Exploring the Evaluation of Business to Business relationships in dissolution: An Irish SME perspective

Competitive Paper

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ABSTRACT

Despite the importance the literature places on the development and maintenance of long term Business to business (B2B) relationships, little is known about the possible dissolution of these relationships and even less on the repair of these B2B relationships. This paper contributes to the emerging body of work on B2B relationship repair by responding to the call from Salo et al. (2009) for a greater understanding of how the characteristics of the relationships influence the decision making process to repair Small and medium-sized enterprises (hereafter SMEs) B2B relationships in dissolution. The empirical research presented in this paper is part of a broader study of the process of relationship repair in Irish SME B2B relationships. The critical incident technique has been adopted to interpret and explore in greater detail, SME's Owner Manager's experiences of repaired and dissolved relationships (Shurr, 2007; Flanagan, 1954).

The findings suggest that the decision making process to repair B2B relationships in dissolution is a dynamic sub-process where evaluations on the future of the relationship are made in the context of the state of the relationship before the troubles began. This evaluation is dynamic in an SME context as it involves the actor's decisions, activities and actions following precipitating events that caused the breakdown (Dirks et al, 2009). In terms of the state of the relationships, SMEs in strong relationships with mutual cooperation at interpersonal and B2B levels characterised by relational norms, satisfaction, trust and commitment (Salo et al, 2009; Harris et al, 2003; Morgan & Hunt, 1994; Dwyer, Shurr and Oh, 1987) reduced partner's intention to dissolve their relationships (Morgan & Hunt, 1994) and facilitated the evaluation of the decision making process in order to repair them (Hocutt, 1998; Rusbult et al, 1991). This was in contrast to weak relationships where precipitating events were evaluated in the context of an already vulnerable relationship and subsequently led partners to consider dissolution (Vaaland, 2003) either straight away or at a later date.

INTRODUCTION

SMEs represent the backbone of the Irish economy comprising 99% of all firms (Department of Finance, 2012) and accounting for almost 70 percent of private sector employment. During the past number of years substantial sums have been invested in SMEs by the European Union through financial assistance and advisory services to ensure their survival (OECD, 2006), yet evidence suggests that many SMEs still fail to grow (Mueller et al, 2008). A strong SME sector is very important for the economic performance of a country (Devins et al, 2005) and that importance is amplified in the economic uncertainty that has prevailed in Ireland since 2007.

SMEs are intrinsically different in terms of their structure, management processes and response to business issues that impact upon them (Kelliher & Henderson, 2006). Most notably, a distinguishing feature of SMEs is the centrality of the Owner Manager (hereafter OM) (Reijonen & Komppula, 2007) and the need for resources which has an impact on the development of their businesses and relationships (Ring & Van de Ven, 1994). One dominant theme that consistently appears to emerge from reports on SMEs is the need to collaborate more frequently with external partners to develop resources and expand internationally (McGrath & O'Toole, 2011). A key goal for resource poor SMEs is to build relationships that are identified as key resource suppliers that can help the firm in its target markets (McGrath & O'Toole, 2011). For SMEs this is vitally important and it is necessary to ensure that OMs are aware of the benefits of collaboration; learn how to collaborate and be willing to work with other firms (Hughes & Weiss, 2007).

This line of reasoning is consistent with the business to business (B2B) literature where there has been a consensus that when companies make a shift in emphasis on developing the right working relationships as opposed to defining the right business arrangement, they improve their chances for success considerably (Hughes and Weiss, 2007). Furthermore, due to the highly competitive nature of the SME sector, firms are directing their attention on developing long-term B2B relationships with their customers and suppliers.

However, managing such relationships is not an easy task. Despite the importance the literature assigns to collaboration, there is evidence to suggest that up to 60% of alliances fail so an understanding of managing, maintaining and repairing B2B relationships is vital (Hughes & Weiss, 2007; Van de Ven, 2004). Moreover, the main reasons cited for breakdown include; loss of trust, lack of communication and the inability of firms to resolve on-going disputes, rather than establishing well developed contracts as some would suggest (Hughes & Weiss, 2007; Scanzoni, 1979). When companies invest the time and effort in agreeing priorities, embracing differences and enabling collaborative behaviour, the relationship operates more successfully than if they concentrated their efforts on complex legal arrangements and business planning (Hughes & Weiss, 2007; Anderson & Narus, 2004; Dwyer, Shurr & Oh, 1987). Consequently, initial agreements will not be sufficient unless OMs continue to maintain and nurture their relationships (Salo et al, 2009).

