Networking capability, networking outcomes, and company performance

A nomological model including moderation effects

Maciej Mitrega(corresponding author)
The Karol Adamiecki University of Economics
Ul. Bogucicka 14, Katowice, 40-226, Poland
maciej.mitrega@ue.katowice.pl

Carla Ramos
Manchester Business School
University of Manchester, Booth Street West, M15 6PB, UK
and
Faculdade de Economia do Porto,Universidade do Porto
Rua Roberto Frias, Porto, Portugal
carla.ramos@mbs.ac.uk

Sebastian Forkmann
Manchester Business School
University of Manchester, Booth Street West, M15 6PB, UK
sebastian.forkmann@postgrad.mbs.ac.uk

Stephan C. Henneberg
Manchester Business School
University of Manchester, Booth Street West, M15 6PB, UK
stephan.henneberg@mbs.ac.uk

Submitted for Review
2011 IMP Conference, Glasgow

July 2011

Networking capability, networking outcomes, and company performance

A nomological model including moderation effects

Abstract

The dynamics of business networks are seen as an important field of research in inter-organisational marketing and strategy (Ahuja et al. 2007; Halinen et al. 1999). To deal with such dynamics, firms embedded in networks need to develop capabilities that allow them to understand other actors and relationships, and to actively shape their networking position (Ford et al. 2003). Prior studies have operationalised such *network competences/capabilities* (Ritter et al. 2002; Walter et al. 2006), however, these studies have not captured the changeable nature of business networks. In order to address this issue, this study brings together and synthesises earlier studies on dynamic capabilities, relationship portfolio management and industrial network approach (INA) and conceptualizes networking capabilities. We propose the networking capability as the element complementing the model of 'managing in networks' proposed by Ford et al. (2003). We argue that this element contributes to our understanding of focal company's existence within network, because it refers to the way how managers may coordinate their various network pictures in the organizations and achieve some kind of consistency in decisions and actions undertaken by their companies in the network.

We adopt a relationship process-based perspective by considering three stages: relationship initiation, development, and termination. For each of these relationship stages specific *networking capabilities* are defined. Based on these three sets of networking capabilities as the independent constructs, we develop an empirically testable nomological model with performance-related dependent constructs, namely *networking-related outcomes*, and ultimately *firm performance*. We therefore contribute with this study to the conceptualization of firstly, strategic competences in business networks specifically as networking capabilities, secondly, by introducing a dynamic perspective through the use of relationship processes, and thirdly, by relating networking rent as well as overall firm performance to the new concept of networking capability. We also hypothesise the impact of important moderation effects, e.g. the influence of relationship investments on the structural links embedded in the model.

Keywords:
Networking, Dynamic Capability, Network Competence, Company Performance

1. Introduction

Much of the literature on business relationships is about tools to strengthen, and benefit from, existing relationships. The origins of business relationships and especially relationship termination did not receive the same amount of attention (Joshi and Stump 1999; Tahtinen and Halinen 2002). However, business relationships as well as networks are changeable or even turbulent phenomena (Ahuja et al. 2007; Dahlin 2007; Halinen et al. 1999), thus, it can be assumed that for any focal company, there exists constant change of the relationships in which the company is embedded. Some relationships are strengthened, some are fading and end, and there are always some trials to initiate new relationships. Of course, not all of these relationships have the same importance for the focal company, and they differ in terms of pivotal features such as closeness, interdependence, and rent-generating function (Leek et al. 2002). In fact, some studies suggest that *keeping the balance* between close, long-term relationships on the one hand, and less close relationships with new partners is beneficial to a focal company, because it provides fresh ideas and resource to the focal network and thus prevents negative aspects of too strong relational embeddedness (Capaldo 2007; Dittrich and Duysters 2007; Hagedoorn 2006; Uzzi 1996). Correspondingly, recent studies proposed that *terminating relationships* with partners is an important management task (Reinartz et al. 2004; Ritter and Geersbro 2010). However, these studies refer mostly to a limited definition of embeddeness, i.e. buyer-seller relationships, and there are neither conceptual nor empirical studies on a company' capability to terminate relationships with various types of business partners.

Thus, the literature on business relationships relating to company's actions directed at business relationships *at various stages of their development* is rather fragmented. There exist no studies which comprise company's actions with regard to all of the relevant stages of business relationships, i.e. establishment, development, and termination. Prior studies have conceptualized and operationalised so-called *network competences/capabilities* (Ritter et al. 2002; Walter et al. 2006), however, these studies have not captured the changeable nature of business networks and business relationships, specifically they did not deal with relationship termination. However, it can be posited that successful network-related strategies must comprise some organisational routines and activities aligned with *all* relationship stages. This is because developing relationships is a resource demanding process (Dyer and Singh 1998), therefore, if companies do not anticipate dynamics that take place in their relevant network, they may be not able to organize resources needed for new relationships. Moreover, as some of business partners may act opportunistically and appropriate relational rents from business interactions (Hennart et al. 1999; Lavie 2006; Mesquita et al. 2008), the focal company should be able to monitor such behaviours of business partners and try to safeguard at least some of the resources invested in these relationships before it is too late, i.e. before they are terminated. These resources may be dynamically redeployed with new partners.

Thus, in this study we try to address the gap in the literature and conceptualize a model of networking capability with regard to the dynamic nature of a focal company's business environment, thus capturing relationship initiation, relationship development, and relationship termination. We contribute to the existing knowledge about business relationships and networks by proposing a nomological model comprising of networking capability vis-à-vis relevant performance constructs that may be related to such capabilities. We also discuss some possible moderating effects as well as measurement issues with regard to the proposed constructs in order to prepare for an empirically testable research design. In developing our model we ground our discussions in the literature on dynamic capabilities, the industrial networks approach of the IMP Group, and in alliance portfolio management studies.

This paper is organized as follows. Firstly, we review the literature with regard to business networking to position this construct vis-à-vis other network-related terms. Then we propose the networking capability concept as part of a discussion of previously posited network competences/capabilities. Different sub-constructs of networking capability with regard to three stages of relationship development are discussed, and we outline the relationships between networking capabilities and the model of 'managing in networks' proposed by Ford et al. (2003). This is followed by a review of various networking-related performance/outcome constructs, and the overall nomological model linking networking capability to networking-related outcomes is discussed. We also propose some moderating effects connected with influence of relationship-specific investments. Finally, we discuss our model with regard to existing knowledge on business networking and we show some avenues for further research.

2. The idea of business networking

While many authors specialized in B2B marketing use the term "networking" (eg. Carson et al. 2004; Pittaway et al. 2004; Ritter 1999), very few explicitly define *business networking* and distinguish it from other network-related terms (for exceptions see definitions in table 1). Some authors investigate business activities under the umbrella of networking without explicitly defining the term, or they treat networking somehow as the synonym to building business networks (eg. Äyväri and Jyrämä 2007; Carson et al. 2004; Dittrich and Duysters 2007; Ritter 1999). Occasionally, networking is used synonymously with the business network itself (eg. Pérez and Sánchez 2002, p. 263).

Table 1. Definitions of networking in the context of business networks

Definition	Authors
networking – "…encompasses all of the actions of a company or individual in a network (…) All companies are networking by suggesting, requesting, requiring, performing and adapting activities, simultaneously""	(D. Ford et al. 2003, p. 178)
networking – "…social and economic processes through which individuals and organizations develop lasting relationships with particular sets of stakeholders for the purposes of accessing support and facilitating exchange	(Allan and Rutashobya 2006, p. 2)
networking - "a transformation process of 'independent' actors and resources into a more closely knit configuration of a (supply) network"	(Johnsen et al. 2000, p. 163)

In this context, this study uses the theoretical perspective of the industrial network approach (INA) developed by the IMP group. INA holds that business networks and relationships are built from actor bonds, resource ties and activity links (D. Ford et al. 2003; Hakansson 1982), also called ARA model. Consequently, IMP scholars define networking as the multidimensional phenomenon of the activities of a focal company in order to affect its network position (D. Ford et al. 2003). This comprises "hard elements" (e.g. joint investments, information processing) and "soft elements" (e.g. building trust, conflict resolution) of relational activities with business partners (Johnsen et al. 2000). Ford et al. (2003) proposed a comprehensive model of *managing in business networks* which is based on three main elements: network pictures, networking, and network outcomes. In their model, networking refers to the actions that a focal company undertakes in the network (see in table 1). These actions are directed by the company's specific understanding of the network (i.e. their network picture; Henneberg et al., 2006). Networking activities lead to various network outcomes (e.g. financial, access to resources, learning) (Ford et al. 2003).

Networking is therefore linked to a company's business strategy vis-à-vis its manifold business partners: "*… it is important that companies try as far as possible to decide which networking actions are important for them and examine the different outcomes of these actions* " (D. Ford et al. 2003, p. 184). The construct of networking is distinguished from the network itself by associating the former with actions in the network, or network changes, and the latter with the network structure (Tonge 2004). Ford et al. (2003) suggest in this context that networking involves "*the choice for a company between when to consolidate by stabilizing and strengthening its existing network position or create a new position by changing the combination of its existing relationships or developing new ones*" (p. 181). For the purpose of our study, we follow the definition by Ford et al. (2003) and define networking as *comprising the set of focal company actions through which it shapes its portfolio of business relationships*.

