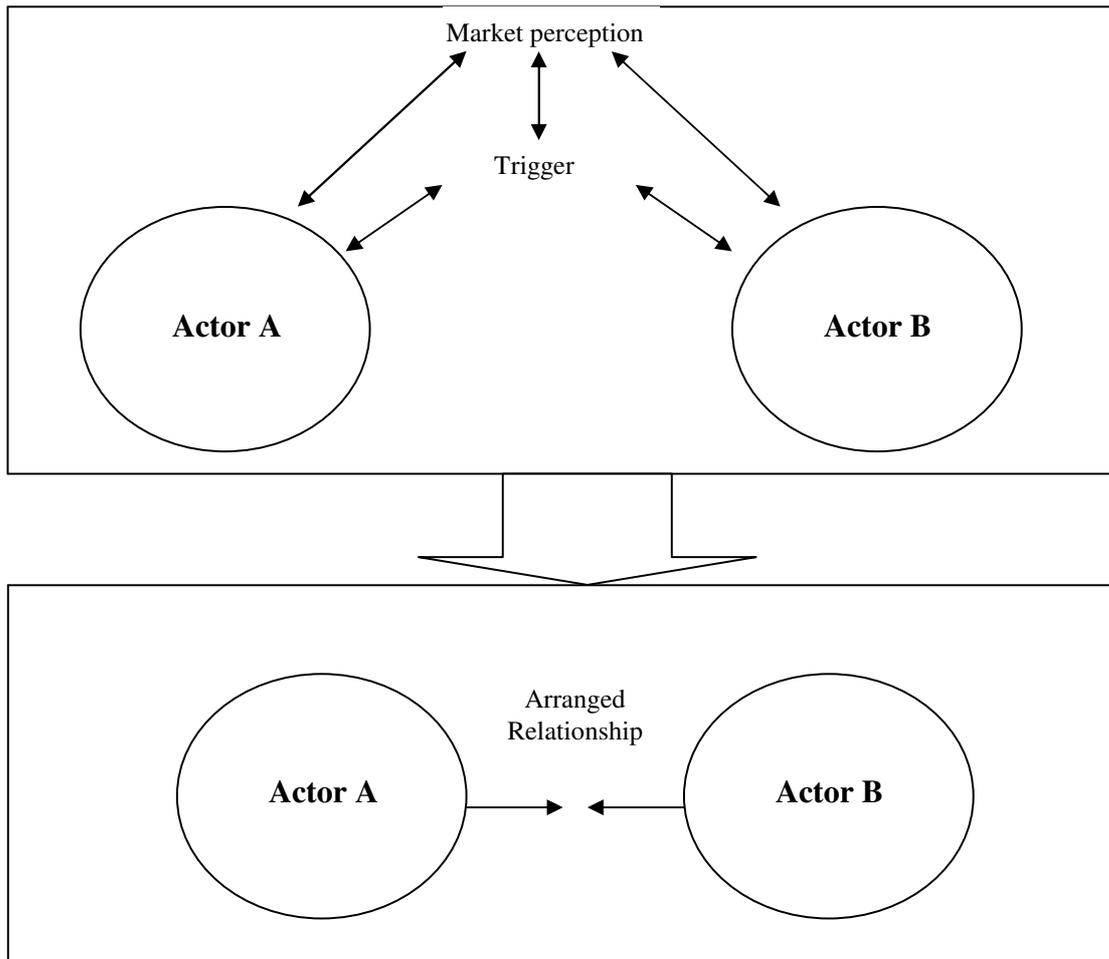


Figure 1 A tentative theoretical framework

The figure illustrates how business markets include different kinds of arranged business relationships as a consequence of certain market perceptions. Håkansson and Snehota (1995:20f) argue, for example, that; “Business relationships in industrial markets can be seen as a result of ‘non-rational’ behaviour of companies or as a result of inefficiency in the market. Yet, observing how companies act in business relationships, we do not think so – quite the contrary. They seem a sensible, economically efficient arrangement; a consequence of rational behaviour.” A tendering procedure will lead to the lowest price up front, but perhaps at the cost of either quality or innovativeness, or even a higher total cost.

There are other types of relationships that have similar connotations. In certain industries, as well as in public procurement, competitive tendering is used; a system which, at least on paper, makes relationships impossible. Nevertheless, studies have shown (see e.g. Bengtson 2003; Åberg, forthcoming) that relationships do occur in these situations; albeit that they are considered unwanted, or against the rules.

In order to be able to increase our understanding of perceptible clashes that have led to clandestine and arranged business relationships in different kinds of market settings, a

comparative case study involving three cases has been carried out. The empirical study including methodology, case descriptions and analysis is presented in the following section.

THE EMPIRICAL STUDY: A COMPARATIVE STUDY OF THREE CASES

Methodology

The empirical part of this study is based on three case studies within different industries. Easton (1995) writes that a majority of the studies within the business network approach consciously or unconsciously are based on case studies. Case studies can be considered as appropriate for studying business networks because they enable the researcher to capture the complex pattern of links between different actors in the network and to trace the development of changes occurring within the network over time. Halinen and Törnroos (2005) also argue that case studies are the most suitable research strategy for business networks. Halinen and Törnroos (2005:1291) add that: “Multiple-case designs that allow case comparisons are preferred in theory-generating case studies”. In accordance with Yin (1989) and Merriam (1988) the relevant research questions for a case study are How?, Why? and What?. These questions indicate a striving to understand factors behind a certain phenomenon. We receive contextual knowledge from case studies (Merriam, 1988; Dyer & Wilkins, 1991). It has also been said about case studies that they “should reflect and be sensitive to the context within which management’s acts occur and to the temporal dimension through which events unfold. They go beyond providing a static snapshot of events, and cut across the temporal and contextual gestalt of situations.” (Bonoma, 1985:204) In this study it is of special interest to receive an understanding about the context within which each case consists.

