

Trigger issues of emerging relationships

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Abstract

Classic IMP research always emphasizes the important roles of actor bonds. “Social exchange episodes may be important in themselves in avoiding short term difficulties between the two parties and in maintaining a relationship in the periods between transactions. However, perhaps the most important function of social exchange is in the long term process by which successive social exchange episodes gradually interlock the two firms with each other” (Håkansson, 1982:17). Relationships involve several people from each side, who develop social bonds over time. In most relationships there is a great variation over time in terms of how the individuals involved perceive each other (Håkansson, 2006). However, interestingly there is much less research about how a business relationship does come into being.

Business relationship emerging flow describes a possible process of the business relationship formation from the starting situation through the trigger issues motivated matching process to the establishment of a new relationship.

This paper has a focus on trigger issues which could give an emerging relationship a boost. Birth of an important relationship is presented using retrospective interviews with parties, the supplier and the customer. Trigger issues coming from earlier research are identified and illustrated based on the analyzed relationship. For deeper understanding this issues and make them more tangible and applicable, a theoretical logic frame has been developed with two dimensions: space and time. Trigger issues are analyzed along these two dimensions. Theoretical and managerial applications and further research issues close the paper.

1. Introduction

The interaction process (Håkansson, 1982) “considers that either buyer or seller may take the initiative in seeking a partner” (Ford 1980: 340). Interaction process generally begins with information exchange episodes followed by social exchange episodes (Håkansson, 1982). Exchange episodes demands investment in time, in technology (information exchange) and in human resources (social exchange). Information can be transferred between the parties by either personal or impersonal means.

Impersonal communication is often used to transfer basic technical and/or commercial data. “Personal channels are more likely to be used for the transfer of ‘soft data’ concerning, for example, the use of a product, the conditions of an agreement between the parties, or supportive or general information about either party” (Håkansson, 1982:24).

Social exchange episode means the different types of personal contacts between the persons involved in the relationships. Social exchange episodes have an important function in reducing uncertainties between the two parties (Håkansson, 1982).

Actor bonds (Håkansson and Snehota, 1995) have generally two dimensions: the connections at organizational level and the connections at individual level as presented by the Interaction Model (Håkansson, 1982). The starting point of the birth, the emergence process is the co-existence in space and in time.

The goal of this article is to examine trigger issues identified in earlier research (Mandják et al., 2014) more deeply, along two fundamental variables used as basic dimensions: space and time. The theoretical significance of the paper is to contribute to IMP literature with capturing and defining the variables space and time based on the network approach, to build a useful frame for analyzing the concrete case. Practical relevance lies in illustration of how a successful business can be established through these kinds of trigger issues. Research questions are: how to understand deeper trigger issues founded in earlier research? What does space and time means for a company, based on the IMP paradigm, in the early phase of a relationship? How to use these very fundamental variables as a frame to capture trigger issues?

By analyzing literature several variables has been identified which could bring closer to answer the research questions, among them characteristics of the company, like features of corporate culture as communication or openness. Also personal characteristics of key players like work experience, involvement came into play. At least in the first round two fundamental variables were selected which are space and time. The choice fell to these variables because we have chosen the concept of research that we are moving from the general to the specific. First, we analyze basic factors which can provide a framework, and based on this, specific characteristics can be examined in further research.

The authors interpret space and time based on IMP literature, and position trigger issues along the lines these two variables. Going along the train of social network approach the concept of embeddedness is used to interpret the dimension space. It is important to state the role of embeddedness in understanding the evolution of business networks and mainly how embeddedness functions as a force for change in the evolution of networks (Halinen and Törnroos, 1998: 187).

The authors interpret time variable as the extent of progression of the interaction process, and investigate how the time flow is noticeable during the development of the relationship.

Trigger issues are placed in a hypothetical two dimensional frame, which make them more tangible and applicable for practice.

Trigger issues can be characterized as boosting factors, which help to start the relationship and generate the emergence process. Both organizational and individual level trigger issues may push actor to begin the mutual interaction process. Individual trigger issues are personal reputation (Larson, 1992; Wilson, 1995), prior relations (Larson, 1992) and referral (Gulati and Gargiulo, 1999). Organizational level trigger issues are network position (Kenis and Oerlemans, 2008), attractiveness (Dwyer et al., 1987; Ford, 1980), goodwill (Wilson, 1995; Gulati and Gargiulo, 1999; Larson, 1992), visibility (Kenis and Oerlemans, 2008) and initiator (Larson, 1992).