Recent researches developed further understanding of the complexity of the single company's actions within a business network. Ford and Hakansson (2006) suggest that in spite of the growing interest in business relationships, current management research does not consider some important features of business interactions, such as time dependence or relativity. Considering all the direct and indirect ties connecting business actors, it can be concluded that actors embedded in a network "*cannot choose whether or not to have relations with others, including with their suppliers and customers*" (Ford and Hakansson 2006, p. 17). Nevertheless, networking represents the efforts actors put into shaping this given network environment. As such, the strategic business net concept proposed by Möller et al. (2005) relates to the issue of networking: it refers to the set of direct relationships between the focal company and its business partners, similar to the focal network concept (Tikkanen 1998) or ego-centric networks (Hansen et al. 2008). The strategic net of a focal company is surrounded by the wider (potentially endless) network comprising all relationships indirect to the focal company (Ford et al. (2003)). Without going into details of various network conceptualizations in the literature (Brennan and Turnbull 2002; Golfetto et al. 2007), we focus in our study on a focal network and company's actions which are addressed towards shaping its direct relationships (i.e. shaping its strategic business net).

Corporate capabilities which aimed at facilitating such networking are called *networking capabilities* in our study. These capabilities are internally-oriented, i.e. organizational phenomena, and are thus treated as the antecedents to effective networking. In other words, we do not define networking capability in the same way as networking itself but aim at extending the understanding of phenomena related to business networking by using the concept of networking capabilities as the organizational precursors of networking as proposed by Ford et al. (2003). We therefore agree with the understanding of business interactions developed by Ford et al. (2008), where networking it is treated as the key phenomenon in business relationships, a phenomenon that has its own substance, is time- and space – dependent, which cannot be controlled by the single company, and transforms resources of companies. We conceptualize networking capabilities as the managerial attempt to prepare the focal company to cope effectively with the business interactions and relationships that surround and embed it. As networking capabilities will be used in this study as the focal construct, the next section defines it in more detail.

2. Conceptualizing networking capabilities

The literature on corporate capabilities is fragmented with regard to business network phenomena. Prior studies in this area have used various theoretical foundations, e.g. resource-based view, dynamic capabilities perspective, relationship marketing, supply chain management, INA, and alliances management (Äyväri and Möller 2008; Blomqvist and Levy 2006). In this study the conceptualization of so-called networking capability is drawn from the literature on dynamic capabilities, INA, and alliances portfolio management. We find these theoretical foundations as the most useful for defining the term capability, as well as for relating it to the context of the changeable nature of a focal business net and its associated business relationships. The dynamic capabilities' view of the company (D. Teece and Pisano 1994; D. J. Teece 2007; Zollo and Winter 2002) emphasizes the changeable nature of competitiveness and suggest that in today's environment the most successful companies constantly reconfigure and redeploy their resources to achieve new sources of competitive advantage. Dynamic capabilities as the specific ability of resource reconfiguration is therefore crucial in cases of dynamic business relationships and networks as it allows companies to reinvest their resources deployed in prior relationships while dealing with new business partners. We also use concepts relating to company strategy in the business network context provided by the strategic management literature, especially alliance portfolios' studies (Lavie 2007; Parise and Casher 2003). As already mentioned, for defining the networking construct itself, we employ the IMP Group contributions, particularly INA. Therefore, we argue that we contribute to understanding strategic activities in business networks by brining together perspectives dominant in strategic management and business marketing (IMP). Thus, we answer the call for minimizing the gap between IMP views and other management-related approaches on business networks (Baraldi et al. 2007; Golfetto et al. (2007).

2.1. Defining networking capability

Our conceptualization of networking capability relates to previously used constructs on network-related capabilities which in the literature are used as individual-level or firm-level concepts, however there is also the possibility to define them relating to the whole network (network-level capability). Prior definitions of corporate network-related capabilities are presented in the table 2. For the purpose of our study, we conceptualize networking capability (NC) on the level of a focal company.

Table 2. Definitions of network-related corporate capability (firm-level)

Term/Definition	Authors
Network competence – "the resources and activities of a focal company to generate, develop, and manage networks in order to take advantage of single relationships and the network as a whole"	(Gemünden and Ritter 1997, p. 297)
Network competence – "the degree of network management task execution and the degree of network management qualification possessed by the people handling a company's relationships"	(Ritter et al. 2002, p. 120)
Network capabilities – "abilities to initiate, maintain, and utilize relationships with various external partners"	(Walter et al. 2006, p. 546)
Collaboration capability -'the actor's capability to build and manage network relationships based on mutual trust, communication and commitment'	(Blomqvist and Levy 2006, p. 31)

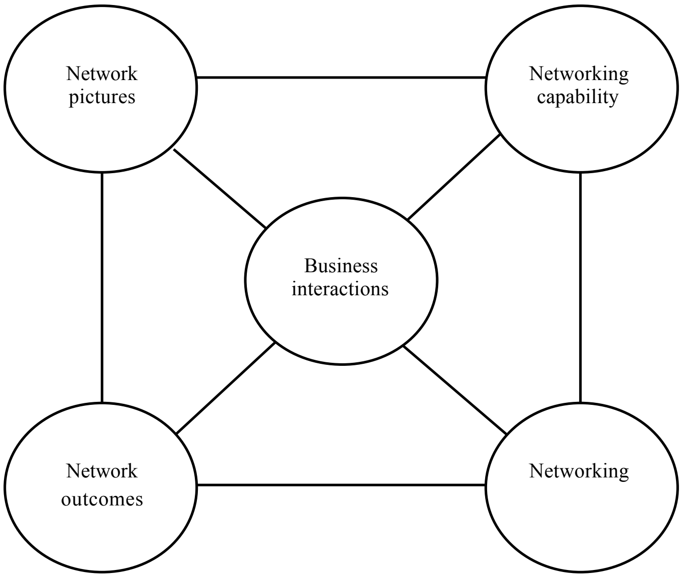
Existing conceptual approaches show some pertinent features which are important in positioning NC. Firstly, prior studies used various terms in characterizing the nature of NC: resources, activities, qualifications, assets, abilities, etc. This variety and ambiguity restricts on the usefulness of the concept NC. Using especially the literature on corporate resources/capabilities as the key theoretical reference to define the nature of NC is pivotal, as this is crucial for scale development: scale operationalization should reflect construct definition and theoretical approaches used (Churchill Jr 1979)[i]. Taking this into consideration, in this study we consequently use NC referring to the meaning of *capability* as introduced in dynamic capabilities literature, more specifically we use the proposition of Zollo and Winter (2002), where dynamic capabilities of the organization are defined as "*learned and stable pattern of collective activity*" (p. 340).

Secondly, prior studies did not cover time-specific aspects of networking, e.g. organizational activities which are directed at the termination of relationships. In our study, we treat activities relating to initiating, developing, and terminating business relationships as important elements of NC. Following authors in the area of network dynamics and relationship dynamics (Ahuja et al. 2007; Halinen et al. 1999), we argue that change is an important feature of a focal company's portfolio of relationships, and in time most, if not all, relationships with business partners end and are replaced by new partnerships. Some recent studies proposed terminating relationships with external entities as the important management task (Ellis 2006; Giller and Matear 2001; Mittal et al. 2008; Reinartz et al. 2004; Ritter and Geersbro 2010).

Thirdly, prior research is more or less explicitly based on the assumption that networking actions of a given company are oriented at mutual benefits. Consequently, in prior studies NC was also oriented at both the benefits of the focal company, and at the benefits of its business partners. Relational capability was conceptualized as the strategic tool which may bring about common benefit (Dyer and Singh, (1998). Using a similar approach, Johnsen, et al. (2000, p. 178) suggested targeting mutual benefits as the factor distinguishing networking from other activities related to business networks (for example, placing more risk on contractors). However, studies suggest that direct/private benefits can be acquired opportunistically through activities in business networks, sometimes called a 'Trojan horse' strategy (Hennart et al. 1999; Kale et al. 2000; Mesquita et al. 2008). Some recent studies emphasize the problem of unilateral or not equal appropriation of relationship-based or network-based rents (Dyer et al. 2008; Lavie 2006, 2007). Thus, we assume that NC might be directed at bringing both common (focal net-specific) and private (focal company-specific) benefits. We posit that the most successful networking strategies are oriented at both types of benefits. Some recent studies provide empirical justification for this proposition, e.g. Dittrich and Duysters (2007) distinguished two logics of networking: exploration and exploitation.

In summary, we propose an extended understanding of NC, based on a dynamic capabilities view, and define NC as the *set of activities which are implemented at the organizational level of the focal company to initiate, develop, maintain and terminate business relationships for the benefit of the company.* Based on this definition, we suggest extending the model of managing in networks proposed by Ford et al. (2003). NC is treated as a fourth element of managing in networks among three previously conceptualized elements, namely: network pictures, networking and network outcomes (see figure 1); it links network representations (network pictures) to activities (networking). Network pictures, understood as individual manager's sense-making, need to be translated into collective (i.e. company-based) activities (Henneberg et al. (2010)). Thus, in the model proposed by Ford et al. (2003), it is not explicitly clear how managers may coordinate their various network pictures in the organizations and achieve some kind of consistency in decisions and actions undertaken by their companies in the network. We argue that such coordination is possible through the implementation of some patters of expected actions with regard to business partners as described by NC. We argue that all the elements in fig. 1 are interrelated and embedded in the business interactions as conceptualized by Ford et al. (2008). The interactive and dynamic nature of the co-existence of the focal company with other network members results in the continuous and recursive impact of these elements on each other. In our study, we are primarily focussing on investigating the link between NC and network outcomes for the focal company.

