

LONG TERM ORIENTATION AND RELATIONSHIP STRENGTH: HOW TIME-DEPENDENT ARE STRONG RELATIONSHIPS?

Thomas O'Toole

Head of School of Business, Waterford Institute of Technology, Waterford

E-mail: totoole@wit.ie

Abstract

This paper develops a set of propositions about the nature of the link between the long term orientation of a relationship and its strength. Its overall argument is that the importance of time-based explanations of cooperation decline when the relationship is at high strength cooperation. To evidence this argument the paper will examine both the rationale and external to the relationship context for entering long term cooperative relationships, and argue, via a set of propositions, that as a relationship gets stronger (becomes intensely cooperative) the influence of both of these forces declines. The analysis in the paper is based on a literature review and on in-depth examination of published relationship development case histories.

Paper type: Competitive

Keywords: Long term orientation; relationship strength; relationship duration; cooperation; relational exchange

1. Introduction

The desire and commitment to extend interfirm dyadic interactions over time is a central tenant of relationship theory and practice (Håkansson, 1982(a); Anderson and Weitz, 1989; Noordewier, John and Nevin, 1990; Ganesan, 1994). Intrinsically relationships are not presentiated as they are embedded with a history, a current trading environment and are projective of future intentions. This latter 'shadow of the future' hangs over all relationships (Axelrod, 1984). Any form of extensive collaboration takes time to build and the investments parties make in one another depends on their belief in and evaluation of reciprocal actions by their partners (Barnes, Naudé and Michell, 2007). For example, research projects and market innovations involve huge monetary risk and are only delivered within a collaborative, long term, partially unspecified agreement between partners who share a common understanding and commitment to building new market value over time. Longer time frames might be expected in these examples. However, reciprocal actions have been found in many less critical exchange settings (Heide and Miner, 1992; Noordewier, John and Nevin, 1990). Is a temporal aspect a central feature of all relationships or is it dependent the strength of a relationship?

The main purpose of this paper is to develop a set of propositions about the nature of the relationship between long term orientation and the high strength relation. The overall proposition advanced in this paper is that time-based effects decline as a relationship gets stronger. Long term orientation is often used to separate transactional from more relational exchanges or used as a control variable to check for sample bias. This is because long term orientation is central to our understanding of relationships. To date,

little work has been done on the aspects of long term orientation that differentiate among relationship forms. This paper addresses this question with specific reference to the high strength relationship. The paper begins with a definition of long term orientation and relationship strength and presents the overall proposed association between the two. The benefits of being in a long term relationship are examined and propositions specific to high strength relationships developed. The final set of propositions concern the relationship between long term orientation and the exogenous environmental context of the high strength relation. Conclusions and implications are then drawn. The analysis is supported by historic case studies that use the assumptions of the IMP group.

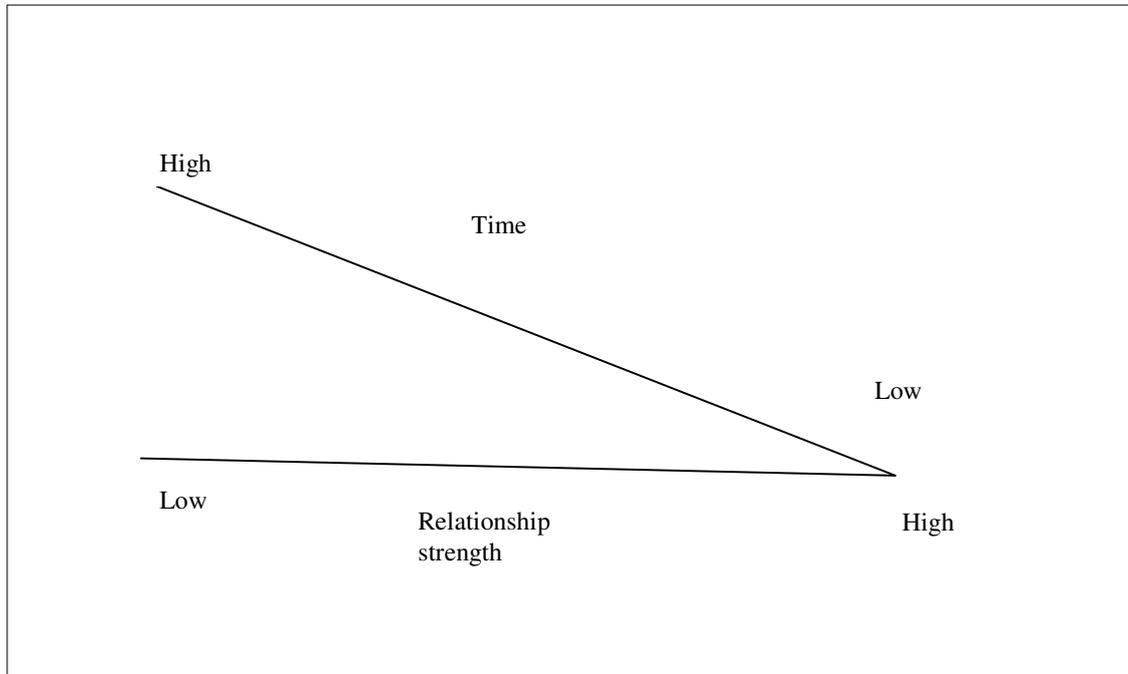
2. Long term orientation and relationship strength defined and their proposed association