In this study purposive maximum variation sampling has been applied. Maximum variation sampling means that the researcher purposefully chooses cases that are different from each other in order to enlighten the phenomenon from totally different angles. In qualitative research the sampling technique is mostly purposive, which means that a small number of informants that meet certain criteria are chosen. (Walker, 1985) According to Lincoln and Guba (1985:202), purposive sampling is about “maximizing information instead of facilitating generalization”. Purposive sampling means that the researcher purposefully chooses cases that are information rich concerning the phenomenon under study (Patton, 1990). The sample should be chosen so that the researcher is able to learn as much as possible (Merriam, 1988). Glaser and Strauss (1967) encourage the researcher to investigate cases with maximum variation in order to discover diversities and similarities. Patton (1987) argues that it is of particular interest if the researcher finds common patterns in the different cases.

In this study several qualitative research methods have been used for gathering data: personal interviews, telephone interviews, document analysis, participation in seminars and observation. The purpose has been to gather rich data in order to get a deep understanding about the studied phenomenon. In all cases “both sides” of the business relationships have been included, which is considered as important when focus lies on business relationships.

The first case consists of a small part of a larger project concerning the interaction between a European research organisation and companies in (primarily) one of its member states. In total, around 120 interviews were carried out, out of which some 20 interviews were used directly in this case. The case at hand could not have been written in this form had it not been for a substantial part of the other interviews, however. The interviews were carried out

between 1998 and 2005. Other sources of information include a number of visits at the focal research organisation for up to three months at the time; statistics and written documents from said research organisation; written documents from the company included in this case, as well as two whole-day visits to the company in question.

The second case is from the construction industry in Sweden. The first interviews for the case were made in 1995. In total around forty interviews have been made with persons involved in the development, or involved in more regular construction businesses, which have been studied at the construction site for a hospital building in Uppsala, and twenty-one technical reports and / or articles have been used for the study. To the sources can also be added: (1) participation on seminars for persons interested in the particular technological field, (2) observational status to participate in a industry reference group for a research project aimed at the development of a certain technological application needed in the development, plus (3) other written sources, besides technical reports/articles, such as articles in newspapers and industry magazines, brochures, annual reports and protocols from industry meetings.

The third case consists of 10 companies within the natural health products industry in Finland. The study was carried out in 2004-2006 and 2010, and a total amount of 25 interviews (both personal and phone interviews) were carried out with the informants representing the managing directors of the companies. Also written documents from meetings and the industry in general were used. At the time of the study, out of 500 Finnish companies distributing natural health products, about 30 were considered as significant. All the companies involved in this study belonged to this group. The age of the companies ranges from about 15 to 50 years and the amount of employees varies from about 4 to 30. Some of the companies manufacture their own natural products, while others are wholesalers without any manufacturing of their own. Some of the companies concentrate only on a narrow niche of products, while others supply a much wider range of products. The supply chains also differ between the companies. Some are more focused on specialized shops for natural products, while others are mainly concentrated on for example supermarkets.

Findings

The findings consist of four parts; the three cases that illustrate various aspects of relationships and market structures, followed by a case comparison.

Case 1: A Clandestine Marriage - The Public Procurement Case

This case focuses on two areas; public procurement in Europe (and within European research organisations), and the relationship between a European research organisation, CERN², and one of its suppliers, ABB. The aim is to show how procurement rules affect the possibilities of long-term relationships.

Public procurement in Europe and at CERN

Within the European Union, public procurement is regulated in both Community- and international rules. In short, the rules state that open tendering procedures should be used when governments or public utilities are buying goods or services. The rules concerning

² CERN is the European Organization for Nuclear Research. It is the world's largest particle physics laboratory, and it is situated outside Geneva. For more information, see e.g. <http://public.web.cern.ch/public/> .

public procurement also state that contracts above a certain amount of money should be made public in the whole EU, in order for all firms in the member states to be able to tender (EU-upplysningen). Within the European Union, the total public procurement has been estimated to reach around 16% of the EU's GDP, but with rather big variations between the different member states (European Commission, Public Procurement). Naturally, the public procurement rules and regulations within the European Union also affect other areas than when governments are making purchases. One such area concerns the research within Europe, and, more specifically, the European research organisations.

When it comes to European research organisations, a number of (European) member states contribute money for their upkeep. This entails an interest from the member states that the money is (perceived to be) spent in a useful way – after all, it is tax money from the individual countries that is being spent. The research organisations therefore have a fairly strict system for awarding contracts to industry. In this paper, we will restrict the discussion concerning research organisations to the example of CERN. CERN is a European research organisation, founded to further European research in the area of particle physics, and it is funded by its 20 European member states. Particle physics research needs large industrial installations, and these are mainly delivered by industry, making procurement an important issue.

CERN was founded in 1954, and in the beginning there were no strict procurement rules or procedures. Procurement was based on quality and price alone. During the over fifty years that the organisation has existed, however, the attitudes from the member states have shifted, and it is now more difficult to receive funding for basic science. In an effort to justify the costs of particle physics research, restrictions were made on the purchasing procedures, and a complicated system for “fair return” was introduced, thus guaranteeing the member states some “return-on-taxpayers’-money”. It has even been stated that

“CERN would not be alive today were it not for the system of ‘fair return’. I have spoken to delegates of some member states, and they assure me that they would have voted against [an extended research programme]” (Former head of the Industry and Technical Liaison Office (ITLO) at CERN).