Figure 1. Managing in network model incorporating NC (adapted from Ford et al., 2003)



2.2. Networking capability and relationship stages

Most marketing scholars accept the view that a business relationship develops (Dwyer et al. 1987) or goes through different stages (David Ford 1980). While it is possible to analyze relationship processes in a more detailed way, e.g. through understanding relationship episodes (Schurr et al. 2008), we assume that every business relationship can be described using three main stages which represent a time specific element of the relationship (Ford and Hakansson 2006): initiation, development/maintaining, and termination. This relationship phase distinction corresponds with Reinartz et al. (2004) who investigated three stages of the relationship management process. Thus, we conceptualize NC as a second order factor comprising three different sub-components which are each specific to one of these relationship stages: relationship initiation capability, relationship developing capability, and relationship termination capability. We will define these three constructs after we discuss benefits that might be acquired by the focal company through business networking. After that, we will also present the rationale standing behind hypothesized links between three sub-components of networking capability and some network-related outcomes.

3. Networking-related performance

Business relationships and networks are perceived as sources of competitive advantage (D. Ford et al. 2003; Gulati 2007; Mesquita et al. 2008). The literature discussed different performance outcomes that may be appropriated by the focal company through actions relating to different business partners: company innovativeness (Ahuja

2000; Capaldo 2007; Tsai 2001), organizational entrepreneurship (Baum et al. 2000; Shan et al. 1994), organizational learning (Anand and Khanna 2000; Lane et al. 2001; Lyles and Salk 2006), internationalization (Calia et al. 2007; Chetty and Blankenburg Holm 2000; Lu and Beamish 2001; Ojala 2009), improved relationship quality (De Wulf et al. 2001; C. Lee et al. 2001a; Woo and Ennew 2004), improved relationships portfolio value (Olsen and Ellram 1997; Zolkiewski and Turnbull 2002; Storbacka and Nenonen 2009; Ritter and Geersbro 2010) and, company performance (Czakon 2009; Tsai 2001; Walter et al. 2006). Such performance outcomes directly or indirectly represent important factors of competitive advantage. However, for the purpose of a parsimonious model development we concentrate in this study on the most relevant outcomes associated with a dynamic capabilities perspective. Additionally, we focus on networking-related performance aspects which are connected with the literature on business relationships portfolios (Eilles et al. 2003; Parise and Casher 2003; Zolkiewski and Turnbull 2002) because our definition of NC refers to a company's capacity to actively shape its relationship portfolio, e.g. by extending it through acquiring new partners, and by focussing it through terminating some relationships. Specifically, we concentrate on three networking related performance outcomes: relationships portfolio value (Zolkiewski and Turnbull 2002; Ritter and Geersbro 2010), relationships portfolio quality (Woo and Ennew 2004; De Wulf et al. 2001; Lee et al. 2001) and company's innovativeness (Ahuja 2000; Capaldo 2007; Tsai 2001).

A value-based rationale underlies initiating, developing, and terminating business relationships (Anderson et al. 1994; Ravald and Grönroos 1996; Storbacka et al. 1994; Ulaga and Eggert 2006). Walter et al. (2001) and Ryssel et al. (2004) distinguish between economic outcomes which arise directly through specific relationships (e.g. profit, volume, stability) and outcomes which impact on future business or on other relationships (e.g. innovations, referrals, market knowledge). Similarly, Baxter and Matear (2004) propose the distinction between tangible and intangible benefits of exchange relationships. In this study we focus on focal business nets which comprise relationships with various partners such as suppliers, customers, but also competitors involved in alliances, or industry opinion leaders. While some of these business relationships may not yield tangible and direct outcomes, every kind of business partner relationship is potentially the source of intangible benefits for the focal company (eg. Gulati et al. 2000; C. Lee et al. 2001a; Mesquita et al. 2008). We therefore focus on *company innovativeness* as one of the consequence of networking capabilities.

3.1. Company innovativeness

There were various aspects of company's innovativeness discussed in the literature (Robertson 1967; Tushman and Anderson 1986), however we follow Han et al. (1998), Gemünden et al. (1996), and Ritter and Gemünden (2003), by assuming that a company's innovativeness includes introducing new effective solutions to two main areas: a company's offerings, and a company's processes. Agreeing with Teece et al. (1997, p. 515) that dynamic capabilities are the organizational "*ability to achieve new forms of competitive advantage*", such innovativeness is linked to capabilities in the area of networking (Helfat and Peteraf 2009). It is noteworthy that company's innovativeness as a driver of company performance is backed by the general management literature (Damanpour and Evan 1984; Damanpour 1991; Zahra et al. 1988). Furthermore, innovativeness is often seen as a factor moderating the influence of important organizational constructs on company performance. For example, Han et al. (1998) provide empirical evidence that innovativeness represents the missing link between market orientation on the one hand, and firm performance. We correspond with their suggestions and conceptualize that dynamic capabilities do not directly lead to performance improvements (Ambrosini and Bowman 2009) by discussing and testing the mediating role of the company innovativeness on the relationship between networking capability and company performance.

Generally, as prior studies strongly supported conceptually and empirically the link between company innovativeness and economic performance (Lages et al. 2009; Tsai 2001), we also assume that:

- *H_1-The company innovativeness is positively related to company performance.*

3.2. Value of the business relationship portfolio

Besides the benefits of business relationships, we are interested also in the relationship-related costs (i.e. company's sacrifices) relating to initiating, maintaining, and terminating business relationships. In defining these costs we utilize a wide understanding of relationship costs (Grönroos 1997; Ravald and Grönroos 1996). Grönroos (1997) proposed to distinguish three categories of relationship costs: direct costs, indirect costs, and psychological ones. Direct costs refer generally to tangible resources (time, money) spent in the planned way on initiating and building relationships. Indirect costs refer to all tangible resources spent on solving situations when relationships do not function as promised (e.g. the costs caused by dealing with the delay in the delivery of products or information). Finally, psychological costs refer to anticipating future problems which will arise in the relationships. The psychological costs are a burden of today because they limit the possibilities to concentrate on other important tasks (e.g. other relationships). We argue that this relationship cost typology is relevant not only in the context of customer relationships, but also in relationships with other types of business partners. Developing any business relationship usually demands relationship-specific investments (Dyer and Singh 1998; Hallen et al. 1991) and thus there exists potential for negative phenomena, such us dysfunctional conflict, or opportunism (Das and Rahman 2010; Wathne and Heide 2000). Dealing with such phenomena demands resource contributions (e.g. time spent on re-negotiation supply agreement) and psychological sacrifices experienced by the employees involved in interactions with business partners (Edvardsson and Strandvik 2009; Holmlund and Strandvik 2005; Holmlund-Rytkönen and Strandvik 2005). Thus, we assume that considering a wide definition of relationship costs, the focal company may increase the portfolio value of all its relationships through minimizing its costs.

As our conceptualization of networking capability refers to all relationships within its strategic net, i.e. the relationship portfolio (Reinartz et al. 2004), we assume that networking capabilities will enable an increase in the value of the overall relationship portfolio by reducing relationship costs, and increasing relationship benefits. This may be achieved by managing the trade-off between beneficial and unprofitable relationships. As a consequence, we adapt the definition of the value of customer relationship portfolio proposed by Ritter and Geersbro (2010) and define *the value of the overall relationship portfolio of a focal company as the percentage of all business relationships that are profitable for the focal company*.

Following portfolio management literature (Olsen and Ellram 1997; Ritter and Geersbro 2010; Storbacka and Nenonen 2009; Zolkiewski and Turnbull 2002), where maximizing the amount of profitable relationships among all relationships of the focal company is treated as the strategic priority and the source of competitive advantage, we hypothesize:

H_2- The value of the business relationship portfolio is positively related company performance.

3.3. Quality of the business relationship portfolio

Additionally, we focus on the quality of business relationships exemplifying networking-related gains. We follow the multidimensional view of business relationships proposed by IMP scholars (D. Ford et al. 2003) and argue that the quality of business relationships might be treated as the construct synthesizing the company's performance in developing social aspects of inter-firm relationships, and operationalize it as *the perceived quality of all important business relationships in a focal company's portfolio*. In doing so, we use existing literature on the relationship quality with regard to exchange relationships (Crosby et al. 1990; De Wulf et al. 2003; Mitrega and Katrichis 2010) and assume that the quality of the relationship portfolio comprises two aspects: business partner satisfaction, and business partner trust with regard to the focal company. We choose this approach to measure relationship quality in line with a conceptualization utilized by Lee et al. (2001b).