Relationships by definition consist of repeated interaction between organizations. The extended duration of a relationship and long term expectation of same to continue are the temporal foundation blocks for repeated interaction (Håkansson and Wootz, 1979; Levitt, 1983; Jackson, 1985). That relationships continue provides the stability and predictability needed for investment and developing interdependencies (Gadde and Mattsson, 1987; Hallén, Johanson and Mohamed, 1987; Easton and Araujo, 1994; Polo-Redondo and Cambra-Fierro, 2008). Firms pursue relationships as they perceive greater benefits will accrue in this form of trade versus incurring the costs of going to the market to settle each transaction. Extending timeframes over multiple transactions enables partner-specific investments to be made. Each relationship may be affected by partners' view of time differently. Therefore, long term orientation is not just an expectation of continuity but also a desire to continue in a specific relationship (Anderson and Weitz, 1989; Ganesan, 1994). Firms with a more independent outlook will have less expectation of continuity and no great desire for a relationship to continue and will not invest in relationship specific assets in contrast to a firm with a relational oriented view. Time is normally used to separate relationships that are governed by the market from those with a more bilateral or relational exchange framework (Fink, James and Hatten, 2008). It is the time-based effects in these latter types that is the focus for this paper. Extendedness does not affect all relational exchanges similarly, and due to its centrality, is a core feature of all relational theories. Extending cooperation over time is either a risk or major opportunity depending on one's view of how markets work – in a transaction cost economics perspective extended cooperation is a risk that needs careful balancing and should only be pursued in limited circumstances whereas in a social exchange lens relationship embeddedness is an accepted view of reality and thus firms are coping with repeated interactions whether they wish to so or not.

A long lasting relationship doesn't imply one that is high in strength (Pillai and Sharma, 2003). Relationships have been categorized into a range of forms by Webster (1992) from repeated transactions to vertical integration. Ford, Håkansson and Johnson (1986) identify the substance of relationships as a core part of interfirm interaction. Relationship vary in intensity due to their social structure (Macneil, 1980; Dagger, Danaher and Gibbs, 2009), interaction pattern (Ford, Håkansson and Johanson, 1986), resource investment (Dyer and Singh, 1998; Buvik and Haugland, 2005), and relational outcomes (Thibaut and Kelley, 1959). Relationships high in strength have a bilateral governance (Heide 1994) and may be apposite to Macneil's concept of a minisociety or ministate and to

Håkansson and Snehota's (1995) quasi organization. Long term orientation affects each relationship form differently; near-to-market relationships may be continuous but operate solely on a transaction to transaction basis, a power-based relationship may be continuous but the weaker party's orientation short term if alternatives were available. Anderson and Weitz (1989) 'expectations of continuity' is inherent in long lasting relationships. Relationships can last simply due to inertia and most relationships are easier to conduct repeatedly than continually engage in search and related transaction costs. Gadde and Snehota (2000) argue this in a comparison of high involvement and low involvement relationships. Higher involved relationships have much greater activity levels than lower involved relationships but the duration of cooperation can be similar in both types of relationship. A similar position is presented in Håkansson's (1982(b)) Swesteel case (this was the classic case that showed that all firms had long term relationships) where six out of 10 customer relationships classified as the 'main group' had relationships of 40 years plus but were not high strength. Only two of the relationships were classified as high strength albeit with a duration of over 30 years. Both examples show that high strength relationships take time to develop for so called 'learning effects' to take place. In the Swesteel case the 'new comers' had a relationship of three years and, as of yet, were not particularly high strength. Lambe, Spekman and Hunt (2000) provide theoretical support for durational effects when arguing that shorter term ('interimistic') relationships have lower relational norms than long term relational exchanges. Yet it does appear necessary that some partners have to learn to cooperate in fixed duration contracts, such as in public procurement, or the contact can fail. Ness and Haugland (2005) provide an interesting case of this through an analysis of the development of corporate behavior between the Swedish National Roads Authority and a roads contractor. However, this relational behaviour may be of the more self-interest variety to avoid reliance on costly legal mechanisms. Duration is a necessary condition for all relationship but not an indicator of the strength of a relationship. Most relationships have a long term orientation but unless partners have cooperated in the past and are getting together to do so again it is difficult to become high strength without time. Other mechanisms may be used to signal cooperation such as having a reputation for cooperation but more likely, if the stakes are high, some safeguards will have to be built in to protect short term extensive cooperation, for example, buying equity in a company where high risk drug research is taking place. The relationship proposed in the paper is illustrated in figure 1. It shows as the strength of the relationship increases the importance of the temporal orientation reduces – at very high strength levels where partners are cooperating intensely time is not a significant variable in the explanation of such cooperation. This is not to say that length of cooperation has no effect on the development of the high strength relationships. At best long term orientation is an antecedent of such a relationship and does not contribute to the dynamics of cooperation in that form.