As SMEs are resource poor (Forfas, 2010), the evidence presented above indicates that they cannot afford the costly consequences of dissolution of their valued relationships, so in a number of cases OMs want disputes resolved (Jap & Anderson, 2007; Tahtinen & Vaaland, 2006). However, conducting a business relationship in dissolution is not an easy task for OMs where considerable investments are at risk of being lost if the relationship ends, in addition to the onerous task of finding new partners and developing new relationships (Salo et al, 2009). Thus, if a business relationship is breaking down and dissolution would cause severe damage, this evaluation and decision process to repair or dissolve the relationship becomes extremely important (Salo et al, 2009; Vidal, 2006; Tahtinen & Vaaland, 2006).

However, there is an imbalance in the B2B dissolution literature. Despite considerable research examining the dissolution of business to business (B2B) relationships, studies exploring the decision making process to repair relationships in trouble have been insufficiently explored empirically. Although recently there is interest in the phenomenon of repairing relationships (see Salo et al, 2009; Tahtinen, Paparoidamis & Chumpitaz, 2007; Tahtinen & Vaaland, 2006) that provide insights into the process of repair (see Salo et al, 2009; Tähtinen et al, 2007), they neglect to capture the broader phenomenon of B2B relationship repair (Dirks et al, 2009) including the dynamics within B2B relationships when evaluating precipitating events and the decisions actors go through to repair relationships in trouble (Salo et al, 2009). Previous studies have suggested that the decision to repair or dissolve B2B relationships is a turning point in the process of dissolving or repairing relationships that involves an analysis of attenuating factors (Salo et al, 2009). However, these studies fail to capture the dynamic sub process of evaluation in the context of the state of the relationship.

This research gap has serious consequences for SMEs. Without understanding the influence of the state of the relationship, little is known about this important sub process of the evaluation of the events that cause relationship breakdown and any subsequent decisions to repair the relationships. In addition this research has not been undertaken in the Irish market to date. In closing this research gap this paper addresses the following research objectives:

- To examine the state of the Irish B2B relationships pre transgression and assess their impact on the decision making process to repair B2B relationships in dissolution.
- To identify precipitating events that cause relationship breakdown
- To explore the sub process of evaluation actors undertake in order to repair or dissolve their B2B relationships.

The rest of the article is organised as follows. Next, a synthesised discussion on the context of relationships is conceptualised and operationalised. Subsequently, the research design employed in this research is discussed and the results of findings are presented. In the concluding section, managerial and academic implications are explored. Limitations and future directions for research are also discussed.

LITERATURE CONTEXT: BUSINESS TO BUSINESS RELATIONSHIPS

The management of dissolution is contingent on the state of the relationship before the process begins (Dirks et al, 2009; Halinen & Tahtinen, 2002). This is dependent on whether the relationship is strong or weak. Numerous studies offer converging evidence concerning the criteria that are vital to the establishment of strong business relationships namely: the development of norms (Jap & Anderson, 2007), satisfaction (Ulaga & Eggert, 2006), trust (McEvily, 2003), commitment (Morgan & Hunt, 1994), interpersonal relationships (Ring & Van de Ven, 1994), communication and dependence (Gulati & Stych, 2008). As firms interact and overall satisfaction increases, companies positively respond to the possibility of relationship dissolution and constructively make attempts to continue the relationship (Storbacka, Strandvik & Gronroos, 1994). Why?, because in strong relationships that have developed personal bonds over repeated economic transactions, the commitment to the relationship is greater and therefore parties are more likely to remain in such relationships (Ring & Van de Ven, 1994). In these cases, there are social–psychological motivations for continuing exchanges, as well as financial considerations (Seabright, Leventhal & Fichman, 1989). On the other hand, when the relationship is weak, warning signs are evident to partners even before the B2B relationship begins (Hallen & Johanson, 2004; Gronhaug et al, 1999). Weak relationships have low levels of internal commitment, no win/ win situations and the inability to establish roles and responsibilities. This weakens the relationship and contributes to the state of the relationship which has important implications for future exchanges (Hallen & Johanson, 2004; Heffernan & Poole, 2004).