2. Capturing the co-existence of business actors in space and time

The idea that the variables space and time are significant primary characteristics of business interactions has been a central observation of IMP studies (Ford and Håkansson, 2006; Ford et al., 2010). “The ability to analyse and cope with changes in relation to space dimensions becomes a key issue for actors.” (Ford et al., 2010: 93). Every interaction process is determined by the processes in which it is involved, and these positions provide the contexts within which interaction takes place. Continuing interactions change their positions and the structure. Interaction is interpretable as stability creator in a continuously changing landscape (Ford et al., 2010).

Based on the forgoing to illustrate the co-existence in space we use in this study the phenomenon embeddedness. According to the IMP’s network approach it can be put that the firms are embedded in wider business networks which extend far beyond the boundaries of individual company (Halinan and Törnroos, 1998:189). We adopt a broad view of the subject area of network embeddedness composed by Halinan and Törnroos (1998). According to them business actors are dependent not only on one another, but also on a broader contextual setting specific to each company and on temporal reality – past, present and future time (Halinan and Törnroos, 1998:188). They had proposed some perspectives in which embeddedness can be studied like actor and dyad network or micro- vs. macro net, and also distinguished different types (e.g. temporal, social, technological) and dimensions (vertical and horizontal) of embeddedness. In additional statement of their work was the concept of the representational role as a suggested as being a particularly powerful means of grasping the connectedness of business networks and the effect of this on network development (Halinan and Törnroos, 1998:203). Sandberg (2003) gives concrete empirical accounts of the concept of embeddedness. Sandberg expresses that the actions and their outcomes are heavily affected by the embeddedness of the actors’ relations. Uzzi (1997) expresses a need for concrete account of the effect of embeddedness, and the need of more research on how social structure facilitates or derails economic action.

The social network theory is examining the formation of inter-organizational relationships (the tie formation) as a result of the network embeddedness. The social network approach answers the question of *how do networks influence whether a firm forms a link?* The theory distinguishes two types of network forming, depending on the development of the relationship

between members of different network or members of own networks body. The first is talking about the non-local tie formation and the second about the embedded tie formation.

The **non-local tie formation** theory examines how to establish a relationship of organizations which previously were not related in each other and were not in the same (focal) network. The non-local actors in the network connections outside of the relationship, which is intended to expand their involvement in a new instance of the network in order to learn a new technology or practice. In some respects this approach is the opposite of embeddedness theory. Overall, the organization embeddedness in a network it will encourage the organization to seek a new relationship primarily within and not outside the network. In addition, the network is considered to be potential warehouse of information on the partners' availability, capabilities and reliability.

The essential of the **embedded tie formation** is that a network (this is often called focal network) properties affect the amenity of participating organizations connection formation intent of the probability and the likelihood is that the two parties to the particular network enter to contact each other (Gulati 1995; Powell et al., 1996; Gulati and Gargulio, 1999). The following three types of embedded tie formation are possible.

The *positional embeddedness* means that an organization's network position of influence, both in the information-gathering ability of the organization's network, on the other hand, an organization's visibility to others in terms of functionality and attractive. In the absence of direct links and recommendations network operators may consider a potential partner on the basis of the network position. The network position plays an important role in the selection of partners (Gulati and Gargiulo, 1999). The more central position in the network of an organization, the more likely it is that it has better (richer) information of a wider range of potential partners and choose a partner based on this information. At the same time the central actor's position makes it attractive to potential partners, as the central position is also the indicator of experience, and that it is ready and able to establish new contacts. Uncertain environment, this signal is particularly important because it goes beyond the relational and the structural embeddedness of the organization.

In the case of *structural embeddedness* organizations in the development of new relationships, prefer the partners of their partners. Indeed, in the case where there is no direct experience and information in an organization, it came with a powerful network effect, because in this case there are only indirect contact information channels are available to search organization. These are extremely important to reputation and referral.