Public procurement, based on the idea of open competition and market transactions, is thus a way to justify the spending of tax money. There are two arguments for this; the first one is based on the idea that competition always results in the lowest price. This argument is visible within the public procurement policy within the EU. The second argument has to do with fair return of the tax money, and this is used within research organisations (in addition to the first argument of course). If the organisation can show that an equivalent to the country's contribution is “repaid” in the form of industry contracts, then this is a viable argument for the politicians when it comes to funding of the organisation.

Public procurement and tendering procedures are thus justified based on free competition and “fairness” arguments. On the other hand, this precludes long-term business relationships. In the next section we will exemplify what may happen when there are rules and regulations working against business relationships based on the exchange between CERN and on of its suppliers, ABB:

CERN and ABB

The major research facility at CERN is its big particle accelerator; today the major accelerator is the LHC, and the one before that was the LEP (1981-2000). To achieve the energies needed

for the physics research done, the accelerator is cooled down, and in this process, vast amounts of liquefied helium is needed. In order to control the cryogenics plants (where the liquefied helium is produced), a system for industrial automation is needed. In CERN's case, such a system was provided by some ABB daughter companies, where the ABB-company in charge of the contacts was situated in Västerås, Sweden. The actual products were then partly provided from Sweden and partly provided from Switzerland.

The contacts were initiated in 1985, when CERN made a first call for tender for industrial controls equipment in order to standardize the systems for control of liquefying helium used in the accelerator. Against eight competitors, ASEA AG/AB³ won the contract by being the lowest bidder. The contract called for the supply of a complete pre-configured controls system, with an option permitting the delivery of additional equipment as seen needed by CERN. The contract was thus a so-called blanket contract, which meant that ASEA (and later ABB) was guaranteed deliveries for a certain amount of money, but exact deliveries were specified when they were asked for. The software programming of the hardware was done in-house by CERN employees, with the training and some support provided by ASEA (Kuhn et al.).

Most of the equipment that was initially bought was in regular use until the LEP shut down at the end of the year 2000. As most of these experiments were planned to end by the year 2001, no efforts were made to upgrade neither the software nor the hardware in these installations. There are, however, always some exceptions to the rule, and these are discussed below.

In 1990, the planning was started for LEP phase 2, which meant the doubling of the particle energies. This also meant that the old conventional copper cavities had to be replaced by super-conducting cavities. To provide for the enormous increase in the amount of liquefied helium needed, new liquefaction plants were planned to be installed. In connection to this, integral controls hardware and software were put out for tender. The contract would run over at least five years, through 1996, with a CERN option to extend it another four years, through the year 2000. Finally, CERN would be able to specify, via "Release Orders", or blanket orders, the delivery of whatever goods were required within this time frame. ABB again won this contract based on being the lowest acceptable bidder. According to CERN, this form of contract proved to be very beneficial to the organization: one of their main problems was that the helium plants were, due to their size, comparable to prototypes. The contract allowed them to change and adapt the hard- and software according to the evolution of the project. In addition, the contract made it possible to develop a relationship between the parties, something that normally is difficult for CERN because of the procurement rules:

*"We decided not to base it only on the contract; that is to buy and then be finished. We decided to have a long-term commitment with ABB. We wanted to develop a partnership, because the needs of CERN are sometimes peculiar, and we wanted to be able to have some sort of 'web', to be linked together, so that if there are problems they will be prepared, because we know each other, so they will be more prepared to help us, because they understand us. We have a **very** good relationship with ABB, and my opinion is that this is definitely the way to work with industry."* (Manager of the CERN group involved in the relationship)

³ ABB was founded in 1988 through the merger between the Swedish company ASEA and the Swiss company BBC Brown Boveri.

During the course of the years, ABB and CERN had regular meetings where installations, problems with installations, and new products were discussed. A result of these meetings was that CERN became a Beta test partner in 1994. This meant that new ABB products were tested at CERN before they were released. For ABB, this implied that they got a reliable and interested test partner, and for CERN it meant that they would get hold of the latest products, while at the same time being assured of close follow-up and instant help if there were problems. When CERN became a Beta test partner, one of the old controllers was replaced – with surprisingly few problems. This positive experience encouraged CERN to continue testing and installing Beta products.

A “future interrupted”

In November 2000, the LEP was shut down permanently, and the dismantling of the accelerator began in order for the preparations for the new accelerator, the LHC, to intensify. The need for cryogenics plants producing liquefied helium would increase manifold when the LHC was started up, and so would the demand for control systems managing these plants. As it turned out, however, ABB lost the contract for the control systems in the LHC cryogenics plants. ABB was simply not the lowest (technically acceptable) bidder. This was, of course, a big drawback for the involved persons from both CERN and ABB, who had gotten used to and appreciated working with each other. Throughout the year 2000, as long as the old contract was running, CERN continued to buy ABB control systems’ material, but then they had to switch suppliers.

CERN had been an important customer for ABB for at least three reasons; for the **testing of the product**, and for the **marketing of the product**. As a customer, CERN pushed ABB in several ways. They let the company know when there were better products available from other suppliers, and they also pushed them to decrease time-to-market for the products. This also involved the knowledge of other suppliers’ products (Bodin, interview 1). Finally, **marketing of the relationship** was of interest for both parties, and there were even joint projects to produce pamphlets etc. ABB used CERN as a reference and an example of successful interaction with a high-tech customer, whereas CERN used the relationship as an example of successful long-term interaction with industry.