Whether the relationship is strong or weak there are occasions when certain events cause these B2B relationships to breakdown. Numerous studies have provided insights into the reasons for breakdown. These Precipitating events can be cognitive such as performance failures and changes in company policies or they can be behavioural including breaking the rules of the relationship and unwillingness to solve product failures (Holmlund-Rytkonen & Strandvik, 2005; Harrison, 2004; Smith, 2002; Worthington & Horne, 1995). Precipitating events are also related to the individual/Company, the relationship and the network the company operates in (Halinen & Tahtinen, 2002). These events have a major effect on B2B relationships (Pressey & Selassie, 2007; Halinen, 1997), as they deviate from the norm and trigger perceptual and or behavioural attention towards the state of the relationship (Holmlund & Strandvik, 1999b). However, it is important to stress that one precipitating event alone is unlikely to cause dissolution as the entire relationship is under question following such transgressions (Pressey & Selassie, 2007). Consequently, if companies do not undertake an evaluation of the relationship following such events and make decisions to change the relationship in order to repair it, dissolution is more likely (Hallen & Johanson, 2004).

What is important to realise is that, it is the way the partners evaluate these events that is the primary issue in relation to the decisions to repair the B2B relationship or not (Vaaland & Purchase, 2005; Havila & Salmi, 2000). This evaluation of the relationship tends to be an internal assessment of whether the relationship is worth continuing (Mattila et al, 2002). From a social psychology perspective, Altman and Taylor (1973) argue that these assessments can be divided between evaluation of the interaction before the events and forecasts to future interactions. Evaluation of the interaction deals with the questions: *"What rewards and cost were obtained in previous interactions?* and *"Were the rewards greater than the cost of remaining in this relationship?"* (Altman and Taylor, 1973).

Within the literature, there are contrasting views about how these questions are assessed. According to Buchel (2000), there are three important criterions for evaluation: the degree to which expectations were fulfilled, the effectiveness in which formal plans were carried out, and the degree of equitable contributions. For Ring and Van de Ven (1994) and Arino and Torre (1998), it is the degree of equity and efficiency that are the most important criterion for evaluating the state of the relationship, because if these norms exist, "the parties will feel increasingly secure in committing more of their available resources and expectations in subsequent cycles of cooperative behaviour" (Ring and Van de Ven, 1994: 101). Moreover, if prior interaction cycles were judged to be equitable and efficient, increases in trust are likely, as would the willingness of the parties to make more significant and risky investment in future interactions following a breakdown. However, what is often missed or excluded from discussions pertaining to relationship evaluation, is that, it is a sense-making process. In order to make sense of events, individuals will bracket the "meaningful lived experience", step outside it, like an external observer and examine it retrospectively (Weick, 1995: 25). The outcome from this process is a sense of the rewards and costs resulting from the interaction in terms of efficiency, equity and effectiveness (Buchel, 2000; Ring and Van de Ven, 1994). In this case, firms assess their outcomes by looking at past interactions and anticipated future relations. Actors re-evaluate current economic losses by taking into account future social benefits. This process can be referred to as a transformation of the relationship where 'partners consider their existing interdependence to reconcile social and economic outcomes' (Lambe et al, 2001).

These future oriented assessments deal with the question: *"Will it be rewarding to continue interacting with this actor again?"* For Altman and Taylor (1973), there are two aspects involved in the forecasting process. First, actors will subjectively project or extrapolate about future rewards and costs at known levels of interaction, and also at more in-depth levels of intimacy. Thus, the interactants subjectively try to make sense of two questions: *"What outcomes can I expect if we continue interacting at the same level of intimacy?"* and *"What rewards and costs are likely to accrue at a more intimate level of exchange?"* (Altman and Taylor, 1973). The second aspect of forecasting, concerns the development of a subjective model of the other interactant. If the outcome from these future oriented processes are favourable, Altman and Taylor (1973) argue that a decision will be made to continue the interaction, while if an unfavourable outcome materialises, the relationship will dissolve or progress more slowly. Thus, according to these authors, "persons simultaneously interact, access positive and negative facets of what is happening now, extrapolate to the future, form a picture of the other person, and reach some decision about next steps" (1973: 37).