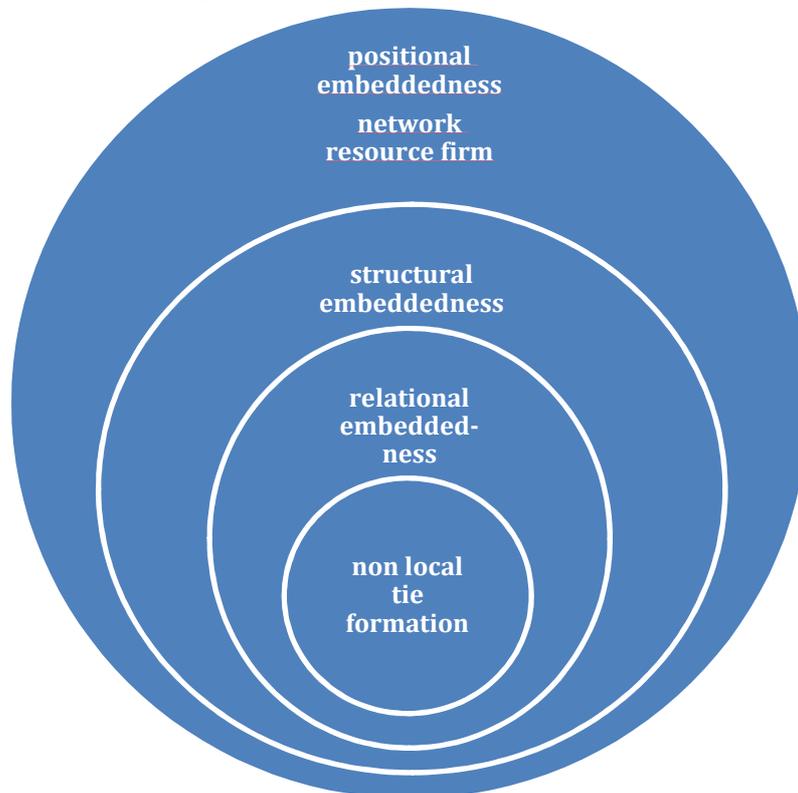
In case of *relational embeddedness* organizations may obtain rich information of the organizations, they do business with, or who were previously in connection. The rich information is about the partner's abilities, reliability and interest of the partnership and enable future behavior is a basis of an accurate forecast. Here, the network effects are less significant, since bilateral experience it, but the more experience in an organization of the existing partners, the greater the likelihood that the new partners of the network, where the author.

Gulati (1999) introduces the concept of *network resource firm*. The firm network resources means the totality of the information that is collected from those inter-organizational networks, which are members. The number of such resources is of strategic importance for the firm, because these resources are different options for the company.

Generally speaking, the more firm network resources with the company, the more you can choose between several options.

The Social Network Theory based on the idea that business relationships are part of business networks and business contacts in the network are created. It basically meets and coincides with the approach of the IMP.

Figure 1. : Types of embeddedness



(Source: authors)

By defining the variable time in the IMP approach is fundamental to understand two things: each new actor or relationship is always related to others that already exist, and interaction can have no easily identifiable beginning or end (Ford and Håkansson, 2006). Ford et al. (2010) reveal three directions in which researchers have conceptualized the variable time: (1) independent episodes, (2) continuous linear learning process, (3) cumulative investment process. All three has limitations, and cannot capture the natives of interaction process over time perfectly.

Guercini et al. (2010) give a broad review of literature about the concept of time by organizations and examine the relation between two different concepts in business networks interactions: time as product and as process. Time as product becomes relevant in terms of punctuality in the delivery of the products. Their analyses about time as process point out that it is connected to the units of division which drive the interactions, and becomes more firm specific. It is a concept that depends on the actor's perceptions on the interactions in the network.