Discussing the public procurement case

This case started out with introducing the concept of public procurement in Europe as well as in European research organisations, followed by a presentation of a specific relationship where public procurement plays an important role. The formal procurement rules of CERN are based on two ideas; that free competition will reduce prices, and that a system of geographical return will increase the likelihood of continued funding. Therefore, the “official” system is one based on the idea of a market-based structure (albeit with a geographical twist).

The case concerning CERN and ABB depicts the possibilities of creating a relationship despite the restrictions created by the purchasing rules. The presentation of the case ended with a presentation of possible ways for a supplier to handle working with CERN. In the ABB case, the relationship developed through interaction based on a blanket contract, where ABB were to provide systems over a number of years. This made it possible for the two parties, i.e. the particular group at CERN working with cryo facilities and the ABB group providing control systems for said cryo facilities, to gain some sort of stability in their interactions. Thus, the market structures, via the procurement rules, were circumvented, which made a more stable relationship possible.

The nature of this particular relationship is very similar to a “traditional” IMP relationship, in that it can be characterized by a long-term focus, where the parties trust each other and are committed to each other. Both parties speak of the other as an important counterpart, with whom they share information they do not normally share with others. The only fly in the ointment is that they cannot control the longevity of the relationship – when ABB is underbid by another company, the relationship is severed.

Case 2: “Marry me, but sign all legal documents first” – Technical Change and (the lack of) Relationships within the Construction Industry

This case deals with attempts to create technological change in an industry known for its technological rigidity, i.e. the construction industry, and how relationships between different actors were affected (or not) by the attempts. The change that we will describe took place in Sweden in the late 1990s and concerns changes in framing material and hence also building technology concerning multi-storey residential houses. We will focus especially on how industry conditions such as competitive tendering affect the potential for relationships, and also give examples of potentials and problems within specific relationships.

Reasons to reintroduce the technology of timber framing

Following a row of city fires in densely built Swedish city areas, one of the most well-known being the 1888 fire in Sundsvall, a timber prohibition in tall buildings was passed around the turn of that century. In accordance with these regulations, no buildings of more than two floors were built using a timber-frame or timber-facade for the following one hundred years. Almost a century later, in 1993/94, new research had been made which revealed a more complex relationship between the use of building material and fire risk. These results, combined with efforts to harmonise the European regulations, led to a change of the building regulations in the Swedish building code (BBR94) in favour of functional requirements. The prohibition against burnable materials such as timber was thereby exchanged for functional requirements, e.g. how long a building had to hold in event of a fire. This legal change came at a time when the Swedish construction industry was looking for ways to lower production costs, which according to several statistics had been rising steadily for some years.

Investigations that were made at the time showed that the American construction industry, which had not been burdened with the same timber prohibition as the Swedish industry, used timber-frames in more than 90 per cent of their multifamily dwellings and that the technique had been popular throughout the years. Timber framing resulted in shorter production times and simpler production methods at the building sites, where much of the disparity in costs between the two countries was anticipated to result from this difference in the use of framing material.

“(…) all calculations point to decreases in costs in comparison to traditional technique. The timber-constructing technique can therefore become one of the means to decrease the all too high costs in Sweden for production of residential houses.”

Eriksson, 1995, p. 10⁴

The Swedish construction industry

⁴ Authors’ translation from Swedish.

The structural conditions for the Swedish construction industry have been subject to a growing interest from several researchers during the last couple of years (see e. g. Bengtson, Havila & Åberg, 2001; Dubois & Gadde, 2000; 2002; Håkansson, Havila & Pedersen, 1999; Holmen & Pedersen, 2001; Huemer, 2001). A construction company that would like to improve overall efficiency and effectiveness would be most likely to succeed if it focused on the key function of purchasing and material supply since it, according to Laage-Hellman and Gadde (1997:23), has a crucial impact. However, there are aspects complicating the task. According to Bengtson, “a peculiarity with the construction industry in Sweden as well as in other countries is the fact that the production activities are organized as more or less separate projects related to different building objects. Most descriptions of the activities are also made from the viewpoint of the individual project” (2003:17). This is so, despite the fact that the actual uniqueness of each project is rather low. A British investigation shows, for example, that around 80 percent of everything included in the production process is the same from one project to another (Egan, 1998).

The buying behaviour of the construction industry also differs greatly from the patterns found in other industries. Rather than a focus on total costs or quality aspects, the sector focuses on price after discount (Lutz & Gabrielsson, 2002: 26). The construction industry works with a system of tenders and bids for each (part of) a project (Bengtson, 2003:18), a system that results in low incentives for the parties involved to cooperate on a more long-term basis (Dubois & Gadde, 2002). In addition to a lack of incentive to cooperate on a more long-term basis, the competitive tendering results in a tendency to standardise the use of materials and the actual construction process (Bengtson, 2003:18). According to Kadefors, the tendering system “is a driving force towards institutionalization because it requires the tenderers to predict the costs of a specified task, which is considerably facilitated if the tasks are standardized so that the tenderers can make use of previous experience and standard price lists” (1995:402).

When it comes to technological developments the construction industry is often claimed to lag behind other industries (Groenewegen et al., 1998; Holmen, Pedersen & Torvatn, 2002; Holmen, van der Veen & Doréen, 2001). There are several explanations posted to this problem, including aspects related to the nature of the product (e.g. its long life span) and various organizational aspects. Among the organizational aspects that have been discussed are the effects of the tendering system on the type of relationships that can be found between companies in the sector. According to Dubois and Gadde (2002), all relationships that last beyond the project time-period are handled at arms-length, whereas relationship learning would require continuous interaction.