This is what makes it possible to have both the past and the potential future guide, and inform current decisions about interacting (Geersbro, 2004). It puts specific interactions in the context of prior experiences. In the words of Altman and Taylor, this allows actors to address the

questions: *"How does this experience compare with all the others we have had?"* and *"How does this experience affect the overall worth or value of the relationship?"* (1973: 38). During interactions, the actors will evaluate each other's commitments based on their expectations and future oriented planning. If evaluations differ from preconceived beliefs of accepted and expected behavior, then dissolution will come to the forefront. The utility of a strong relationship, lies in the capacity that issues of dissolution are seen as just another part of doing business.

This evaluation also includes an analysis of attenuating factors that also influence the decision making process to repair a troubled relationship or not. The amount of relational investments made including the development of social and personal bonds, commitment and trust (Gedeon et al, 2009; Beloucif et al, 2006; Abdul-Muhmin, 2005; Tahtinen & Vaaland, 2006; Seabright et al, 1992; Ping, 1997) all have an attenuating effect. Considerable costs on both sides may have been incurred in the development of the relationship and these will be lost in dissolution. Furthermore, good personal relationships on both sides make the partner more reluctant to leave when they experience negative events (Coulter & Ligas, 2000; Jones et al, 2000). Relationship value and satisfaction is also lost in the process of relationship dissolution (Salo et al, 2009; Halinen & Tahtinen, 2002; Neilson, 1996; Ping, 1993) as well as personal bonds established between individuals and teams (Tahtinen, 2003).

Following the evaluation partners make decisions to repair the relationship where they have to change the negative state of the relationship to a positive one and work on the cognitive or behavioural events that caused the breakdown (Ren & Gray, 2009) or the decision may be to end the relationship in which case, the dissolution process begins. Lee's (1984) work highlights that *"there is strong evidence that the parameters of termination are related to distinct conditions in the dyad prior to, and following break-up"* (p.67). Dirks et al (2009) emphasise the importance of understanding the state of the relationship pre transgression and how the relationship changes as a result of such transgression through the evaluation process (Dirks et al, 2009). Thus far, previous studies have neglected to capture in detail the dynamic nature of this part of repairing B2B relationships in dissolution.

RESEARCH DESIGN

This paper adopts a 'critical incident' technique to explore the impact of the state of the relationship on the evaluation of SME business relationships in dissolution. Critical incidents cause uncertainty concerning the preservation and continuity of relationships (Edvardsson, 1992) and as such force OMs (Owner Managers) to demonstrate commitment to the relationship. As CIT is inductive in nature (Edvardsson, 1992), the method is useful when little is known about the phenomenon under investigation (Gremler, 2004). Therefore it is an exploratory method which helps to uncover unknown phenomena (Bitner et al, 1990) and to develop concepts and theories (Gremler, 2004). CIs provide rich, contextual research data and are a valuable technique when studying modern business issues (Ghaye & Lillyman, 1997). Schurr (2007) suggests that the adoption of CIT is appropriate for B2B settings and this has been confirmed by the use of the method in the context of B2B relationships (van Doorm & Verhoef, 2008; Friman et al, 2002; Backhaus & Bauer, 2000; Holmlund & Strandvik, 1999a; Hedaa, 1996).

This study connects CIs to changes in the state of the relationship. Not only do they lead to possible dissolution, they also entail the processes, including evaluation SMEs go through to

repair their business relationships, which in turn affect the future state of these relationships. The CI technique provided a rich set of data to help understand these processes as the respondents were able to detail first hand their experiences that provided powerful insights regarding the phenomenon (Gremler, 2004).