Figure 1 The Importance of Time as the Strength of a Relationship Increases



3. Rationale for entering long term relationships

One of the key rationales for joining any relationship is the benefit a party expects to get from a longer term commitment versus acting independently. In a high strength relationships are there benefits to be gained by the parties that are not time-dependent? To remain in a relationship in the longer-term, all other things being equal, partners must perceive substantial benefits (Kalwani and Narayandas, 1995; Fink, James and Hatten, 2008). Partners enter relationships because the outcomes from collaboration are greater than going it alone. Relationships aren't winner takes all or zero sum games yet power and control can play out in extended exchanges to derive greater benefit to one partner. The weaker partner may have to stay in the relationship or other factors such as industry conditions might leave it satisfied with its position. The typical games theory scenario illustrates the gains from sharing or appropriating value in a relationship. The effect of risk on relational outcomes is a feature of an economic view of relationships which primarily weigh costs and rewards from a relationship in an atomistic way: a party's costs of transacting versus the financial rewards from interacting, such as low prices, profits, return on investment, higher volumes. In a more socio-economic perspective financial gain is weighted alongside other relational benefits, for example, flexibility, satisfaction, quality, speed, joint value, involvement in design, to give a greater repertoire of outcomes and the potential for improved gains. As a relationship gets closer the pattern of outcomes grows.

In addition to a greater range of possible outcomes from relationships, the way the benefits and costs are divided can also vary. These costs and benefits accrue to each partner in a relationship and joint benefit can be adjudged. In a self-interest relationship a

partner will always try and maximize benefit to itself whereas in a more cooperative relationship some benefits will naturally accrue to an individual partner. For example, in a more cooperative relationship transaction costs will be judged low as there is no need to put in safeguards and monitoring of the partner will be less. Therefore, overall costs to a partner are lower and in turn, returns higher. Relational stability will give an added value cashed in over time. The joint value outcomes available to a bi-party approach arise from mutual cooperation, for example, an integration project that saves both partners' money or the sharing of information on customers or sales which benefits planning and reduces costs. The joint value added, not present when partners act alone, varies in magnitude with the level of cooperation. At very high levels of cooperation outcomes' potential is vast as is the type of joint value added. This is multiplied by lower transaction costs and relational risks being weighted not at all or lowly.

There has been a considerable amount of research linking long term relational behaviour to performance (Kumar, Stern and Achrol, 1992, Mohr and Spekman, 1994, Leuthesser and Kohli, 1995, Dyer, 1996, O'Toole and Donaldson, 2002; Kotabe, Martin and Domoto, 2003) and governance systems to performance (Noordewier, John and Nevin, 1990, Heide and Stump, 1995, Dahlstrom, McNeilly and Speh, 1996; O'Toole and Donaldson, 2000; Buvik and Halskau, 2001; Ryu, Kabadayi and Chung, 2007). As of yet specific generalisable metrics for individual governance structures have to emerge. Relationships have been found to outperform those handled in the market under certain conditions and found to outperform independent of relational externalities. There appears general literature consensus on a range of performance outcomes measures but as of yet the development of specific governance type metrics has to emerge. The differences among relationships are captured in studies at a macro level and in comparison rather than for a specific type. In O'Toole and Donaldson (2000), distinctions were drawn among three relationship types and the high strength relationship form in a comparative study. This comparison among relationships types was also illustrated in a study by Dahlstrom, McNeilly and Speh (1996) on procurement of logistical services. Absolute difference and metrics across relationship type are not available but the range of potential relational performance outcomes are well illustrated in the studies cited in this section. Thibaut and Kelley (1959; 1978) developed a framework for evaluating relationships (costs versus rewards) based on exogenous factors (comparison to alternatives (CLalt)), and endogenous factors (satisfaction-dissatisfaction comparison (CL)). The rationale for continuing in any relationships is predicated on the achievement of outcomes by parties above those available when compared to alternative relationships. Otherwise why stay, *ceteris paribus*? In addition to the comparison with alternatives, parties also weight their own satisfaction-dissatisfaction with a relationship on an ongoing basis. The higher the endogenous satisfaction, the higher the comparison benchmark for alternative will be set. It will be argued that as relationship strength increases the outcomes available in the relationship has no comparison set and it is the higher level of value created within the relationship that is more salient.

Organisations, when evaluating relationships, often do so in comparison to what is available outside the relationship in other partnerships. For high strength relationships alternatives do not matter in the tradition of Thibaut and Kelley's (1959) comparison level of alternatives (CLalt). The notion of an evaluation of dependency and its associated risks is not part of the assumption set of a high strength relationship. Partners

have decided to be interdependent and strive for indivisible integration. The value of the relationship drives outcomes, not the calculus of better than the alternative. The acceptable relationship a member will deem a minimum to remain, its CLalt, is not part of the assessment of a high strength relationship. The cost of a risk-based consideration in the relationship is therefore not there. This means that from a purely economic level, rewards can be higher as costs are perceived lower by the partners. In practice, the rewards are ever higher because the range of outcomes and the value placed on them is much greater.