The relationship marketing literature suggests that the quality of customer relationships is an antecedent to various relationship outcomes, such as increased share of wallet, propensity to collaborate, or positive word of mouth (Mitrega and Katrichis 2010; Palmatier et al. 2006; Palmatier 2008). We derive from these findings that the positive influence of relationship quality on relationship-based outcomes is relevant for relationships with different kind of relationship partners as well, e.g. Hutt et al. (2000) suggest in the context of strategic alliances that it is not possible to build working relationships if a bad relationship atmosphere exists between people from cooperating companies, even if all other conditions are favourable. As the quality of business relationships refer to such factors as partners' trust and partners' satisfaction, it is argued that relationship quality increases the likelihood that business partner may invest further resources in the relationship with focal company (Volery and Mansik 1998). In turn, these investments are important for developing resource synergies between cooperating companies and therefore relational performance (Dyer and Singh 1998). Thus, we propose the following hypotheses:

- *H_3 – The quality of the portfolio of business relationship is positively related to company innovativeness*
- *H_4 – The quality of the portfolio of business relationships is positively related to the value of the portfolio of business relationships*

  H_5 - The quality of the business relationship portfolio is positively related to company performance.

4. Networking capabilities as antecedents of network-related performance

4.1. Relationship initiation capability

Successful companies are systematically replacing some existing relationships with new ones to enrich their relationship portfolio. Building relationships with valuable business partners is therefore very important, especially for new companies (Ozcan and Eisenhardt 2009; Zheng et al. 2009). Even if in case of new companies many business relationships are based on social ties brought into the company by entrepreneurs (Gulati 1998), these ties need to be transformed from social relationships to business relationships. Thus, initiating business relationships is seen as an important managerial task, thus, companies need to develop activities useful to accomplish this task. We assume that successful relationship initiation is based on two main components: (1) selecting valuable companies as new business partners, and (2) attracting these companies.

Some studies on factors determining network-based company success focused on the *selection* of partners with the right attributes, rather than on the quality of ties. For example, it was found that desirable partner features are: technological and commercial prominence of partners (Stuart et al. 1999), partners image and prestige (Gulati and Higgins 2003), or technological innovativeness (Stuart 2000). Partners' bargaining power on the other hand has been identified as a negative feature (Lavie 2007). The importance of partner selection was emphasized in previous studies about relationship portfolio management (Eilles et al. 2003; Olsen and Ellram 1997; Zolkiewski and Turnbull 2002), and Lavie (2007, p. 1208) concludes that: "*…the question of whom to partner with may be as critical as the question of which network structure is desirable*". Therefore, Ritter (1999) proposed 'initiation activities', and later Ritter at al. (2002) suggested 'initiation' as components of network competence.

Prior studies of business relationships stages emphasized *attracting* and especially motivating partners as the important part of setting up new relationships (Das and Teng 2002; Dwyer et al. 1987; Ring and Van de Ven 1994). Some of these studies concentrate more on negotiation between business partners (Ring and Van de Ven 1994); as our study follows a focal company approach, we are interested in the actions of the focal company which attract valuable business partners. It was found, that managers tend to attract new partners on the basis of information spread through the network in which the company is embedded (Blombäck 2006; Gulati 1998; Uzzi 1996). Thus, attracting new business partners takes place through existing business relationships and is limited to a predefined set of given network actors. On the other hand, Beckman et al. (2004) emphasize that firms expand networks by forming new relationships by motivating new partners. We follow their suggestion and argue that successful companies implement activities which allow them to both attract valuable new partners with whom they have some indirect network ties, as well as attracting partners with no network ties at all.

Dwyer, et al. (1987) suggested that potential business partners might be attracted if they perceive the focal company to share similar values and complementary resources. Thus, the focal company might attract some desired partners by disseminating information about its own features. Hitt et al.(2000) show that alliance partners are selected largely for access to resources and organizational learning opportunities Thus, we argue that the focal company may emphasize following features to attract new business partners: financial assets, technical capabilities, intangible assets and a willingness to share expertise, unique competencies and local market knowledge.

In general, while success in attracting new business partners is connected to partner selection, it is a conceptually distinct component of relationship initiation activities. Consequently, for the purpose of our study, 'partner attraction activities' as an aspect of networking capabilities refers here to actions implemented at the firm-level which are oriented at building an attractive image of the focal company as a potential relationship partner, including communicating some desirable features of the focal company. As such, this is partly overlapping with the activities to acquire customers as outlined by Reinartz et al. (2004, p. 303) in the context of customer relationship management.

Based on the emerging stream of research which emphasizes the importance of selecting and attracting new business partners as the crucial factor delivering network-based benefits (Lavie 2007), we propose the next hypothesis:

- H_6- *Relationship initiation capability is positively related to company's innovativeness*

4.2 Relationship development capability

Capabilities to develop mutually beneficial relationships were previously discussed (Blomqvist et al., 2006), and in line with existing literature we define relationship development capability as the set of activities implemented at the level of the focal company which are aimed at maintaining and strengthening relationships with existing business partner. The literature on business partnering suggests generally that relationship development takes place on two inter-connected but conceptually distinct levels.

Firstly, there is the level of inter-organizational ties, which refers to all firm-level activities established to increase mutual understanding and adjustment between cooperating companies. These activities were studied, for example, by Johnsen et al. (2000) in the context of managing supply networks. Relationship development capabilities in this context refer to activities implemented by the focal company which stimulate information sharing, communication between partners and joint decision making, risk and benefit sharing, as well as knowledge sharing. Walter et al. (2006) defined coordination as a component very similar to such an understanding.

Secondly, prior studies suggest that inter-organizational ties need to be supported by the development of cross-organizational social ties. These interpersonal relationships are treated as the lifeblood of every business relationship (D. Ford et al. 2003; Gadde et al. 2003; Gulati et al. 2000). Hutt et al. (2000, p. 51) state in this context that "*many alliances fail to meet expectations because little attention is given to nurturing the close working relationships and interpersonal connections that unite the partnering organizations*". As suggested by Ingram and Roberts (2000), most studies on business relationships focus only on interorganizational network ties and do not incorporate into their research any considerations of interpersonal relationships between companies. Ma et al. (2009) represents an exception in studying CEO's interpersonal network ties (personal structural holes) in a complementary way to inter-organizational network ties. While they conclude that network ties built on interpersonal and inter-firm level are correlated, they nevertheless stress their distinctiveness in contribution to the development of business relationships. They also recommended that firm should balance their efforts on developing ties on these both levels. We therefore follow the work by Ma et al. (2009) by investigating constructs which are also related to personal-level and inter-firm level ties between the focal company and its business partners. Contrary to the study by Ma et al. (2009) and following Hutt et al. (2000), we are interested not only in the CEO's ties but we focus on working relationships between various representatives of cooperating companies which should be based on mutual understanding and openness. We argue that activities directed toward building social ties with business partners will complement activities with regard to firm-level and they both contribute to company success.

Developing relationships in terms of joint corporate activities, contractual ties and close relations between representatives of cooperating companies was strongly supported as source of competitive advantage in the 'relational view of the company' (Dyer and Singh 1998; Dyer and Hatch 2006). From this perspective the resource synergies built by the business partners lead to the accumulation of so-called relational rent (Dyer and Singh 1998) comprising various benefits, e.g.: knowledge sharing and learning. Thus, we propose that:

- H_7- *Relationship development capability is positively related to company innovativeness.*

Following the comprehensive view on the value of business relationships, including tangible and intangible benefits and sacrifices (Baxter and Matear 2004; Baxter 2009; Grönroos 1997; Walter et al. 2001), which we have already discussed, we assume that the resource synergies acquired through relationship development may increase the percentage of profitable relationships in relationship portfolio, thus:

- H_8- *Relationship development capability is positively related to the value of the business relationships portfolio.*

The literature suggests that the link between the relationship-related capabilities and company outcomes is partially direct and partially mediated by the level of development of these relationships. For example, Heimeriks and Schreiner (2002) suggest that alliance capability influences alliance performance partially directly, but also partially through relationship quality (such as trust and commitment). Blomqvist and Levy (2006) generalize such findings to the portfolio of partnership relationships and they suggested collaboration capability as the ability to manage the quality of its business relationships. Relationship development capability, as conceptualized in our study, comprises activities implemented by the focal company which are used to build trust and commitment within partner relationships. Thus, we propose as the next hypothesis:

- H_9- *Relationship development capability is positively related to business relationship portfolio quality.*

4.3. Relationship termination capability

Relationship termination issues represent an emerging stream of research (Tahtinen and Halinen 2002; Tähtinen and Halinen-Kaila 2000; Tidström and Åhman 2006). In our study, we focus on relationship termination capability which we define as *all activities implemented at the focal company level aimed at terminating undesired business relationships*.

There are some recent studies which introduce terminating relationships with business partners as an important managerial task (Ellis 2006; Giller and Matear 2001; Mittal et al. 2008; Reinartz et al. 2004). Giller and Matear (2001) found strong support for their proposition that the greater the degree of experience the company has regarding relationship termination, the better the termination will be handled and therefore the more favourably the termination process will be perceived. However, as noticed by Ritter and Geersbro (2010, p. 4), "*…the literature is still short of an understanding of relationship termination as a managerial issue*". There exists a lack of empirical studies on possible activities helping to terminate relationships. Exceptions provides initial evidence for some positive effects in terms of focal company performance due to relationship termination activities (Reinartz et al. 2004). Such performance benefits are, for example, increased value of the relationship portfolio (Ritter and Geersbro 2010). However, such studies discussed and tested empirically termination activities only for customer relationships, while our study looks at relationship termination capabilities vis-à-vis all business relationship partners.