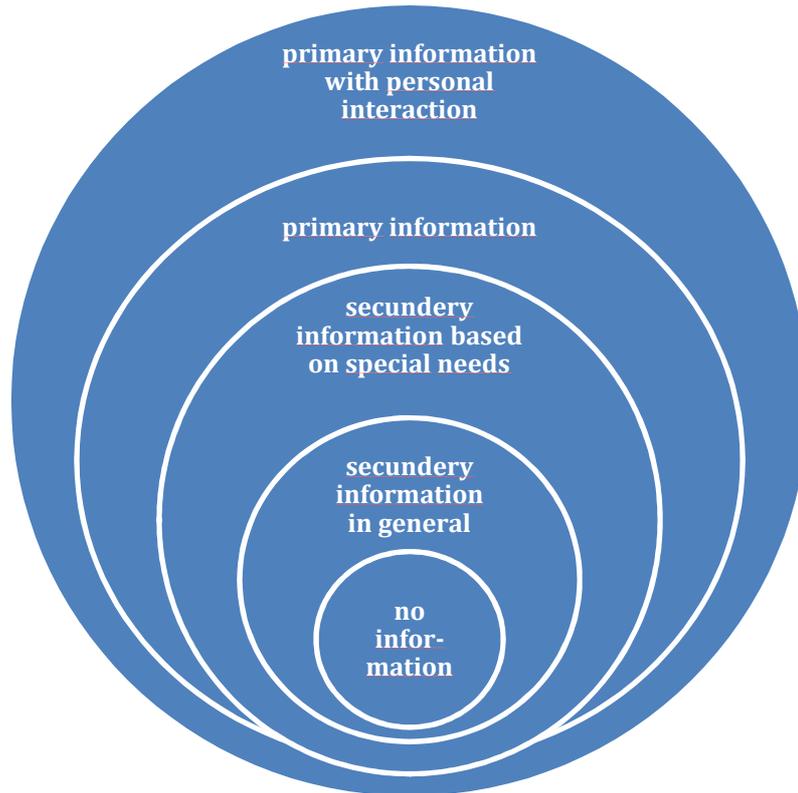
Business relationship development literature considers the development of buyer-seller relationships as a process through time with several stages (Larson, 1992; Dwyer et al., 1987;

Ford, 1980; Wilson, 1995). These models generally describe relationships at organizational level. At interpersonal level Levinger (1980) and Huston and Levinger (1978) made longitudinal analysis of partner relationships. These models represent different scientific areas (e.g. marketing, management, sociology, social psychology) and concepts, the characterization of the different stages certainly cannot be compared.

However, each of the models characterized by stages, which represent the progress of related interactions. The stages evolve over time through information flow and learning process. By analyzing the connection between space and time Ford et al. (2010) emphasize, that “each single element of newness in an interaction episode simultaneously restricts and expands the opportunities for future interactions for both of the participants in it and for others. In fact each single element of newness may have multiple sequential effects in many directions.” (Ford et al., 2010: 91)

To capture the time flow, we starting from the point of view which specifies the time as process, and we take the specifics of the very starting phase of a relationship in consideration. We use the characteristics of information exchange as marking points among the phases: secondary and primary (Malhotra et al., 2006). In our stage modell, at the first stage is no information available about the potential partner. At the next stage only general secondary information is available. At the third stage particular secondary information based on specified needs is ready to use. That means in the second and third stages there is no direct contact between the actors, information is stemming from sources where information originally was presented for others and for other purposes. At the fourth and fifth stage primary information will be accessed, where the original source of the information is the potential partner. The difference between the fourth and fifth is whether a personal interaction take place or not. In the fourth stage the information is coming from any sources without personal face-to-face contact. In the last stage personal meeting is creating. Place the stages in relation to each other is variable, they can also happen parallel to each other. The analyzed case illustrates one possible scenario. However, using information exchange characteristic to capture time as a process is important to point out, that the development of the relationship is stagnating without new information.

Figure 2.: Five stages model



(Source: authors)

3. Research method

The empirical data applied in this paper are coming from a large case study at the Hungarian industrial firm called Videoton. Case study research “is particularly well suited to new research areas or research areas for which existing theory seems inadequate” (Eisenhardt, 1989: 548-549). The research is based on one deep single case, which is appropriate for revealing “new theoretical relationships” (Dyer and Wilkins, 1991: 614).

Twenty one in-depth interviews were conducted with managers at different levels at Videoton Automotive Electronics (a subsidiary company of Videoton Holding), and we undertook interviews with two of the CEOs of the Videoton Holding. Each interview lasted approximately 1.5 hours, although some were longer. All of the interviews were made in November 2012, except for the CEOs (who are owners of the company) which were made in September 2013. Since 2013 follow up questions were explored through a combination of face-to-face interviews, telephone and Skype conversations and e-mail exchanges.