Proposition 1: The higher the strength of a relationship the less important outcomes comparison to alternatives is as a rationale for relationship continuance

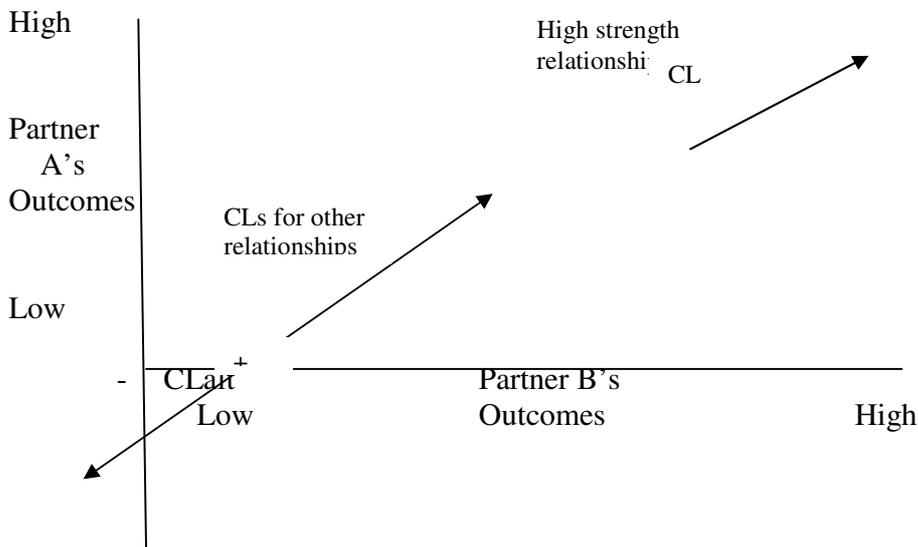
In high strength relationships, the array of outcomes valuable to partners is greater from an individual and joint perspective. The parties' evaluation of same is high. The attractiveness of the relationship does not have a parallel: the value is very high, the scope for benefits great. Thibaut and Kelley's (1959; 1978) comparison level (CL) is beyond that used in evaluating any other relationship. The array of rewards or benefits for this partnership being high means that each individual outcome, either reward or cost, is high or low respectively and beneficial to each partner and the relationship, but also the set of outcomes used greater so the positive evaluation is significantly greater, a multiple greater for each outcome and overall. The overall return on this relationship occupies a unique space. Therefore, it is the endogenous rewards that propel the relationships rather than those linked to time or other external factors.

Proposition 2: (a) The higher the strength of a relationship the greater the repertoire of outcomes created within the relationships when compared to other relationships.

Proposition 2: (b) The higher the strength of the relationship, the more important are the outcomes created within the relationship.

Figure 2 displays the outcomes expectations of the high strength relationship. The high strength relationship outcomes in a dyadic relationship are indicated in the top right hand corner. The outcomes repertoire or outcomes possibilities are greater delivering lower costs and maximizing overall returns to the partners with no relevant comparison to alternatives. Both individual and joint outcomes are higher and comparison to alternative not relevant as it is so far away from comparable relationships. The CL for other relationships is also indicated. These relationships will have different influences and a smaller CL and a closer CLalt. Changes by a partner may be made on a more unilateral basis or the outcomes possibilities are simply not there. For whatever reason these relationships are operating in a very different space.

Figure 2 Individual and Joint Outcomes Expectations in the High Strength Relationship



4. Environmental Context and the Strength of Long Term Relationships

The difficulty in assessing any relationship is that the picture may change. A relationship that was high strength may by mutual consent or otherwise be put on the backburner. A range of external to the relationship factors can impact the degree of cooperation at any point in time. It is argued here that the higher the strength of a relationship the less impact these factors have on the patterns of cooperation. The case for this is down to the notion that the high strength relationship is found under multiple conditions, or any combination of conditions, rather than being conditioned by external time-bound context; the high strength relationship is driven by an internal dynamic unique to the parties. Of course, high strength relationships can be great for handling market volatility and industry changes but can exist independent of these. They can emerge from a shock still intact albeit battered from the experience. Traditionally relationship theories posit that uncertainty is a driver of cooperation. Yet it is likely that variation in relationship strength remains a feature even in uncertain conditions. Keep, Hollander and Dickinson (1998) posit a strong association between environmental uncertainty and interdependence in an historical analysis of four industries. Relationships were found to change over time but where interdependence was high and uncertainty was high conditions were ripe for collaborative relationships. In the case of Pullman Car Company (Sleeper rail cars) and the railway companies (1860-1880) the uncertainty factor was technology change which Pullman eventually monopolized, and with department stores and resident buying offices (buying groups) (1880s-1950s), product complexity which meant independent department stores needed to pool resources to meet customer quality and brand choices. Keep et al's analysis is largely at the industry conditions level and as such precludes one from analyzing specific dyads which may have had deeper cooperation although the authors suggest dyadic diversity as resident buying offices had varying ownership models and Pullman, a variety of relationships with different railroad companies. More recent