Following the studies by Reinartz, et al. (2004) and Ritter and Geersbro (2010), we conceptualize relationship termination capability as a construct comprising two inter-related elements: the company's capability to select unfavourable business relationships, and company's capability to discontinue relationships with unfavourable partners. We argue that these two constructs are closely connected and complementary. For example, a given company may have some routines implemented at the firm level enabling the termination of business relationships, but this company may not have superior capabilities to sense and analyse early when relationships begin to deteriorate. The managerial interest in terminating business relationships comes from the fact that many relationships are problematic in behavioural terms (D. Ford and Havila 2003; Leek et al. 2006), are or become unprofitable (Mittal et al. 2008), or become a burden for the focal company for reputational reasons (Håkansson and Snehota 1998; Vilgon and Hertz 2003).

We consequently propose that:

- *H_{10}- Relationship termination capability is positively related to the value of the business relationships portfolio.*

Moreover, as we treat the networking capability as the dynamic capability with its specific function of reorganizing and redeploying resources invested previously elsewhere (Teece et al. 1997), we assume that relationship termination capability enables reinvesting some resources involved in unprofitable relationships. These released resources are likely to be invested in new partnerships, which are treated as crucial for company's innovativeness (Capaldo 2007; Dittrich and Duysters 2007; Hagedoorn 2006), therefore:

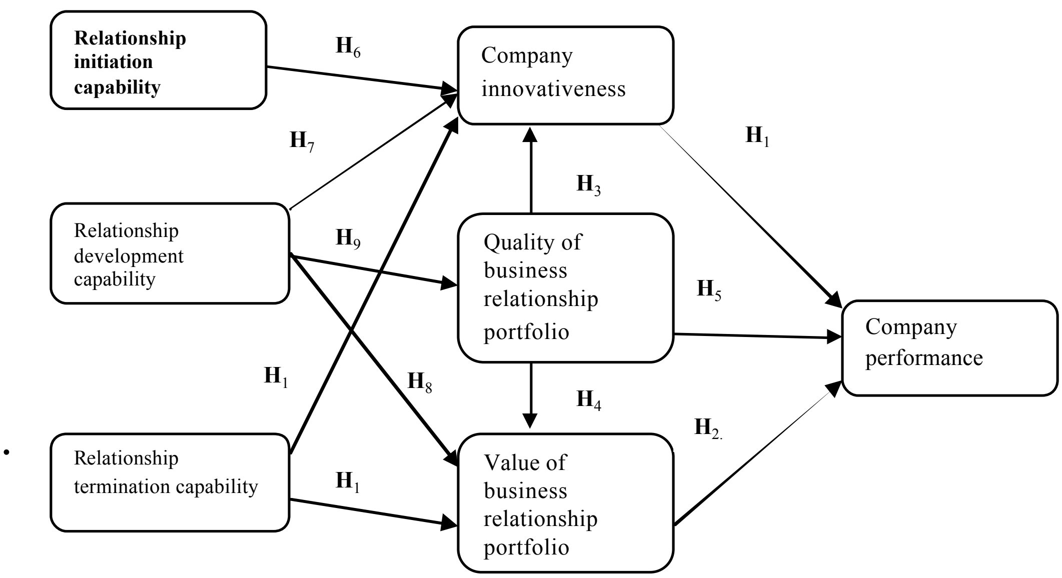
- *H_{11}: Relationship termination capability is positively related company innovativeness.*

5. Nomological model and moderation effects

The different developed hypotheses linking the three capability aspects of NC to different network-related performance constructs, and ultimately company performance, can be summarized in a nomological model (see figure 2).

In the research domain of inter-firm relationships the level of specific investments dedicated to cooperation with another business partner is often treated as a determinant of partner dependence, commitment, or trust (Ganesan 1994; Morgan and Hunt 1994). Relationship specific investments refer to the extent to which cooperating companies carry expenditures of time, energy, or money to develop specific relationships. Such relationship investments might take the form of personnel training or the implementation of a particular production technology to adapt better to the requirements of a cooperating company. Generally, we argue that the resources invested in existing relationships may have positive or negative influences on the relationship between different elements of NC and network-related performance, depending on the stage of the business relationships to which the NC elements refer to.

Figure 2. The nomological model related to three components of networking capability



Empirical studies suggest that relationship-specific investments may be treated as a direct stimulator of relationship continuation and cooperative behaviours in exchange relationships (Heide and John 1990; Palmatier et al. 2007) and the factor increasing the accumulation of relational rent including benefits of various types (Dyer and Singh 1998). If a focal company has invested heavily in one or a few existing relationships, this may be helpful in furthering actions oriented at developing these specific relationships, and acquiring benefits through them as partners in these relationships may make reciprocal investments complementing the relationship-specific assets (Joshi and Stump 1999). Following IMP model of business relationship (D. Ford et al. 2003; Hakansson 1982), we assume that resources invested by the focal company in existing relationships will complement social bonds and activity links and create the potential for development of these relationships. Thus, we hypothesize:

- *$H_{5.1}$ – Company's investments in existing relationships* ***positively*** *moderates the influence of relationship development capability on the quality of business relationship portfolio and the value of business relationship portfolio*

As every company has only limited set of resources (Barney 1991; Pfeffer and Salancik 2003) on which its survival and growth is dependent, the resources that might be invested in business relationships are also restricted. Thus, we assume that the focal company that is to build new business partnerships may need to release some resources from existing relationships to reinvest them in new ones. This might be achieved through specific features of networking capability treated here as example of dynamic capabilities (Teece et al. 1997). Nevertheless, resources invested in existing relationships are at least partially non-retrievable and they increase the costs of switching to an alternative partner (Heide and John 1988; Kothandaraman and Wilson 2000; Powers and Reagan 2007), so we assume that company's investments in existing relationships will have the negative influence on company's ability to terminate existing relationships. Even if the focal company has implemented routines to identify unprofitable relationships, the company may delay or even entirely reject termination of the given highly invested relationship due to the potential loss of resources. As the consequence, the company may keep too many relationships which do not stimulate innovativeness and which are too costly to maintain. Thus, we hypothesize:

- *$H_{5.2}$ – Company's investments in existing relationships* ***negatively*** *moderates the influence of relationship termination capability on the company's innovativeness and the value of business relationship portfolio*

Moreover, as resources invested in existing relationships must be, at least partially, non-retrievable (Kothandaraman and Wilson 2000; Powers and Reagan 2007), so the company which invested heavily in existing relationships might not have enough resources ready to deploy in partnerships with promising prospects. Using other words, the routines implemented to identify new partners and attract them might be not transferred into benefits, because the company will lack resources to support new partnerships. As strong focus on existing relationships in contrary to exploring new ones was found as the factor limiting company's innovativeness (Capaldo 2007; Dittrich and Duysters 2007; Hagedoorn 2006), we hypothesize:

- *$H_{5.2}$ – Company's investments in existing relationships* ***negatively*** *moderates the influence of relationship initation capability on the company's innovativeness*

6. Discussion and further research

The conceptualization of networking capability and the nomological model proposed by us extends existing knowledge on *network competences/capabilities,* because previous studies in this area (Ritter et al. 2002; Walter et al. 2006) did not focus on the changeable nature of focal business network. There is a call for studies related to dynamics of business networks (Ahuja et al. 2007), so we believe that our proposition has "good timing" and it opens some interesting avenues of further research. As we already discussed some measurement issues with regard to proposed research constructs, our nomological model might be treated as empirically testable.

We argue that extending our model by suggested moderating effects connected with relationship-specific investments proves that our nomological model comprises all three substances of business relationships as proposed in IMP A-R-A model (D. Ford et al. 2003; Hakansson 1982). The two sub-components of relationship development capability, namely inter-organizational ties and cross-organizational social ties refer to actions implemented at the company level and are oriented at developing activity links and social bonds with business partners. In turn, relationship-specific investments refer to resources that were deployed to the relationship by the focal company, so they refer to resource ties as the third element of A-R-A model.

We are aware that networking capability as conceptualized by us does not refer to the business network itself and, in that terms, such concept may not be used in studying temporal nature of business networks (Halinen and Tornroos 2005). This concept does not comprise the meaning of business network, including all direct and indirect ties as proposed by Ford et al. (2003) in their model of managing in networks and the. The networking capability does not comprise also "business interaction" as the key concept proposed Ford et al. (2008), if one try to understand the full nature of business networks. One may treat these issues as important limitations of our study. However, we argue that the networking capability concept is not contradictory to the existing theory of business networks (D. Ford et al. 2003; D. Ford et al. 2008). The networking capability is rather management-related construct referring to focal company attempts to copy effectively with the business interactions and relationships that surround it, where these later are not controllable by any single business actor. We conceptualize the networking capability as the actions learned and implemented at the corporate level which enrich the IMP model of managing in networks as we discussed above in the paper. Networking capability complements network picture, networking actions and network outcomes as the constructs important for our full understanding of the company's existence within business network.