In March 2015 we started to make interviews with manager of partners firms who had significant contribution in the early stage to the success of Videoton. In this paper we use information from material collected by Videoton relevant for this topic, and also data from the interviews with two managers, worked for a very first partner of Videoton Automotive Electronics.

All primary data have been recorded, fully typed and completed by secondary data for the analysis. To secure validity of the research we used double coding. For analyzing interview transcriptions we used the NVivo software.

3.1. The Videoton case

The Videoton Holding (www.videoton.hu) was established in 1938 in Hungary, today it is the largest Hungarian industrial group in local private ownership, offering manufacturing and related services for industrial firms. The company has nine locations in Hungary, one in Bulgaria (Stara Zagora) and one in Ukraine (Mukachevo). Videoton is a professional, regional, integrated supplier and contract manufacturing company, as well as being the fourth largest European EMS provider and the twenty-sixth largest globally.

The subsidiary's first business relationship with an American owned German company started at 1993. At that time Videoton had no experience in supplying to the automotive industry. It means they were not aware of the strict quality requirements of the industry and had no expertise, but they had the manufacturing facilities and the human resources. The whole business of VT Automotive Electronics was started with this first customer.

In September 1993, the company's senior vice president of business development was looking for possible partners for manufacturing automobile electronic products in Hungary. He turned to Videoton of an Austrian friend's advice. He visited 10 companies in the region, from whom he received a preliminary presentation material. Videoton written material was the most promising; at this time they had an American trainee who edited a great modern presentation material in perfect English. After getting the written information, he had also the best impression about Videoton during the personal visit. At least a personal meeting finally convinced him, and decided for Videoton. This decision led to the founding of Videoton VT Automotive Electronics, and to the involvement of the Videoton in the automotive electronics industry. A week later, however, they worked in the collaboration agreement between the parties. In October, the first Videoton team has participated in a three-day meeting in Germany. The cooperation and the additional project associated with this relationship lasted until 2011, and gave work to more than 2000 people.

4. Analysis

In this study we capture and systemize trigger issues identified in earlier research (Mandják et al., 2014), which occur by the birth of a relationship. We analyze trigger issues along two dimensions: space and time. For dimension space we use the different forms of the phenomenon embeddedness based on the social network theory, for capturing the co-existence in time we use our five stages model, which captures the variable time as a process, and use information exchange characteristics to differentiate stages. To illustrate the trigger issues along these two dimensions, we use bilateral interview data about the same topic, birth of an important relationship for Videoton.

In our analysis we take the two dimensions space and time parallel in consideration and look how the different time stages and forms of embeddedness fit together in our case study. Then we present the trigger issues belonging to the dimensions.

We defined *the first stage* as no information available for the potential partners from each other, which means in our perception of time no co-existence in time. Thinking along the space dimension this is a non-local tie formation, that means that one company is not a part from the others network picture. Network picture complexity is defined by Ramos et al.

(2012: 955) as “the language and representational dimensions that actors use to describe their surrounding business network, specifically the number and nature of actors, number and nature of relationships, and dynamism and flexibility. These dimensions are dependent on actors' sense-making and interpretation of that network.” Ramos et al. (2012) showed that network picture complexity is higher for individuals with more experience in externally-oriented functions than in internally-oriented ones, and that the more complex companies' internal structures are, the more complex are the individuals' network pictures. They found an inverted-U shaped relationship between network picture complexity and the number of years a company has been established in a business, and also between network picture complexity and the number of years of an individual's working experience. That means that these stage characteristic properties of the network and also from individuals of the company determine the information flow, which can push the company forward.

During the interviews, the managers have made several references to the fact that this is the most difficult stage of finding potential partners. They had no idea about that, where and how they should look for a partner. They have tried to explore unknown business territory and had limited opportunities for get information, even in the period before the Internet.