cases presented in the literature might also support Keep at al's views. Firms are becoming more collaborative due to pressures of technological change and hyper competition. Applegate (2007) argues for a new dominant logic of collaborative community in response to environmental uncertainty as opposed to market and hierarchical forms of governance in three industry case studies – NASDAQ; Covisint (Auto Industry); GHX (healthcare). The eventual solution that evolved in each case was collaborative as other options did not gain the trust of all players. The solution emerged against very different pressures and actions by the parties of the resultant industry standard system. In the light of this type of argument, it is not a major conceptual leap to argue for the presence of high strength relationships within collaborative communities or within the previously cited historical cases. Uncertainty might be an industry driver but unique relational patterns were found in all cases presented. In other words, variety in relationship form was found even if relationships were the preferred governance mechanism chosen to deal with the external uncertainty. High strength relational forms in this way could be seen as independent of industry diversity and rates of change. Even in highly competitive markets relational elements are often found, for example, in the distinct case of commuter airline competition, Baum and Korn (1999) found that the overlap in market coverage and relative position conditioned competitors' responses to each other. Even in competitive markets, an embedded structure can emerge and rules of the game can be observed with competitors viewing each other as mutually interdependent or at least as a zero sum game in entering and exiting each others markets. Environmental uncertainty at the level of the firm is well prescribed by transaction cost economics (Williamson, 1979). Market volatility can force cooperation. The prevailing view is a strong one with empirical findings to support Williamson's view that in conditions of transaction uncertainty firms should 'surround the transaction with a more elaborated governance apparatus' (p. 254). Williamson's position (1975; 1985) is further articulated through grading uncertainty which as it becomes very high, firms must consider non-market responses. Obviously, removing one item of a theoretical framework is reductionist and somewhat simplifying given the significant support in the literature for transaction cost positions and the mechanisms that should be put in place to avoid opportunism in this regard (Noordewier, John and Nevin, 1990, Heide and Stump, 1995). To some degree, the transaction cost logic is also supported in the resource dependence tradition (Pfeffer and Salancik, 1978) which would support transforming relationships into power relations or hierarchies where conditions of uncertainty prevail. There are many large scale empirical studies which oppose the, what one might describe, the dominant logic of transaction cost economics and resource dependency. Ganesan (1994) found volatility not to appear to affect the long term relationship and there is a huge case bank which suggests collaboration can exist for reasons of social embeddedness that is independent of market uncertainty. Podolny (1994) provides a rationale for social solutions at very high levels of market uncertainty with parties choosing other partners of high status in a study of investment banking relationships. Diverse responses to uncertainty seem to be in place in many long term relationships. Some firms, due to price or demand competition, eventually find it wise to cooperate to some degree. Other firms in the same market have a long term history of some type of cooperation. Kumar (1996) showed the power of trust across many relationships but in particular one could contrast Marks and Spencer's and Wal-Mart's approach to suppliers at that time. Marks and

Spencer shared information in a very competitive market and Wal-Mart tried to use its hierarchical power. However, Kumar describes the change in Wal-Mart and Procter and Gambles' response to market uncertainty into a more bi-partisan approach yielding more stable conditions via volume commitments, market information sharing, demand forecasting, supply guarantees and ultimately lower consumer prices. These cases demonstrate that in tough markets it may be best to have some type of relationship rather than none and relationship governance can be an acceptable form in many cases. This implies that the generic case for relationships must make a space for the high strength one even more apparent. If one thinks of a long term relationship with two parties collaborating extensively in what appears a high strength relationship then the independence of such a relationship of environmental conditions is made more substantial. There are many case studies in the Industrial Network approach that support this view especially in the incremental innovation space, see, for example, Forbord (2005), in a case on co-created innovation between producers and processors of goat's milk, found collaborative solutions to resource use led to enhanced value in what was perceived in a declining market. Similarly, Baraldi and Wedin (2005), in a value analysis of two products, Holmen's newsprint and IKEA's Lack table, again illustrate how collaborative innovation at a product-market level is independent of conditions which are obviously competitive in the market types described with pressure on suppliers and on the focal companies.

This section of the paper refers to many examples which are point in time. Major environmental discontinuity can force the break down of a long term high strength relationship. Companies such as Marks and Spencer as previously cited was an exemplar of high strength relationships in the early 1990s but by the late 1990s was dropping long term supply relationships with little notice due to a sharp fall in sales (Blois, 2003). Blois' analysis seems to indicate that the relationships reified were ones of vertical quasi integration rather than high strength. Extreme environmental discontinuity is a test for any relationship. The entrails of a high strength relationship should still persist after such an episode. The clan-like structure with intense social bonds should ballast any major discontinuity. It is unlikely that unilateral action would be taken by any one party without some communication and an evaluation of possible helpful actions from the other partner unless the relationship wasn't high strength in the first place.

The argument put forward in this section is that the high strength relationship exists independently of environmental conditions. This is not to say that such conditions do not moderate action in such relationships just that they are not structural determinants of them. Environmental conditions at industry level (diversity), market level volatility, or extreme relational shocks can be resisted in a high strength relationship; external dynamics are secondary moderators, at best, of these relationships.

Proposition 3: Stronger relationships are independent of environmental conditions (uncertainty and discontinuity at industry and firm/network level) than lower strength ones.