Two maiden projects are initiated

Two projects testing the timber-framing technology were started and completed almost simultaneously in Sweden after the legal change had come. The Orgelbänken project in the central area of Linköping and the Wälludden project which was produced next to a lake just outside Växjö were both made by the large Swedish construction company Skanska and both started in 1995. Different production methods were tested at the two sites and little or almost no knowledge was shared between the two projects before completion.

In Orgelbänken, Skanska tried to copy the American site building technique with its flexible and light construction, and a group consisting of representatives from Skanska Bostäder (the central Skanska unit working with residential buildings), Skanska Bygg Östergötland (the local Skanska unit), FFNS Arkitekter i Linköping (the architectural firm), Skanska Teknik

(the engineering unit) and Stångåstaden (the client and local real estate owner) was formed to work with the task, by e.g. studying and learning the technology on site in the U.S.

The team responsible for the production of Wälludden on the other hand put emphasis on finding methods of prefabrication of the building components, using methods similar to those often used for the production of one-family houses in Sweden. All timber elements for Orgelbänken were therefore produced in a four hundred and thirty square meter large field factory that was constructed at the building site. Despite the similarities to the techniques used for one-family housing, no direct contacts were ever taken with Skanska's daughter company Myresjöhus or with any other producer in this housing sector. Instead it was the result of a research project initiated by the research director at Södra Timber, an economic society with near 33.000 private forest owners as members, and a professor Thelandersson at the department of structural engineering at Lund's University. Taken all together, Wälludden is likely to be one of the most research intense residential building projects to have been constructed in Sweden. The project was supported by research made at Södra Timber, at two different departments of Lund's Technological University and by researchers at a state funded research institute Träteknik, the Swedish Institute for Wood Technology Research.

Results from the early attempts

Being two test projects in what turned out to be a rather large change from a production technology standpoint, neither Orgelbänken nor Wälludden were very successful in reaching an acceptable production economy. The results were far from the decreases in costs in comparison to traditional technique that Skanska had hoped to reach. Hence, they were still far from a situation in which the timber-constructing technique functions as a means to decrease the all too high costs for production of residential houses in Sweden, as had been hoped for. When evaluating the results from the two projects for future efforts, Skanska decided to take most of its influences from Orgelbänken's site-building technique, and not to use it for houses of more than four storeys.

Relational lessons to be learnt?

Are there any lessons to be learnt about this development by looking at the efforts in the two projects with relational glasses? We believe so. First of all, the attitude towards cooperation between the involved parties at the production site differs between the two projects. In Wälludden all purchases were based on regular tenders, as explained by a manager at the local Skanska unit in Växjö;

“We have used our usual suppliers. What we have worked with was the timber houses as such. There was no supplier that was important as such just because it was a timber building.” (Manager, Skanska Construction, Växjö)

The Skanska staff at Orgelbänken tried a different approach. For example, despite the fact that the project was managed as a total contract, Skanska and the customer Stångåstaden had an open dialog throughout the project. They based this on the following reasoning;

“If it is a common decision that we (the constructor and the residential owner) make then we will not be responsible alone. They cannot blame us if it is a joint judgment. They know the administrative side. I, as a contractor, do not administrate any

buildings. They are also part of Sabo⁵ and get information from them concerning choices of materials, what the residents value in the houses, etc.” (Site manager Sahlin, Skanska Construction, Östergötland)

It is rather difficult to understand the reasoning of the Wälludden managers considering the fact that a majority of the turnover in a building project is based on purchases and services provided by others. This could be one reason why the Orgelbänken project was more successful both technologically and economically. However both projects had difficulties reaching an acceptable economy and Skanska was forced to realize that the cost savings that could have been made were set aside by an increase in costs related to differences in standards (compared to concrete), in costs related to finding suitable components and materials and in other costs aspects related to the supply side.

To give just a few examples of failed cost reductions and/or failed cooperation: Skanska had thought that installation firms could lower their costs by using less expensive materials and by simpler installations and a better work flow. Their inexperience with the new technology, however, combined with an arms length relationship to the constructor Skanska actually resulted in the very opposite. They handled the perceived risk with the new technology by raising their prices.

When constructing the buildings at Orgelbänken Skanska had decided to import a board that was not produced in Sweden. This board, an Oriented Strand Board (OSB) has been developed for this application in the U.S. and Skanska feared that they would not reach the same moisture resistance if not using it. However, as a response to this, the Swedish board producers decided to test one of their plywood and particle boards and the test revealed that their board functioned just as well, if not better. When presenting their results to Skanska, however, it turned out that Skanska did not even know of the Swedish board, which had been available since 1981 and even marketed as a moisture-resistant board.

Especially at the Orgelbänken project, the construction team would have wanted more cooperation with material suppliers such as the particle board producer Gyproc and the insulation producer Rockwool. These are both large suppliers to Skanska and one could have expected them to be interested in the development, but, as explained by Skanska’s construction manager at Orgelbänken;

“They [Gyproc] will probably not make any great efforts before they see that there is a continuance in the construction of timber houses. Also, there is no alternative [to plaster boards] today. They would probably see it as more interesting otherwise to make a greater effort.”

There were thus potentials for both cost savings and technological development in existing and potential relationships that were not realized in either of the maiden projects presented in this case. Some of these relational lessons will be discussed below.