“In that year I traveled thousands of kilometers in Germany with my colleagues and we tried everywhere to look for potential buyers... But you cannot go from the street inside in a company. This world does not work that way, customers do not come from nowhere.” (General Manager, VT Autoelectronics)

The *second stage* is a one-sided perception with new information, which can stem from different secondary sources. Organizations seek for information about the potential partners' capabilities, reliabilities and interests. Organizations' reputation and third persons' referrals help to obtain this rich information (Gulati and Gargiulo, 1999).

In this phase is no specific need behind, the information flow on network level, has the characteristics of positional embeddedness. Information can stem from any kind of written sources to widen the knowledge about the industry (network level) or part of casual conversation with third parties. Big part of this information flow is not conscious, and only become topical exposure to certain specified needs, which are significant for the actors so consider one other as feasible partner.

This stage can be characterized with positional embeddedness as regards the dimension of the space. That means that organization's network position has an influence. We find that trigger issues as goodwill, visibility are important in this stage.

“It is clear that direct mail promotions and other similar marketing tools do not help. Ads do not usually give up at all. This makes no sense. Some of the fairs we used to go, which makes sense, but that the aim is show presence, maintaining relationship with partners, rather than building new relationships.” (General Manager, Videoton)

In the *third stage* a specific need arises, for which the company looks for a partner. The range of the potential partners' narrows, information at organization level will be collected about certain actors of the market. Channels for information are indirect; reputation is an important trigger issue in this phase. Firm reputation (Larson, 1992), reputation for

performance (Wilson, 1995) are in interorganizational level. Larson (1992) emphasizes also the significant role of personal reputation.

This stage has properties of structural embeddedness. There is no direct experience and information in the organization, it comes through network effects. There is only indirect contact information, indirect channels are available to search organizations. Reputation and referral are extremely important trigger issues in this stage.

Example for reputation for stage 3

*“In this city was the parent company and he also went there to visit, **to ask them** what they have heard about the Videoton. “(General Manager, Videoton)*

A useful source of such information seems to be the network in which the organizations are mutually embedded. “The position of an organization in a network influences its ability to access information about potential partners as well as its visibility and its attractiveness to other organizations “(Kenis and Oerlemans, 2008:295).

Example for attractiveness for stage 3

*“This gentleman was released in September 93, and said that from this region were twenty company applications, but **ours was the most concentrated** and therefore he comes to us first to have a look who we are.” (General Manager, Videoton)*

In the fourth step the first interaction happens between the parties, and information for the special need on company level are requested. Channels are in most cases e-mails, or telephone calls. In case of positive answers to relationship initiation (Huston and Levinger, 1978) an interactive learning process (Huston and Levinger, 1978) begins. This interaction process (Håkansson, 1982) composed by information and social exchange episodes (Håkansson, 1982) is to create mutually the conditions to build (Larson, 1992) a business relationship.

In this stage the actor makes initiation approaches to the chosen feasible partner. Initiation is a unilateral action (Dwyer et al., 1987) which happens in the uncertainty of the future partner’s reaction. At interorganizational level this difficulty generally has been overcome as “organizations tend to select partners with whom they are familiar and on whom they are likely to have rich information” (Kenis and Oerlemans, 2008:294). Therefore the specifics of structural embeddedness can be identified in this stage.

Examples for initiation for stage 4

*„It is not just the partner’s interests we need; on the other side **we need a person who is the engine**, the “motor” of everything. The whole thing has to go this way.” (General Manager, Videoton)*

*“I am a very strong believer that **the people** and their relationships make a business successful or fail.” (Manager for Business Development, American company)*

The first contact may happen directly or indirectly with the help of a third person in form of recommendation. Recommendation can also be interpreted as a form of reference, its manifestation in verbal form. Salminen and Möller (2006) created a comprehensive model to show the role of reference on the business to business market, in which we find among the practical forms of the application of reference one of the forms of recommendation (request to promote) (Salminen and Möller, 2006). The positive traits of establishing a business relationship through recommendations-and which differ from the traits established based on other sources, were already proven in several previously presented research both in the case of individual customers (Kumar et al., 2010; Schmitt et al., 2011; Schumann et al., 2010), and in the case of companies (Wangenheim, 2002; Wangenheim and Bayón, 2004; Wangenheim and Bayón, 2007). Recommendation proved to be very significant trigger issue in case of Videoton, almost every new business relationship comes through recommendation of existing customers.