Such positioning of networking capability in relation to other network-based concepts opens the road for areas of further investigation. For example, it might be tested how network picture influences networking capability in case of given company. As network pictures are to be analyzed taking into consideration various aspects of view of the given company on the network that surrounds it (S. C. Henneberg et al. 2006; Ramos and Ford 2010), one may argue that these aspects influence the set of activities implemented at the firm-level to initiate, develop, maintain and terminate business relationships. For example, it might be hypothesized that using the more dynamic network picture increases the focal company inclination to adjust proactively to dynamic changes which are to take place in its business network and develop these networking capabilities which allow them for redeploying resources from existing relationships in new promising partnerships. Specifying in details and testing this hypothesis will extend the recent work by Corsaro et al. (2010), in which some links between network pictures and networking activities were empirically supported. The studies on links between network picture and networking capability seem to be the most suitable in the entrepreneurial context (eg. company start-ups, incubators), where cognitions of the main person in the organization (entrepreneur) drives entirelt the process of establishing routines in the young organization.

The processes of development of such organizational routines which build up networking capability might be also treated as the interesting avenue for further research. One may expect that development of such routines would demand implementation of networking –related measures into the motivational system (including rewarding system) used for employees in the organization. We agree with Ritter (1999), that successful implementation of these routines is more probable in case of companies with highly developed and integrated internal communication processes and specific type of organizational culture, where flexibility and openness are emphasized.

There are some further steps needed to legitimize the networking capability as the research construct and additional element of managing in business networks. Following Churchill's (1979) recommendations for scale development, we argue that there is a need to conduct both qualitative study and quantitative test to develop valid and reliable measurement model of networking capability, including its all components. The expert interviews may bring some insights with regard to micro-foundations of NC. In other words, we may acquire some examples of activities that may be learned at the company level to initiate, develop and, especially terminate business relationships. As the foundation for scale development we may also adopt some items from previous studies as discussed in above paragraphs of this paper. Next, measurement model with its structural part should be tested through quantitative study. Eventually, the model should be cross-validated on the basis of different data set. Following Hagedoorn (2006), we assume that there are various levels of relational embeddedness and they influence the possibility to implement network-based corporate strategies. Thus, the model might be validated with regard to various industries (eg. high-tech firms versus other firms) or with regard to countries with different level of economic development and cultural features.

Bibliography

Ahuja, G. (2000), 'Collaboration networks, structural holes, and innovation: A longitudinal study', *Administrative science quarterly,* 45 (3), 425-55.

Ahuja, G., Soda, G., and Zaheer, A. (2007), 'Call for Papers The Genesis and Dynamics of Networks', *Organization Science,* 18 (6), 1024.

Allan, M. I. S. and Rutashobya, L. K. (2006), 'Networking Activities and Performance of Enterprises: Some Empirical Findings from Tanzanian Manufacturing SMEs', *22nd IMP-conference* (Milan, Italy).

Ambrosini, V. and Bowman, C. (2009), 'What are dynamic capabilities and are they a useful construct in strategic management', *International Journal of Management Reviews,* 11 (1), 29-49.

Anand, B. N. and Khanna, T. (2000), 'Do firms learn to create value? The case of alliances', *Strategic management journal,* 21 (3), 295-315.

Anderson, J. C., Hakansson, H., and Johanson, J. (1994), 'Dyadic business relationships within a business network context', *The Journal of Marketing,* 58 (4), 1-15.

Äyväri, A. and Jyrämä, A. (2007), 'The networking abilities of craft entrepreneurs', *23rd IMP-conference* (Manchester, UK).

Äyväri, A. and Möller, K. (2008), 'Understanding relational and network capabilities-a critical review', *24th IMP-conference* (Uppsala, www.impgroup.org.).

Barney, J. B. (1991), 'Firm Resources and Sustained Competitive Advantage', *Journal of Management,* 17 (1), 99-120.

Baum, J. A. C., Calabrese, T., and Silverman, B. S. (2000), 'Don't go it alone: Alliance network composition and startups' performance in Canadian biotechnology', *Strategic management journal,* 21 (3), 267-94.

Baxter, R. (2009), 'Reflective and formative metrics of relationship value: A commentary essay', *Journal of Business Research,* 62 (12), 1370-77.

Baxter, R. and Matear, S. (2004), 'Measuring intangible value in business-to-business buyer-seller relationships: An intellectual capital perspective', *Industrial Marketing Management,* 33 (6), 491-500.

Beckman, C. M., Haunschild, P. R., and Phillips, D. J. (2004), 'Friends or strangers? Firm-specific uncertainty, market uncertainty, and network partner selection', *Organization Science*, 259-75.

Blombäck, A. G. (2006), 'The impact of relationships and networks on industrial buying behavior - a tentative model', *the 22nd IMP-conference* (Milan, Italy, http://www.impgroup.org).

Blomqvist, K. and Levy, J. (2006), 'Collaboration capability-a focal concept in knowledge creation and collaborative innovation in networks', *International Journal of Management Concepts and Philosophy,* 2 (1), 31-48.

Brennan, R. and Turnbull, P. W. (2002), 'Sophistry, relevance and technology transfer in management research: an IMP perspective', *Journal of Business Research,* 55 (7), 595-602.

Calia, R. C., Guerrini, F. M., and Moura, G. L. (2007), 'Innovation networks: from technological development to business model reconfiguration', *Technovation,* 27 (8), 426-32.

Capaldo, A. (2007), 'Network structure and innovation: the leveraging of a dual network as a distinctive relational capability', *Strategic management journal,* 28 (6), 585-608.

Carson, D., Gilmore, A., and Rocks, S. (2004), 'SME marketing networking: a strategic approach', *Strategic Change,* 13 (7), 369-82.

Chetty, S. and Blankenburg Holm, D. (2000), 'Internationalisation of small to medium-sized manufacturing firms: a network approach', *International Business Review,* 9 (1), 77-93.
Churchill Jr, G. A. (1979), 'A paradigm for developing better measures of marketing constructs', *Journal of Marketing Research,* 16 (1), 64-73.
Corsaro, D., et al. (2010), 'Actor Network Pictures and Networking Activities in Business Networks: An Exploratory Empirical Study', *26th IMP Conference* (Budapest, Hungary).
Crosby, L. A., Evans, K. R., and Cowles, D. (1990), 'Relationship quality in services selling: an interpersonal influence perspective', *The Journal of Marketing,* 54 (3), 68-81.
Czakon, W. (2009), 'Relational Capability of Organizations - Theoretical Advances', *Journal of Economics & Management,* 5.
Dahlin, P. (2007), *Turbulence in Business Networks: A Longitudinal Study of Mergers, Acquisitions and Bankruptcies Involving Swedish IT-companies* (1651-4238 ; 53: Mälardalen University Press Dissertations).
Damanpour, F. (1991), 'Organizational innovation: A meta-analysis of effects of determinants and moderators', *The academy of management journal,* 34 (3), 555-90.
Damanpour, F. and Evan, W. M. (1984), 'Organizational innovation and performance: the problem of" organizational lag"', *Administrative science quarterly,* 29 (3), 392-409.
Das, T. K. and Teng, B. S. (2002), 'The dynamics of alliance conditions in the alliance development process', *Journal of Management Studies,* 39 (5), 725-46.
Das, T. K. and Rahman, N. (2010), 'Determinants of partner opportunism in strategic alliances: a conceptual framework', *Journal of Business and Psychology,* 25 (1), 55-74.
De Wulf, K., Odekerken-Schröder, G., and Iacobucci, D. (2001), 'Investments in consumer relationships: a cross-country and cross-industry exploration', *The Journal of Marketing,* 65 (4), 33-50.
De Wulf, K., Odekerken-Schröder, G., and Van Kenhove, P. (2003), 'Investments in consumer relationships: a critical reassessment and model extension', *The International Review of Retail, Distribution and Consumer Research,* 13 (3), 245-61.
Dittrich, K. and Duysters, G. (2007), 'Networking as a means to strategy change: the case of open innovation in mobile telephony', *Journal of Product Innovation Management,* 24 (6), 510-21.
Dwyer, F. R., Schurr, P. H., and Oh, S. (1987), 'Developing Buyer - Seller Relationships', *Journal of Marketing,* 51, 11-27.
Dyer, J. H. and Singh, H. (1998), 'The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage ', *The Academy of Management Review,* 23 (4), 660-79.
Dyer, J. H. and Hatch, N. W. (2006), 'Relation specific capabilities and barriers to knowledge transfers: creating advantage through network relationships', *Strategic management journal,* 27 (8), 701-19.
Dyer, J. H., Singh, H., and Kale, P. (2008), 'Splitting the pie: rent distribution in alliances and networks', *Managerial and Decision Economics,* 29 (2 3), 137-48.
Edvardsson, B. and Strandvik, T. (2009), 'Critical times in business relationships', *European Business Review,* 21 (4), 326-43.