Discussing the construction industry case

As previously described, the construction industry seems to follow a different logic from most other industries. Its system of tenders and bids, combined with a decentralised purchasing

⁵ Sabo, or “Sveriges Allmännyttiga Bostäder”, is an industry- and service organization including over 300 municipal housing companies. Their members can be found all over Sweden, and together they own and manage approximately 726 000 housing units.

function and a project focus makes it difficult to evaluate 1) the existence of relationships, and 2) the effect of these relationships. Earlier research has shown that the social bonds between construction companies and e.g. material suppliers are rather strong, based among other things on a strong community of practice (Dubois & Gadde, 2002:17). However, the continuity in exchange that signifies business relationships in other sectors is lacking. Based on this argument, the industry can be characterized by its arm's length relations between projects, and closer relationships within projects. Hence, the structure reminds more of a system of loose couplings, than of a network of tight ongoing relationships.

In a study of an attempt of technological change in the Swedish construction industry, the effects caused by the lack of strong relationships on the change are illustrated at some length (Bengtson, 2003). It is, for example, shown how a catch-22 situation occurs based on difficulties to persuade material suppliers to invest in / adapt to the change before they are convinced of continuance of the new technology; something that is impossible without their commitment to the change (i.e. the Skanska – Gyproc relationship above). It is also illustrated how some system suppliers raise their prices due to a perceived higher risk in the maiden projects using the technology, rather than lowering their prices due to simplified procedures as was expected. The lack of relationship related aspects such as commitment, trust and knowledge seem thus to work against the attempts to change the technology.

Unlike the previous case, the construction industry case presents not one, but several (kinds of) relationships. The examples given underline some of the problems created by competitive tendering, clearly seen in the lack of “traditional” IMP relationship characteristics such as commitment and knowledge. In this case there are thus few *happy marriages*, since the structure seems to prevent it – perhaps even as far as *forcing divorces* on the actors once a project is over? Some of the involved parties perceive a new need for tighter cooperation in order to create the technological change, but it is difficult to reach that type of commitment on a long term basis in this context. There is a lack of trust between the parties. In marriage terms they would reason; “I’ll marry you, but only if you can guarantee that I will not fall short in case of a divorce.” Such guarantees are made through sincere dedication over time...

Case 3: An arranged marriage between competitors: The natural health products industry case

Background

During the end of the 80s, the natural health products industry in Finland, consisting of about 500 companies providing everything from a wide variety of pills to energy bars and sports drinks, experienced a rapid growth. By portraying natural products as a “softer” alternative to conventional medicines, media played an important role in this process. At this time the natural health products industry was already widely accepted in Finland. After a few ups and downs in the early 90s, a new growth period started in 1993, with the industry growing at a relatively stable rate of 3 to 7 percentage points per year until 2004. According to two informants, however, the industry was facing no growth or even a small decline in 2005 (Tidström, 2006).

Based on the interviews, it became apparent that the competitive climate within the industry was under stress. According to one informant there were many different actors within the industry, and nobody had control over sales through for example the Internet and home-parties. The same informant said that those who were serious in their operations were under

strict governmental control, while the others were allowed to do almost what they wanted to (Tidström, 2006). Another aspect mentioned by the informant was that it had not yet been stipulated in law what amount of vitamins, minerals or trace elements a certain product was allowed to contain: *“The industry has turned out a bit wild because the government has been supervising it poorly.”*

The industry is restricted under law, because it involves the health of human beings. In practice, however, the natural health products industry fell between the chairs; they did not completely belong to either food regulations or medical regulations. One of the problems was therefore that some of the actors within the business were more prone to follow the laws and regulations to a more detailed level than others. Another critical issue within the industry is that it is highly dependent on the health and wellbeing of the consumers. A product of bad quality may destroy the whole business.

Reinitiating negotiations

In 2004 a negotiation council was restarted within the industry. The negotiation council had originally been established about ten years prior to the restart. The idea to restart came at a seminar for companies belonging to the industry. The general idea behind the negotiation council was that it should be a large neutral forum for everybody interested in the industry of natural health products, including wholesalers and representatives from authorities as well as legal experts. It was the members themselves that decided the purpose of the negotiation council. The purpose decided on was to create marketing rules for the industry, particularly concerning what kind of claims should be allowed within marketing. Another task of the negotiation council was to cooperate with the authorities. The negotiation council was formally re-established in spring 2004 and its work was of a project character with one person employed. Furthermore the members of the council had to pay a sum of money for the employment of the project person. The project ended in February 2005. Although the work of the negotiation council reached its conclusion, it still continued through another forum. Associations within the industry continued the work of the negotiation forum by listing different raw materials, together with their health claims used in marketing, and scientific proof of their quality.

The resuming of the cooperation through the negotiation council was to a great extent carried out because of a request from the authorities. This indicates a somewhat reactive motive for cooperation, which has often been shown as typical when it comes to cooperation between competitors (Bengtsson, 1994; Bengtsson and Kock, 1999; Laine and Åhman, 2000). At the time of this study the industry of natural health products was, according to one of the informants, at some kind of a breaking point. All the actors within the business were waiting for new directives from the EU, and the aim of these directives would be to harmonize the rules and regulations of the industry of natural health products in all EU countries. One of the informants said that at the time the industry of natural health products was very controlled by the authorities.