Example for recommendation stage 4

*“Our Vice President of Business Development **known of the activities** in Székesfehérvár, Hungary regarding the aluminium side of the business. **He introduced** us to the Managing Director of Videoton. My first visit to Videoton was December 7-8. 1993.” (Manager for Business Development, American company)*

We created *the fifth stage* in the emerging process for the part, where the parties personally meet each other, because in our case personal contact proofed to be crucial for establishing the business relationship. In this step information exchange happens on individual level. Communication is verbal and more informal. At interpersonal level “evaluating one’s attraction to another is part of even one’s most fleeting interpersonal judgments” (Levinger, 1980:524). All else being equal, attraction to others is facilitated by the rewards they provide us (Levinger, 1980). At interorganisational level it is a recognition the feasibility of the partner (Dwyer et al., 1987) the low level of distances (Ford, 1980) and the situational proximity (Dwyer et al., 1987).

Example for attractiveness stage 5

*“The Vice President of Business Development introduced us to General Manager of Videoton who came to us, and reviewed our operations and processes. **After the initial presentation** made to us in Germany I remember **we were interested** in the sub-contracting proposal and decided to investigate their capabilities.” (Manager for Business Development, American company)*

Wilson (1995) defines social bonding as the degree of mutual personal friendship and liking shared by the buyer and seller and considers it as an important element of partner search and selection. Larson (1992) points out the historical dimension of social bonding and embeddedness. “The history of personal relations shaped the context for the new exchange between organizations by reducing the risks. That is not to say economic incentives were absent but to point out what is often missing in the study of economic exchange, that a social context provides the environment within which economic exchange can be initiated” (Larson, 1992:84).

Examples for social bonding stage 5

*“We understood each other humanly very-very good. He was such energetic, determined and open-minded. He was **also** a problem-solving kind of people, and was able to imagine the non-existent abilities of us. **He has to believe** that the promise which was made by us who he never saw before will be abided, and he will be able to do all along.” (General Manager, VT Autoelectronics)*

*“I was so excited about the potential for Videoton, Hungary and the Hungarian people. I remember my first visit to Székesfehérvár, we were toured through very old buildings of a large complex that one could tell had once been a thriving, possibly state of the art for the USSR, electronics operation. They explained us that the term Videoton in Russian meant Computer and that they had built them in this compound. **I believed** him and also believed in the education and resourcefulness of the Hungarian people.” (Manager for Business Development, American company)*

At interpersonal level the determinants of attraction during early acquaintance include good look, agreement with attitudes of others, and apparent liking for others (Huston and Levinger, 1978). The proximity of another person is an important condition of the attractiveness (Levinger, 1980).

Example for proximity stage 5

*“We met again and we told more than one and a half hours. Otherwise, it was not hard. He was absolute not obnoxious. He liked very much how we wanted to realize the whole thing. As we visited them for the first time, at one night the pub he told to us: There were others who did not show bad image. But I choose you because you were **sympathetic**. That's it.” (General Manager, Videoton)*

“After the initial presentation made to us in Germany, we determined them to be people in whom we could place our trust and began to build a relationship and grow the business.” (Manager for Business Development, American company)

After stage 5 the contract will be signed, the real common work for the actors starts. Our models do not deal with the process after the business cooperation starts. We identified one interesting special trigger issue to move the process forward, which is based on personal communication and proximity between the parties.

Example for proximity stage 5

*“It was a big deal when we initially decided to transfer some of the simpler devices from Germany to Videoton. Not only did we have to **convince our customers** of the necessity but more so, **our own engineers**; none of whom believe that Hungary was good enough for them. The German people are very process oriented and disciplined and one of our tasks was to show that the Hungarians were too. There was a restaurant near the hotel that I would always take the German engineers because they were the only place I had witnessed the decanting of a bottle of wine using a defined and mechanized process. This device was designed for the bottle to be placed in a cradle, a candle would be lit and positioned directly near the neck of the bottle and then a crank was turned to slowly tilt the bottle at the proper speed and angle so as to give the wine a proper decanting. This invariably would delight*

*the Germans and leave a lasting impression on them regarding the Hungarian people and their view of process. It was a start to **convincing** them that we could do anything in Hungary that was done in Germany and just a good.” (Manager for Business Development, German company)*

5. Discussion

In our paper we focus on the birth of the business relationship and try to understand and systemize the most important trigger issues. The emergence process is from the simple to the complex. It starts with no co-existence in space and no information about each other. Then follows the partners recognition to the interaction. It begins with an information flow on general network level continues an unilateral action and ends with mutual actions. Over the time the emergence process became richer in the sense that the information flow widens by unilateral actions and at least it becomes broader by interactive actions. This emerging flow is from the mental (awareness) through the individual action (initiation) to the collective one (interaction).