Eilles, A., Bartels, M., and Brunsman, B. (2003), 'Managing the relationship portfolio', *Journal of Business Strategy,* 24 (4), 30-34.
Ellis, P. D. (2006), 'Factors affecting the termination propensity of inter-firm relationships', *European journal of Marketing,* 40 (11/12), 1169-77.
Ford, D. and Havila, V. (2003), 'Problems in Relationships: When it all goes Wrong', *19th Annual IMP Conference* (Lugano, Switzerland).
Ford, D. and Hakansson, H. (2006), 'The idea of business interaction', *the IMP Journal,* 1 (1), 4-27.
Ford, D., et al. (2003), *Managing Business Relationships* (Wiley & Sons Ltd, Chichester, England).
--- (2008), 'Analysing business interaction', *24th IMP Conference* (Uppsala).
Ford, David (1980), 'The Development of Buyer-Seller Relationships in Industrial Markets', *European journal of Marketing,* 14 (5/6), 339.
Gadde, L. E., Huemer, L., and HÍkansson, H. (2003), 'Strategizing in industrial networks', *Industrial Marketing Management,* 32 (5), 357-64.
Ganesan, S. (1994), 'Determinants of Long Term Orientation in Buyer-seller relationships', *Journal of Marketing,* 58, 1-19.
Gemünden, H. G. and Ritter, T. (1997), 'Managing technological networks: the concept of network competence', *Relationships and networks in international markets*, 294-304.
Gemünden, H. G., Ritter, T., and Heydebreck, P. (1996), 'Network configuration and innovation success: An empirical analysis in German high-tech industries', *International Journal of Research in Marketing,* 13 (5), 449-62.
Giller, C. and Matear, S. (2001), 'The termination of inter-firm relationships', *Journal of Business & Industrial Marketing,* 16 (2), 94-112.
Golfetto, F., et al. (2007), 'Opening the network: Bridging the IMP tradition and other research perspectives', *Industrial Marketing Management,* 36 (7), 844-48.
Grönroos, C. (1997), 'Value-driven relational marketing: from products to resources and competencies', *Journal of marketing management,* 13 (5), 407-19.
Gulati, R. (1998), 'Alliances and networks', *Strategic Management Journal,* 19 (4), 293-317.
--- (2007), *Managing network resources: Alliances, affiliations and other relational assets* (Oxford University Press, USA).
Gulati, R. and Higgins, M. C. (2003), 'Which ties matter when? The contingent effects of interorganizational partnerships on IPO success', *Strategic Management Journal,* 24 (2), 127-44.
Gulati, R., Nohria., N., and Zaheer, A. (2000), 'Strategic networks', *Strategic management journal,* 21 (3), 203-15.
Hagedoorn, J. (2006), 'Understanding the cross-level embeddedness of interfirm partnership formation', *Academy of Management Review,* 31 (3), 670.
Hakansson, H. (1982), *International marketing and purchasing of industrial goods: An interaction approach* (Chichester, England).
Håkansson, H. and Snehota, I. (1998), 'The Burden of Relationships or Who is Next?', *11th. IMP International Conference* (Manchester), 522-36.
Halinen, A. and Tornroos, J. A. (2005), 'Using case methods in the study of contemporary business networks', *Journal of Business Research,* 58 (9), 1285-97.
Halinen, A., Salmi, A., and Havila, V. (1999), 'From dyadic change to changing business networks: an analytical framework', *Journal of Management Studies,* 36 (6), 779-94.

Hallen, L., Johanson, J., and Seyed-Mohamed, N. (1991), 'Interfirm adaptation in business relationships', *The Journal of Marketing,* 55 (2), 29-37.

Han, J. K., Kim, N., and Srivastava, R. K. (1998), 'Market orientation and organizational performance: is innovation a missing link?', *The Journal of Marketing,* 62 (4), 30-45.

Hansen, W. B., et al. (2008), *Network Genie User's Manual* (Tanglewood Research, https://secure.networkgenie.com/).

Heide, J. B. and John, G. (1988), 'The role of dependence balancing in safeguarding transaction-specific assets in conventional channels', *The Journal of marketing,* 52 (1), 20-35.

--- (1990), 'Alliances in industrial purchasing: the determinants of joint action in buyer-supplier relationships', *Journal of marketing Research,* 27 (1), 24-36.

Heimeriks, K. and Schreiner, M. (2002), 'Alliance capability, collaboration quality, and alliance performance: an integrated framework', *Eindhoven Centre for Innovation Studies*, 1-43.

Helfat, C. E. and Peteraf, M. A. (2009), 'Understanding dynamic capabilities: progress along a developmental path', *Strategic organization,* 7 (1), 91-102.

Hennart, J. F., Roehl, T., and Zietlow, D. S. (1999), ''Trojan horse'or 'Workhorse'? the evolution of US-Japanese joint ventures in the United States', *Strategic Management Journal,* 20 (1), 15-29.

Henneberg, S. C., Mouzas, S., and Naudé, P. (2006), 'Network pictures: concepts and representations', *European Journal of Marketing,* 40 (3/4), 408-29.

Henneberg, S.C., Naudé, P., and Mouzas, S. (2010), 'Sense-making and management in business networks--some observations, considerations, and a research agenda', *Industrial Marketing Management,* 39 (3), 355-60.

Hitt, M. A., et al. (2000), 'Partner selection in emerging and developed market contexts: Resource-based and organizational learning perspectives', *The Academy of Management Journal,* 43 (3), 449-67.

Holmlund-Rytkönen, M. and Strandvik, T. (2005), 'Stress in business relationships', *Journal of Business & Industrial Marketing,* 20 (1), 12-22.

Holmlund, M. and Strandvik, T. (2005), 'Exploring and Managing Negative Incidents in Business Relationships', *Journal of Customer Behaviour,* 4 (2), 227-50.

Hutt, M. D., et al. (2000), 'Case Study Defining the Social Network of a Strategic Alliance', *Sloan Management Review,* Winter, 51-62.

Ingram, P. and Roberts, P. W. (2000), 'Friendships among competitors in the Sydney hotel industry', *The American Journal of Sociology,* 106 (2), 387-423.

Johnsen, T., et al. (2000), 'Networking activities in supply networks', *Journal of Strategic Marketing,* 8 (2), 161-82.

Joshi, A. W. and Stump, R. L. (1999), 'The contingent effect of specific asset investments on joint action in manufacturer-supplier relationships: An empirical test of the moderating role of reciprocal asset investments, uncertainty, and trust', *Journal of the Academy of Marketing Science,* 27 (3), 291.

Kale, P., Singh, H., and Perlmutter, H. (2000), 'Learning and protection of proprietary assets in strategic alliances: Building relational capital', *Strategic Management Journal,* 21 (3), 217-37.

Kothandaraman, P. and Wilson, D.T. (2000), 'Implementing relationship strategy', *Industrial Marketing Management,* 29 (4), 339-49.

Lages, L. F., Silva, G., and Styles, C. (2009), 'Relationship Capabilities, Quality, and Innovation as Determinants of Export Performance', *Journal of International Marketing,* 17 (4), 47-70.

Lane, P. J., Salk, J. E., and Lyles, M. A. (2001), 'Absorptive capacity, learning, and performance in international joint ventures', *Strategic Management Journal,* 22 (12), 1139-61.
Lavie, D. (2006), 'The competitive advantage of interconnected firms: An extension of the resource-based view', *Academy of management review,* 31 (3), 638.
--- (2007), 'Alliance portfolios and firm performance: A study of value creation and appropriation in the US software industry', *Strategic Management Journal,* 28 (12), 1187-212.
Lee, C., Lee, K., and Pennings, J. M. (2001a), 'Internal capabilities, external networks, and performance: a study on technology based ventures', *Strategic Management Journal,* 22 (6 7), 615-40.
Lee, D. J., Pae, J. H., and Wong, Y. H. (2001b), 'A model of close business relationships in China (guanxi)', *European Journal of Marketing,* 35 (1/2), 51-69.
Leek, S., Turnbull, P. W., and Naudé, P. (2006), 'Classifying relationships across cultures as successful and problematic: theoretical perspectives and managerial implications', *Industrial Marketing Management,* 35 (7), 892-900.
Leek, S., et al. (2002), 'Classifying relationships as successful and problematic: theoretical perspectives and managerial implications'.
Lu, J. W. and Beamish, P. W. (2001), 'The internationalization and performance of SMEs', *Strategic management journal,* 22 (6 7), 565-86.
Lyles, M. A. and Salk, J. E. (2006), 'Knowledge acquisition from foreign parents in international joint ventures: an empirical examination in the Hungarian context', *Journal of International Business Studies,* 38 (1), 3-18.
Ma, X., Yao, X., and Xi, Y. (2009), 'How do interorganizational and interpersonal networks affect a firm's strategic adaptive capability in a transition economy?', *Journal of Business Research,* 62 (11), 1087-95.
Mesquita, L. F., Anand, J., and Brush, T.H. (2008), 'Comparing the resource-based and Relational views: knowledge transfer and spillover in vertical alliances', *Strategic Management Journal,* 29.
Mitrega, M. and Katrichis, J. M. (2010), 'Benefiting from dedication and constraint in buyer-seller relationships', *Industrial Marketing Management,* 39, 616-24.
Mittal, V., Sarkees, M., and Murshed, F. (2008), 'The right way to manage unprofitable customers', *Harvard business review,* 86 (4).
Morgan, R. M. and Hunt, S. D. (1994), 'The commitment-trust theory of relationship marketing', *The Journal of Marketing*, 20-38.
Ojala, A. (2009), 'Internationalization of knowledge-intensive SMEs: The role of network relationships in the entry to a psychically distant market', *International Business Review,* 18 (1), 50-59.
Olsen, R. F. and Ellram, L. M. (1997), 'A portfolio approach to supplier relationships', *Industrial Marketing Management,* 26 (2), 101-13.
Ozcan, P. and Eisenhardt, K. M. (2009), 'Origin of alliance portfolios: entrepreneurs, network strategies, and firm performance', *The Academy of Management Journal (AMJ),* 52 (2), 246-79.
Palmatier, R. W. (2008), 'Interfirm relational drivers of customer value', *Journal of Marketing,* 72 (4), 76-89.
Palmatier, R. W., Dant, R. P., and Grewal, D. (2007), 'A Comparative Longitudinal Analysis of Theoretical Perspectives of Interorganizational Relationship Performance Vol. 71, 2007', *Journal of Marketing,* 71 (172-194), 136-53.
Palmatier, R. W., et al. (2006), 'Factors influencing the effectiveness of relationship marketing: a meta-analysis', *Journal of Marketing,* 70 (4), 136-53.