Towards a new marketing standard

It turned out to be a challenge for the companies to agree on common marketing claims. It was apparent from the interviews that the advertisement claims can be divided into three groups. Firstly there are the medical claims that by law are strictly forbidden to use within the business of natural products. At the other end of the continuum there are the physiological claims, which the companies are allowed to use. In the middle there is a grey zone consisting of health claims, and the conflict is especially related to this particular category. According to

one of the informants, the companies within the business should work together with the authorities in order to clarify on the one hand what is allowed, and on the other hand what is forbidden within the grey zone of claims. The informant says that the grey zone is the most difficult to handle and therefore that it is where the rules should be created. Confrontations between the industry's companies should be managed outside of the judicial system. The court should constitute the supervising forum, but the companies should take responsibility themselves. The negotiation council resulted in two groups of companies with different opinions concerning the claims. To quote one of the informants:

We have two opposite poles at the moment. One that speaks more that it should be what is clearly self-evident and one that says no, the industry needs a greater set of rules where we also dare to take responsibility for this grey zone and not only to leave it hanging in the air. (Managing director, wholesaler)

According to the informant there was a crisis as the authorities started to sharpen their supervision: "We received letters from the authorities that this and this will happen and then first panic arose, and hey, we have got to do something". The informant says that it seems like the companies would like to be "wild and free", and therefore they are not interested in restricting themselves if the authorities do not have the resources to do so (Tidström 2006).

Another informant would prefer not to interpret the law but to focus on the physiological claims that are allowed according to the law. The informant finds it important to sort out what kind of physiological effects each ingredient has so that the companies can refer to these in their marketing. The informant says that they should not talk about the grey zone, i.e. the health claims, because it is a strange term for the law. According to the informant the negotiation council should focus on sorting out the physiological claims for the authorities as well as on enabling the possibility to inform about the products in accordance with what is required in the Consumer Protection Act. This informant state that:

If we now start to create rules for marketing we will create such rules that we will not be able to work here. This will in turn lead to a reduction in the industry. (Managing director, manufacturer and wholesaler)

According to the informant, in the end the other companies accepted his/her view, but he/she says that the issue is still ongoing. The reason behind this is that the first informant still is propagating the same way of working as they have in Sweden, i.e. to found a council that controls the business.

According to an industry expert the appendix that should have been attached to the guide concerning the allowed claims was not finished. The reason is the differing opinions between the participating companies. According to the expert this appendix would have been the most concrete and valuable for the companies that are working within the business. When answering the question why there are two poles with clearly differing opinions the informant says that it might have to do with the strategies of the companies. Some are used to telling more than others, and are therefore not willing to create restrictions, while others are more strict in their marketing claims already and therefore see a possibility to make their competitors follow the same principle. Another potential reason for the "failure" of the negotiation council is according to one of the informants, that some of the companies would have liked to be proactively involved in the development of rules and regulations. These

companies saw a possibility of being able to influence the authorities. Other companies thought that it was best not to do anything before rules were given.

The present and future

The negotiation council does not exist anymore, or according to an informant, it has not even been able to start due to the differing opinions of the companies. Today, however, the industry is more organized than five years ago. More companies have joined the industry association. The association has even employed a lawyer in order to coordinate the companies' opinions concerning business practice. This again indicates the tendency for the companies to cooperate when it comes to law.

There are new laws and regulations coming all the time. There are now some laws related to the content of natural health products, and according to an informant a safety limit thought exists. However, laws related to the allowed amount and strength of certain vitamins is still to come. Another directive, which has not yet appeared is the claim directive concerning what claims that are allowed to use in marketing.

In 2010 the companies within the natural products industry are cooperating against a certain law related to the industry. Finland is the only country that has restricted the sales of certain registered natural health products to pharmacies. This is something that upsets the companies within the industry and unites them against authorities.

According to an informant, it is possible that the negotiation council will be reactivated again in the future after more strict regulations are set by law. The informant believes that it may be easier for the companies to cooperate in order to find common principles how to operate, when the rules are given from authoritative level. In practice this means that the business is still somewhat wild and free.

Discussing the natural health products industry case

This case can be considered as an arranged marriage within a group of competitors, where the actors are more or less forced to cooperate with regard to specific issues. We have here a situation which can be perceived as a "traditional market situation", where the authorities, based on imminent EU law, made the companies within the industry responsible for agreeing on standards that would also be according to the law. Prior to the political intervention, there was no direct interaction between companies in the natural health products industry, but the future change in EU law introduced forced interaction between the parties, resulting in an arranged relationship.

Over time, however, conflicting views on what these standards should be became more and more evident, which also resulted in two different groups crystallizing; one group that wanted more rules and regulations in accordance with "the Swedish system", and the other wanting as little interference as possible. The implications of this will be further discussed in the case comparison and analysis below.

Case Comparison

All three presented cases provide settings that show evident effects of "market perceptions" insofar as the interaction between different actors is influenced by ideas about free competition. In *cases 1* and *2*, the free competition is believed to be created through

procurement rules and competitive tendering, whereas it in *case 3* initially is created through the lack of interaction between companies that perceive each other as competitors. The result of these market perceptions, however, turns out to be very different in the different cases. In *case 1* we come very close to a “traditional, IMP-type” relationship, albeit with a forced ending caused by the “market setting”. In *case 2*, there are a number of shortcomings, and not as much interaction as some of the actors would have liked to have. This lack of interaction may be a result of the market type structure of the construction industry. In *case 3*, cooperation that is forced on the competitors by the authorities, results in interaction that ultimately leads to new relationships between some of the actors (see table 1 for a more structured comparison).