In business relationships, a single incident is not critical but when combined with other factors such as the evaluation of the state of the relationship following a breakdown can lead to significant change (Halinen et al, 1999). For this research, the level of analysis included not only dyad related incidents but also individual/ company and external/ network incidents that caused disruption to the relationship. The key criterion for inclusion was that from the SME's perspective, the incident led to troubled relationships where an evaluation was needed in order to repair the damage caused to relations or dissolve the relationship (van Doorm & Verhoef, 2008).

A sample of SMEs (Small and Medium-sized Enterprises) were examined where Owner Managers gave their experiences of dissolved and repaired B2B relationships (see table 1.1). In-depth interviews were carried out between April 2012 and April 2013. In total 25 personal interviews were conducted with OMs which ranged in length from 45 minutes to 1 hour and 30 minutes. Interviews were conducted on site (at the OMs workplace) in order to get close to the respondents, thereby seeking to understand what happened and interpret the phenomena from the meanings OMs brought to them (Collis & Hussey, 2007; Tahtinen et al, 2007; Denzin & Lincoln, 2005). Over 50 critical incidents were reported which formed the basis of understanding the phenomenon.

Before the interviews took place, potential interviewees were identified and OMs were contacted by email to ascertain if they had experiences of troubled relationships that repaired or dissolved. Based on prior research, it was supposed that these incidents were likely to have caused positive or negative changes in the business relationship and to the OMs/ directors overall view of repair and dissolution. It was established that the incidents were difficult for management to resolve or dissolve due to the dynamic nature and complexity of B2B relationships. In essence these critical incidents helped to explore SME dynamics in relationship dissolution.

Interview no	Participant	SME Industry	Number of Critical events	Date	Duration
1	Managing Director	Security Services	3	April 2012	60 mins
2/3/4	Sales Director	Consumer Electronics	6	April 2012	55 mins
	European Sales Manager			Sept 2012	70 mins
	Sales Manager			Nov 2012	60 mins
5	Managing Director	Insulation Services SME	1	June 2012	60 mins
6	Managing Director	Clothing Manufacturer SME	3	May 2012	80 mins
7	Managing Director	Software	2	June 2012	70 mins
	Chief Technical Officer				

8	Managing Director	Software	1	July 2012	60 mins
9	Managing Director	Electronics	1	July 2012	50 mins
10	Managing Director	Software Service	2	Aug 2012	60 mins
11	HR Partner	Merchant Services	2	Sept 2012	50 mins
12	Director	Security Services	2	Sept 2012	75mins
13	Managing Director	Homeware Manufacturer	2	Oct 2012	56 mins
14	Store Manager	Health Services	2	Oct 2012	45 Mins
15	Managing Director	HR Services	2	Nov 2012	60 mins
16	Managing Director	HR Services	1	Nov 2012	45mins
17	Managing Director	HR Services	1	Nov 2012	60 mins
18	Managing Director	Software	2	Nov 2012	75 mins
19	Managing Director	Software and Hardware Services	3		90 mins
20	Managing Director	On-line Solution Provider	3	Dec 2012	60 mins
21	Managing Director	Industrial Equipment SME	2	Jan 2013	60 mins
22	Managing Director	Software SME	2	Feb 2013	60 mins
23	Managing Director	Print SME	2	March 2013	60 mins
24	Commercial Director	Transport SME	3	March 2013	90 mins
25	Managing Director	Training Provider SME	3	April 2013	55 mins

Table 1.1 Interview Schedule and number of critical incidents

The interview data was transcribed so that details from the interviews could be managed before analysis took place (Gibson & Brown, 2009). Once transcribed, handwritten field notes were transferred into the analysed text within NVivo and used to draw conclusions (Miles & Huberman, 1994). Once the CIs had been collected, the content was analysed (Gremler, 2004; Flanagan, 1954). Through the process of abduction the key categories and sub categories were created. The pre understanding of the literature helped to gain a better understanding of the context (Edvardson, 1992). A phenomenological approach was adopted in order to understand the process from the actors own experiences and their own perspective (Edvardson, 1992). As the study of dissolution and repair was a complex process involving events and behaviours of the actors involved, all evidence was converted to textual form.