We studied the social network approach to understand deeper how co-existence space can be understood in more details. We find that different levels of embeddedness in the network can be matched together with dimension of time as a process. Analyzing the relevant literature we find that information flow characteristics are one possible issue along which time can be made tangible. No information flow means in this sense, that time for the given relationship stops, no emerging process is going on.

In the next figure we summarize the results of our study. The two dimensions are placed in the first two columns. After that we picture the content and level of information in the different stages. We show the most important channels of information flow, and in the last column we collected the main trigger issues for the different stages.

Figure 4: Five steps model of the birth of the relationship

	Co-existence in space	Co existence in time	Content of information	Level of information	Communication channel	Trigger issues
1	non-tie formation of embeddedness	no information	-	network level	-	characteristics of network picture
2	positional embeddedness	secondary information without specific needs	general information about actors of the market	network level	indirect channels, any kind of written material, general knowledge	network position, goodwill, visibility
3	structural embeddedness	secondary information with specific needs	special information about certain specific actors of the market	organization level	indirect channels, information from partners	prior relations, reputation, referrals
Interaction						
4	structural embeddedness	primer information without personal communication	special information about the company	organization level	e-mail, telephone	attractiveness, initiator
5	structural embeddedness	primer information	special information	individual level	personal, verbal	proximity, social

		with personal communication	about key persons			bonding
Contract signed						

Source: authors

6. Conclusions, limitations and future research

In this paper we have focused on the birth of a business relationship. Our main goal was to understand deeper and systemize some trigger issues which occur by emerging relationships. The starting point of the birth, the emergence process is the co-existence in space and in time. In this study we systemize the trigger issues along these two dimensions. For illustrate the co-existence in space we apply the social network approach. This theory distinguishes two basic types of network forming, depending on the development of the relationship between members of different networks or between actors of the body's own network. The first is talking about the non-local tie formation and when the second occurs about the embedded tie formation. In the second one are three different levels of embeddedness, which we use to represent dimension space.

For illustrate the co-existence in time we focused on time as process, and used the characteristics of information flow we developed our own five stages model. By analyzing data from a large Hungarian case research we considered the dimension parallel to each other and placed the trigger issues along the two dimensions.

One of the results of our research, that we have a possible understanding of time and space dimension in the context of the network concept. The location of the dimensions is changing all the elements within his own dimension and to each other. Based on the analyzed cases the dimensions of a possible version are outlined. The practical result of our research is that a similar analysis of the current status of any given company can be done. Having identified all the dimensions, the "Trigger Issue" can help to better understand the current situation of the company. From managerial point of view such a way of research could be important: if the trigger issues are identified, they can help the seller, buyer, when the formation of a new relationship is ongoing, how to move forward to the next stage.

Although the aim of our research was to outline a possible concept, due to the nature of our approach cannot leave its significant limitations out of account. Based on the literature research in the process of developing a business relationship first, we focused on the role of network effects and information flow. However, the same process can be analyzed from the point of view of learning theories, or other characteristic issues of adaptation.

What we examine is how the birth of a new network connection. This is essentially a deeper, more specific research of tie formation. We do not examine why, or what organizational motivations lead to the establishment of a new relationship.

Our research is a kind of cross section research. To have a more precise showing of the effects it would be important to follow the real behavior within the frame of a longitudinal examination.

In the future it would be worthwhile to carry out further qualitative interviews with manager of partner firms, to deeper examine the framework, and have more illustration for different scenarios. The illustrations coming from Videoton's example, of course, cannot be generalized. The characteristics of the automotive electronics industry, as well as contract

manufacturing may impose further constraints.

7. References

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