Table 1 A Comparison between the Cases

	Case 1 (CERN)	Case 2 (Construction)	Case 3 (Natural Products)
Setting	Science \leftrightarrow Industry	Industry \leftrightarrow Industry	Industry \leftrightarrow Consumers
Relationship structure	vertical	vertical	horizontal
Effects of “market perceptions”	Procurement rules	Competitive tendering	Legal restrictions
Trigger	Blanket contract	Legal change	Common principles for marketing
Type of relationship	“IMP-type” relationship (with forced ending)	Arm’s length between projects, relationship within	“Forced cooperation”
Process studied	Relationship development (and ending)	Attempt to create technological change	Attempt to create marketing standards
Metaphor used	Clandestine marriage (with forced divorce)	The need (and difficulty) to arrange marriages	Arranged marriage

Going back to the metaphors used in the theoretical part of the paper, the first case can be seen as the furtive, clandestine marriage, where the actors are happy, but ultimately forced apart. In the second case, the relationships between the actors are mostly based on joining of complementary resources, but with little enthusiasm from the involved parties. The case shows how relationships play an important key in technological development and how a lack of it may cause difficulties that are hard to fix on a short term notice. There is a lack of trust between the parties in the case. In marriage terms they would reason; “I’ll marry you, but only if you can guarantee that I will not fall short in case of a divorce.” Our third case is a good example of an arranged marriage, where the actors are forced together by wishes other than their own; but, as in some arranged marriages, some “fondness” for some of the others emerges over time, resulting in relationships that survive the end of the forced period of interaction.

DISCUSSION AND CONCLUSIONS

The three cases described in this paper show three situations in which "the market view" has dictated much of the business terms and has had consequences on relationship status. For people working with different projects at CERN, and for people involved in the construction industry the purchasing systems described causes several problems. The first problem has to do with the lack of long-term interaction with the same people. A technician at CERN is not guaranteed that the current counterpart will get the next contract, and therefore there is reluctance in investing too much in a specific counterpart. On the other hand, it is quite often necessary to make these investments in order get the product "right", but these investments will have to be made over and over again. The same reasoning holds for any firm trying to learn from interaction and to develop or improve something in the construction industry. Another problem is that previous knowledge about counterparts is not taken into account. Experienced people at CERN (or at a construction site) quite often know what companies will be able to deliver (and what companies might not), but a tendering system cannot take this into account. From the supplier-perspective, investing in adaptations for CERN or SKANSKA is risky business, because there are no guarantees to get a contract once investments have been made. (Åberg, forthcoming; Bengtson, 2003) We could continue listing problems with the systems, but instead we will focus on some of the effects of these problems.

The **first**, and most obvious, way of handling these procurement procedures, is for a company to only deliver standard products, and to refuse to make adaptations. In this case, the result will therefore be the market-based transactions the system is set up for. The **second** way of handling the system in the public procurement case is through blanket contracts, which are contracts that stipulate an amount of money and a time-period, but not exactly what is going to be delivered. This type of contract can last for several years, which of course may result in quite close relationships. The **third** way of handling the system is by developing knowledge and contacts over time through getting several contracts/orders. This way of working creates a form of relationship similar to relationships described in IMP literature, because the knowledge gained will make it easier for the single company to gain a new contract/order, thereby, in a way, circumventing the tendering system. Thus, without resorting to illegal measures, there are ways to create relationships in structures where relationships are, if not strictly illegal, then at least regarded as "unfair". There seems, however, to be larger incentives to do so in the CERN case than in the construction industry case, where most business are still based on standards and "business as usual".

The natural products industry is described as "wild" as it is somewhere between the law of food and the law of medicine. Moreover, the industry has previously been poorly supervised and there have been great variations in quality of products. Concerning the natural products case we saw how the authorities forced a group of competitors to cooperate in order to find common standards for market behaviour. The reasoning, based on market perception, being that these companies are competitors and thus enemies that will be tough on each other. Forced relationships between competitors have not been included in traditional IMP-literature. Over time, conflicting views on what the standards should be became more and more evident, which also resulted in two different groups crystallizing; one group that wanted more rules and regulations in accordance with "the Swedish system", and the other wanting as little interference as possible. Through the interaction, there were also a few companies that "found each other" and have started to cooperate more regularly. Similarities in perceptions tended to increase the level of cooperation, while differing perceptions fostered increased competition.

It is obvious in the cases that more cooperation and relationships have positive effects on business performance in these three settings (more specifically on knowledge generation and technology development). It is easy to blame “policy makers” or a system for shortcomings and “market management”, however, it has been acknowledged also by policy makers that relationships have positive effects, so that, for example, even agreements that restrict competition may be legal if they impact positively on production or distribution, or support technological or economical development. In general it is stated that “Agreements which have more positive than negative effects are allowed” (European Commission’s website). Concerning CERN much of its purchases are regulated based on international public procurement rules. However, CERN’s council have taken these rules further and made their own restrictions on the purchasing procedures in a complicated system of “fair returns-on taxpayers-money”. In the construction industry case it is the industry itself that has “chosen” this mode of conduct, whereas the interference from authorities might be the biggest in the third case, in which the authorities demand that the companies within the natural products industry in Finland cooperate on a certain issue. The influence from policy makers and various political actors is thus not the simple one of them being “the bad guys that do not know how business works and blindly believes in the market”. We believe that more and deeper research is needed to understand the role of policy makers in business networks.

A limitation with this study is that we do not thoroughly analyze the interaction between the actors from a process perspective. Moreover, we do not in detail consider the development of important interaction elements such as resources, activities and actors. Future research should consider these elements more in depth when studying “atypical” business relationships, thus rendering possible more thorough comparisons between these relationships and relationships as they are typically described in IMP-literature.

Håkansson et al. (2004) call for better descriptive models of markets that take into consideration for example the role of third parties that influence exchanges between companies. We need a better understanding about the richness and variety in markets. We believe that taking “atypical” situations from an IMP perspective into account provides one mean to reach such richness. Our study shows that relationships exist although they should not exist (clandestine relationships), and that it is difficult to force relationships upon parties (arranged marriages). It is time for researchers to move beyond “the happy marriages” to investigate situations involving clandestine marriages, forced marriages, divorces as well as other patterns less “perfect” from a marriage point of view.

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