5. Conclusions and Implications

Extended relationship length and the expectation of its continuance into future time periods may be the minimum necessary to be involved in a relationship or a common characteristic of many. A relationship takes time to develop but then is self-sustained through continuous episodes and interactions. Time may only mark the beginning, be a reference point for major episodes, or mark the end of the relationship - the temporal-specific nature of relationships can be taken for granted. The implications of this is that time is not specific to the configuration and governance of a high strength relationship. In contrast, time would have a huge impact on an outside firm trying to break into a high strength relationship. It may not be achievable at the dyad level but it may be possible to link to this dyad through its associated network via indirect and ultimately direct ties. Time may have more effect on the micro level of a relationship rather than at a structured or organization level, for example, when a key person changes time acts as a marker of a whole interpersonal relationship history, or a particular time-driven episode, event or project. Acknowledgement of the time effects on the relationship of micro changes in people and processes may make it easier to manage the relationship and avoid conflicts in expectations – partners will need to build in adjustment time to change and allow for a ‘getting used to’ or ‘adapting to’ periods. Boundary spanners and managers of high strength relationships have to have the sensitivity of the other as part of their way of operating. Generally, when problems and conflicts arise in a high strength relationship it may just be a matter of time for resolution.

Table 1 summarizes the propositions in the paper. Most relational exchanges are time-dependent where time plays a critical role in the exchange process through expectations, outcomes, and environmental context. In contrast higher strength relationships are proposed to be time-independent and have moved to a space where the internal dynamic between the parties sustains the relationship. Higher strength relationships are able to carve an outcomes repertoire unique to the relationship which is not time constrained.

Table 1: Long Term Orientation and Intensity of Cooperation

Time-dependent relationships – Lower strength relationships	Time-independent relationships – Higher strength relationships
Duration	Extensive outcomes repertoire
Expectations of continuity	
Comparison to alternatives	
Environmental uncertainty	
Environmental discontinuity	
Market volatility	
Industry diversity	

The author used historic business-to-business cases that had long term orientation in its study as a variable, a key finding, or in its choice of sample. The problem with this methodology for developing the propositions in the work is the reliance on one source of case information. The starting point for further work will be to get more information on these cases, or identify business-to-business cases with a long term orientation that have a lot of historic material on multiple records. However, the cases presented in the text are drawn from a research community that gathers evidence on similar issues using like-

mindful assumptions. The study reported on here is part of a long-term one on the elements that govern or that are part of the process of interaction of the high strength relationship. The case work conducted by the author focuses on long term orientation but also incorporates a resource analysis and an analysis of norms.

Long term relationships are entered for reasons of perceived benefits that accrue to the parties over the costs incurred in such an exchange. The high strength relation was argued to have a greater repertoire of outcomes, major potential joint outcomes, lower costs and no comparison reference points to other relational outcomes. Whilst it is easy to identify lower costs of interaction, and factor in the lack of relevance of alternatives, the ratio to which strong relationships outperform others, the exact nature of this performance including joint outcomes is more difficult to identify. Indeed, it could be situational. For managers this is a handling task as they will need to identify what is important to them and jointly to the relationship to maximize overall returns from the high strength relationship. It is not simple to understand a partner's outcomes as they are not the same as one's own. The ability to generate greater overall returns is a key motivator for developing and maintaining the high strength relation which indicates the need to map outcomes repertoires, joint outcomes and qualify the how much more than comparable other relationships the high strength relationship can perform. Further investment will be dictated by such an analysis. Any partner dissatisfaction with outcomes signals a problem in the relationship which needs to be acted on quickly. In a high strength relationship, this work on adapting and developing outcomes happens as part of the process. The real challenge and opportunity of the high strength relationship is the unique to the relation jointly created outcomes – this is more than working on partner outcomes and implies working together to create joint outcomes which benefit both and adds to making the high strength relationship, albeit rare, the highest performer of all relationships.

Forging relationships is a strategic response to environmental uncertainty at the industry and market level. Sharing risk of diverse industry conditions and market volatility makes sense. It is argued here that in addition to environmental uncertainty being an independent variable in relationship development in general, the high strength relationship will be found in many industries and markets independent of environmental conditions. This does not mean that high strength relationships are immune to external environmental changes, they are shaped by them to some degree, for example, this is easily seen in the case of a major shock or discontinuity that affects all actors such as a major technological change. However, high strength relationships will look to the relationship for solutions to external change and engage in joint problem solving to deal with the dynamics of the external environment. In this way, a high strength relationship may be protected from uncertainty as the value created may insure it from environmental uncertainty. It may be analogous to the situation where the relationship is a market-maker, shaping and creating its own value occupying a unique position in its network. The high strength relationship's relationship-specific properties shape its uniqueness rather than solving a market problem created by uncertainty.