Parise, S. and Casher, A. (2003), 'Alliance portfolios: Designing and managing your network of business-partner relationships', *The Academy of Management Executive (1993-2005),* 17 (4), 25-39.

Pérez, M. P. and Sánchez, A. M. (2002), 'Lean production and technology networks in the Spanish automotive supplier industry', *MIR: Management International Review,* 42 (3), 261-77.

Pfeffer, J. and Salancik, G.R. (2003), *The external control of organizations: A resource dependence perspective* (Stanford University Press).

Pittaway, L., et al. (2004), 'Networking and innovation: a systematic review of the evidence', *International Journal of Management Reviews,* 5 (3 4), 137-68.

Powers, T.L. and Reagan, W.R. (2007), 'Factors influencing successful buyer-seller relationships', *Journal of Business Research,* 60 (12), 1234-42.

Ramos, C. and Ford, I. D. (2010), 'Network pictures as a research device: Developing a tool to capture actors' perceptions in organizational networks', *Industrial Marketing Management (article in press)*.

Ravald, A. and Grönroos, C. (1996), 'The value concept and relationship marketing', *European Journal of Marketing,* 30 (2), 19-30.

Reinartz, W., Krafft, M., and Hoyer, W. D. (2004), 'The customer relationship management process: Its measurement and impact on performance', *Journal of Marketing Research,* 41 (3), 293-305.

Ring, P. S. and Van de Ven, A. H. (1994), 'Developmental processes of cooperative interorganizational relationships', *The academy of management review,* 19 (1), 90-118.

Ritter, T. (1999), 'The Networking Company: Antecedents for Coping with Relationships and Networks Effectively', *Industrial Marketing Management,* 28 (5), 467-79.

Ritter, T. and Gemünden, H. G. (2003), 'Network competence: Its impact on innovation success and its antecedents', *Journal of Business Research,* 56 (9), 745-55.

Ritter, T. and Geersbro, J. (2010), 'Antecedents of Customer Relationship Termination', *26th IMP-conference* (Budapest, Hungary.).

Ritter, T., Wilkinson, I. F., and Johnston, W. J. (2002), 'Measuring network competence: some international evidence', *Journal of Business & Industrial Marketing,* 17 (2/3), 119-38.

Robertson, T. S. (1967), 'The process of innovation and the diffusion of innovation', *The Journal of marketing,* 31 (1), 14-19.

Ryssel, R., Ritter, T., and Gemünden, H. G. (2004), 'The impact of information technology deployment on trust, commitment and value creation in business relationships', *Journal of Business & Industrial Marketing,* 19 (3), 197-207.

Schurr, P. H., Hedaa, L., and Geersbro, J. (2008), 'Interaction episodes as engines of relationship change', *Journal of Business Research,* 61 (8), 877-84.

Shan, W., Walker, G., and Kogut, B. (1994), 'Interfirm cooperation and startup innovation in the biotechnology industry', *Strategic management journal,* 15 (5), 387-94.

Storbacka, K. and Nenonen, S. (2009), 'Customer relationships and the heterogeneity of firm performance', *Journal of Business & Industrial Marketing,* 24 (5/6), 360-72.

Storbacka, K., Strandvik, T., and Grönroos, C. (1994), 'Managing customer relationships for profit: the dynamics of relationship quality', *International Journal of Service Industry Management,* 5 (5), 21-38.

Stuart, T. E. (2000), 'Interorganizational alliances and the performance of firms: A study of growth and innovation rates in a high-technology industry', *Strategic Management Journal,* 21 (8), 791-811.

Stuart, T. E., Hoang, H., and Hybels, R. C. (1999), 'Interorganizational endorsements and the performance of entrepreneurial ventures', *Administrative Science Quarterly*, 315-49.
Tahtinen, J. and Halinen, A. (2002), 'Research on ending exchange relationships: a categorization, assessment and outlook', *Marketing Theory,* 2 (2), 165.
Tähtinen, J. and Halinen-Kaila, A. (2000), 'Ending exchange relationships: what do we know about them?', *16th Annual IMP Conference* (Bath, UK).
Teece, D. and Pisano, G. (1994), 'The dynamic capabilities of firms: an introduction', *Industrial and corporate change,* 3 (3), 537.
Teece, D. J. (2007), 'Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance', *Strategic management journal,* 28, 1319-50.
Teece, D. J., Pisano, G., and Shuen, A. (1997), 'Dynamic capabilities and strategic management', *Strategic management journal,* 18 (7), 509-33.
Tidström, A. and Åhman, S. (2006), 'The process of ending inter-organizational cooperation', *Journal of Business & Industrial Marketing,* 21 (5), 281-90.
Tikkanen, H. (1998), 'The network approach in analyzing international marketing and purchasing operations: a case study of a European SME's focal net 1992-95', *Journal of Business & Industrial Marketing,* 13 (2), 109-31.
Tonge, J. (2004), 'Networking processes and perceptions in public relations consultancies', *20th IMP-conference* (Copenhagen, Denmark).
Tsai, W. (2001), 'Knowledge transfer in intraorganizational networks: Effects of network position and absorptive capacity on business unit innovation and performance', *Academy of management journal,* 44 (5), 996-1004.
Tushman, M. L. and Anderson, P. (1986), 'Technological discontinuities and organizational environments', *Administrative science quarterly,* 31 (3), 439-65.
Ulaga, W. and Eggert, A. (2006), 'Value-based differentiation in business relationships: Gaining and sustaining key supplier status', *Journal of Marketing,* 70 (1), 119-36.
Uzzi, B. (1996), 'The sources and consequences of embeddedness for the economic performance of organizations: The network effect', *American sociological review,* 61 (4), 674-98.
Vilgon, M. and Hertz, S. (2003), 'The Burden of Key Customer Relationships', *Journal of Customer Behaviour,* 2 (2), 269-87.
Volery, T. and Mansik, S. (1998), 'The role of trust in creating effective alliances: A managerial perspective', *Journal of Business Ethics,* 17 (9), 987-94.
Walter, A., Ritter, T., and Gemunden, H. G. (2001), 'Value Creation in Buyer-Seller Relationships: Theoretical Considerations and Empirical Results from a Supplier's Perspective', *Industrial Marketing Management,* 30 (4), 365-77.
Walter, A., Auer, M., and Ritter, T. (2006), 'The impact of network capabilities and entrepreneurial orientation on university spin-off performance', *Journal of Business Venturing,* 21 (4), 541-67.
Wathne, K. H. and Heide, J. B. (2000), 'Opportunism in interfirm relationships: forms, outcomes, and solutions', *The Journal of Marketing,* 64 (4), 36-51.
Woo, K. and Ennew, C. T. (2004), 'Business-to-business relationship quality: an IMP interaction-based conceptualization and measurement', *European Journal of Marketing,* 38 (9/10), 1252-71.
Zahra, S. A., De Belardino, S., and Boxx, W. R. (1988), 'Organizational innovation: Its correlates and its implications for financial performance', *International Journal of Management,* 5 (2), 133-42.

Zheng, Y., Liu, J., and George, G. (2009), 'The dynamic impact of innovative capability and inter-firm network on firm valuation: A longitudinal study of biotechnology start-ups', *Journal of Business Venturing*.

Zolkiewski, J. and Turnbull, P. (2002), 'Do relationship portfolios and networks provide the key to successful relationship management?', *Journal of Business & Industrial Marketing,* 17 (7), 575-97.

Zollo, M. and Winter, S. G. (2002), 'Deliberate learning and the evolution of dynamic capabilities', *Organization Science*, 339-51.

[i] For example, analyzing the definition of NC proposed by Walter, Auer et al. (2006) and its operationalization, one may conclude that these authors use a dynamic capabilities/resource view as the main theoretical background while defining the construct, but some scales used consequently do not refer to any specific corporate-level processes or routines bur rather to the quality of relationships with business partners (e.g. “we can deal flexibly with our partners”, “we can put ourselves in our partners’ position”).