REFERENCES

- Anderson, E. and Weitz, B. (1989), "Determinants of Continuity in Conventional Industrial Channel Dyads", **Marketing Science**, Vol 8 No 4, pp. 310-323.
- Applegate, L. M. (2007), "The Firm as a Collaborative Community", in Heckscher, C. and Adler, P. S. (editors), **Building Inter-firm Collaborative Community: Uniting Theory and Practice**, Oxford University Press: Oxford, Chapter 9, pp 355-416.
- Axelrod, R. (1984), **The Evolution of Cooperation**, Basic Books, New York.
- Baraldi, E. and Wedin, T. (2005), "Value Creation and Resource Interface Knowledge Applying Knowledge to the Resource Interfaces that Embed Holmen's Newsprint and IKEA's Lack Table", **21st International Marketing and Purchasing Group Conference**, Rotterdam, Netherlands, pp. 1-30.
- Baum, J. A. C., and Korn, H. J. (1999), "Dynamics of Dyadic Competitive Interaction", **Strategic Management Journal**, Vol 20 No 3, pp. 251-278.
- Blois, K. (2003), "B2B 'Relationships' – a Social Construction of Reality?: A Study of Marks and Spencer and One of its Major Suppliers", **Marketing Theory**, Vol 3 No 1, pp. 79-95.
- Barnes, B.R., Naudé, P. and Michell, P. (2007), "Perceptual Gaps and Similarities in Buyer-Seller Dyadic Relationships", **Industrial Marketing Management**, Vol. 36, Iss. 5, pp. 662-675.
- Buvik, A. and Halskau, Ø (2001), "Relationship Duration and Buyer Influence in Just-in-Time Relationships", **European Journal of Purchasing and Supply Management**, Vol. 7, Iss. 2, pp. 111-119.
- Buvik, A. and Haugland, S.A. (2005), "The Allocation of Specific Assets, Relationship Duration, and Contractual Coordination in Buyer-Seller Relationships", **Scandinavian Journal of Management**, Vol. 21, Iss. 1, pp. 41-60.
- Dagger, T.S., Danaher, P. J. and Gibbs, B.J. (2009), "How Often Versus How Long: The Interplay of Contact Frequency and Relationship Duration in Customer-Reported Service Relationship Strength", **Journal of Services Research**, Vol. 11, Iss. 4, pp. 371-388.
- Dahlstrom, R., McNeilly, K. M., and Speh, T. W. (1996), "Buyer-Seller Relationships in the Procurement of Logistical Services", **Journal of the Academy of Marketing Science**, Vol 24 No 2, pp. 110-124.
- Dyer, J. H. (1996), "Specialised Supplier Networks as a Source of Competitive Advantage: Evidence from the Auto Industry", **Strategic Management Journal**, Vol 17, pp. 271-291.
- Dyer, J.H. and Singh, H. (1998), "The Relational View: Cooperative Strategy and Sources of Interorganisation Competitive Advantage", **Academy of Management Review**, Vol 23 No 4, pp. 660-679.
- Easton, G. and Araujo, L. (1994), "Market Exchange, Social Structures and Time", **European Journal of Marketing**, Vol 28 No 3, pp. 72-84.
- Fink, R.C., James, W.L and Hatten, K.J. (2008), "Duration and Relational Choices: Time Based Effects of Customer Performance and Environmental Uncertainty on Relational Choice", **Industrial Marketing Management**, Vol. 37, pp. 367-379.
- Forbord, M. (2005), "Co-Creating Successful New Industrial Networks and Products" in Woodside, A. G., **Managing Product Innovation, Advances in Business Marketing and Purchasing**, Elsevier: Amsterdam, Vol 13, pp. 211-335.

- Ford, D., Håkansson, H. and Johanson, J. (1986), "How do Companies Interact?", **Industrial Marketing and Purchasing**, Vol 1 No 1, pp. 26-41.
- Gadde, L-E and Mattsson, L-G (1987), "Stability and Change in Industrial Networks", **International Journal of Research in Marketing**, Vol 4 No 1, pp. 29-41.
- Gadde, L-E and Snehota, I. (2000), "Making the Most of Supplier Relationships", **Industrial Marketing Management**, Vol 29 No 4, pp. 305-316.
- Ganesan, S. (1994), "Determinants of Long-Term Orientation in Buyer-Seller Relationships", **Journal of Marketing**, Vol 58 April, pp. 1-19.
- Håkansson, H. (1982(a)), Editor, **International Marketing and Purchasing of Industrial Goods - An Interaction Approach**, John Wiley and Sons, Chichester.
- Håkansson, H. (1982(b)), "Swesteel", in Håkansson, H. (Editor), **International Marketing and Purchasing of Industrial Goods - An Interaction Approach**, John Wiley and Sons, Chichester, pp. 74-80.
- Håkansson, H. and Snehota, I. (1995), "Analysing Business Relationships", in Håkansson, H. and Snehota, I., (Eds.), **Developing Relationships in Business Networks**, Routledge, London, pp. 24-49.
- Håkansson, H. and Wootz, B. (1979), "A Framework of Industrial Buying and Selling", **Industrial Marketing Management**, Vol 8, pp. 28-39.
- Hallén, L., Johanson, J. and Mohamed, N. S. (1987), "Relationship Strength and Stability in International and Domestic Industrial Marketing", **Industrial Marketing and Purchasing**, Vol 2 No 3, pp. 22-37.
- Heide, J. B. (1994), "Interorganisational Governance in Marketing Channels", **Journal of Marketing**, Vol 58 No 1, pp. 71-85.
- Heide, J. B. and Miner A. S. (1992), "The Shadow of the Future: Effects of Anticipated Interaction and Frequency of Contact on Buyer-Seller Cooperation", **Academy of Management Journal**, Vol 35 No 2, pp. 265-291.
- Heide, J. B. and Stump, R. L. (1995), "Performance Implications of Buyer-Supplier Relationships in Industrial Markets", **Journal of Business Research**, Vol 32, pp. 57-66.
- Jackson, B.B. (1985), "Build Customer Relationships that Last", **Harvard Business Review**, Nov/Dec., pp. 120-128.
- Kalwani, M. U. and Narayandas, N. (1995), "Long-Term Manufacturer-Supplier Relationships: Do They Pay Off for Supplier Firms?", **Journal of Marketing**, Vol 59 January, pp. 1-16.
- Keep, W. W., Hollander, S. C. and Dickinson, R. (1998), "Forces Impinging on Long-Term Business-to-Business Relationships in the United States; An Historical Perspective", **Journal of Marketing**, Vol 62 April, pp. 31-45.
- Kelley, H. H. and Thibaut, J. W. (1978), **Interpersonal Relations, a theory of interdependence**, John Wiley and Sons, New York.
- Kotabe, M., Martin, X. and Domoto, H. (2003), "Gaining From Vertical Partnerships: Knowledge Transfer, Relationships Duration and Supplier Performance in the US and Japanese Automotive Industries", **Strategic Management Journal**, Vol. 24, Iss. 4, pp. 293-317.
- Kumar, N. (1996), "The Power of Trust in Manufacturer-Retailer Relationships", **Harvard Business Review**, Vol 74 No 6, pp. 92-106.

- Kumar, N. Stern L. W. and Achrol, R. S. (1992), "Assessing Reseller Performance from the Perspective of the Supplier", **Journal of Marketing Research**, Vol XXXIX May, pp. 238-253.
- Lambe, C. J., Spekman, R. E. and Hunt, S. D. (2000), "Interimistic Relational Exchange: Conceptualisation and Propositional Development", **Journal of the Academy of Marketing Science**, Vol 28 No 2, pp. 212-225.
- Leuthesser, L. and Kohli, A. K. (1995), "Relational Behavior in Business Markets", **Journal of Business Research**, Vol 34 No 3, pp. 221-233.
- Levitt, T. (1983), "After the Sale is After", **Harvard Business Review**, Sept/Oct., pp. 187-193.
- Macneil, I. R. (1980), **The New Social Contract**, Yale University Press, New Haven, CT.
- Mohr, J. and Spekman, R. (1994), "Characteristics of Partnership Success: Partnership Attributes, Communication Behavior, and Conflict Resolution Techniques", **Strategic Management Journal**, Vol 15 No 2, pp. 135-152.
- Ness, H. and Haugland, S. A. (2005), "The Evolution of Governance Mechanisms and Negotiation Strategies in Fixed-Duration Interfirm Relationships", **Journal of Business Research**, Vol 58 No 9, pp. 1226-1239.
- Noordewier, T. G., John, G. and Nevin, J. R. (1990), "Performance Outcomes of Purchasing Arrangements in Industrial Buyer-Vendor Relationships", **Journal of Marketing**, 54 October, pp. 80-93.
- O'Toole, T. and Donaldson, B. (2000), "Relationship Governance Structures and Performance", **Journal of Marketing Management**, Vol 16, pp. 327-341.
- O'Toole, T. and Donaldson, B. (2002), "Relationship Performance Dimensions of Buyer-Supplier Exchanges", **European Journal of Purchasing and Supply**, Vol 8 No 4, pp. 197-207.
- Pfeffer, J. and Salancik, G. R. (1978), **The External Control of Organisations: A Resource Dependency Perspective**, Harper and Row, New York.
- Pillai, K.G. and Sharma, A. (2003), "Mature Relationships: Why Does Relational Orientation Turn into Transaction Orientation?", **Industrial Marketing Management**, Vol. 32, pp. 643-651.
- Podolny, J. M. (1994), "Market Uncertainty and the Social Character of Economic Exchange", **Administrative Science Quarterly**, Vol 39 September, pp. 458-483.
- Polo-Redondo, Y. and Cambra-Fierro, J. (2008), "Influence of the Standardization of a Firm's Productive Process on the Long-term Orientation of its Supply Relationships: An Empirical Study", **Industrial Marketing Management**, Vol. 37, pp. 407-420.
- Ryu, S. Kabadayi, S. and Chung, C. (2007), "The Relationship Between Unilateral and Bilateral Control Mechanisms: The Contextual Effect of Long-term Orientation", **Journal of Business Research**, Vol. 60, pp. 681-689.
- Thibaut, J. W. and Kelley, H. H. (1959), **The Social Psychology of Groups**, John Wiley and Sons, New York.
- Webster, F. E. (1992), "The Changing Role of Marketing in the Corporation", **Journal of Marketing**, Vol 56 October, pp. 1-17.
- Williamson, O. E. (1975), **Markets and Hierarchies, Analysis and Antitrust Implications**, The Free Press, New York.

Williamson, O. E. (1979), "Transaction-Cost Economics: The Governance of Contractual Relations", **Journal of Law and Economics**, Vol. 22 October, pp. 232-262.
Williamson, O. E. (1985), **The Economic Institutions of Capitalism**, The Free Press, New York.