Following this process, each transcript was read in detail. This provided greater familiarisation with all the critical incidents while at the same time facilitating reflection and analytical insight about what happened following the events that were recounted by the interviewees (Gibson & Brown, 2009; Pare, 2002; Miles & Huberman, 1994) At this point data was carefully scrutinised through the use of coding which involved analysing the content of the transcribed interviews (Strauss, 1993). The code that was assigned resulted from key words used by the respondents during the interview and the business to business dissolution literature (Gibson & Brown, 2009).

At the stage, several pictures of the process of dissolution and repair were developed. A reflective journal was maintained specifically reporting pictures, ideas and reflections of the phenomenon under investigation (Klein & Myers, 1999; Hirschman, 1986; Lincoln & Guba, 1985). The journal provided a log of thoughts on dissolution and repair in the SME's relationships (Hirschman, 1986).

RESEARCH FINDINGS

The research findings are now presented detailing how strong and weak relationships undertook evaluations following relationship breakdown. Each section is presented in themes starting with the state of the relationship before the trouble began, the precipitating events causing breakdown and subsequent evaluations.

The state of the relationship pre transgression; strong relationships

In strong relationships resources were often shared and the SME felt like they were part of the partner organisation;

> *Where they have treated us as a partner as opposed to a vendor … that's where it has worked best for us… where they will want you to come in and they will nearly treat you as an extension of their own department … and that's where it works best … where they really want us to learn about their company and vice versa, and that's something we will always try and develop* (OM, Software SME D).

In general, when any issues concerning products or services arose, they could be resolved in a timely manner. OMs noted that they strived for partnerships like these, as this approach always worked well for them. In addition, these long standing relationships had good communication flows between the companies and offered a sense of commitment between the parties;

> *It's a fantastic and a very good relationship, and we have always had a very good relationship for the past 7, 8 years, so we can't complain. It was mainly just because of our good relationship with the supplier and I suppose because of our open communication with them that … we pulled through and we spoke to them* (OM, Security Services SME).

Close bonds existed in these strong relationships. As partners had proven that they had the ability to perform in the past and demonstrated that they were benevolent and trustworthy individuals, mutual trust existed;

> *But when you hear that a company trusts you, it actually puts more pressure on you. It puts more pressure on me personally, it doesn't mean that I can skimp a little bit, it means I actually weren't written down, but it actually encouraged me to do twice as good a job* (OM, Home-ware Manufacturer SME).

This trustworthiness also helped SMEs establish a good reputation in their industry. Being in a small country (Ireland), SME's interpersonal relationships were important to maintain because when individuals moved between organisations, the interpersonal relationships still remained which had an influence on the SMEs reputation to deliver;

> *The industry and the country is so small that you will come across those people again* [in other companies]*, and you know … you have to, in the worst cases … you* [have to] *agree to disagree* (OM, Software SME D).

Strong relationships had established norms and ways of working that both firms understood and accepted as part of doing business together. Over years of engagement through recurring business interactions, each partner learned to understand the other's role in the relationship and how to behave appropriately in exchanges;

> *You developed the relationship over the years and … they get to know you, they get to know that you're professional and that you're honest, that your word is your bond* (OM, Security Services SME).

Strong relationships were continuously shaped and re-shaped by the actions of the individuals involved. Credibility and a positive reputation for fair business practices were looked on favourably between firms. If the SME exhibited damaging behaviour during the course of interactions, OMs reflected that this would be looked at unfavourably within the industry and they would suffer both economically and socially in the future as a result of such actions;

> *Within our industry lots of brands work with local-based distributors, and some of them will drive the distributors very hard and the brands would have a reputation for changing horses and switching in and out of distributorships on a frequent basis* (OM, Consumer Electronics SME).

The OM's responsibility was to reduce uncertainty in exchanges by providing flexibility and adaptability in on-going exchanges. This often led the partner companies to rely on interpersonal relationships as a way of resolving issues associated with exchanges and to ensure that future business would be rewarding. These interpersonal relationships acted as a buffer when relations were strained because friendships allowed partners to be open with each other but also gave partners an avenue to go down when they needed help;

> *There are two people that run the administration. One of them is the Chairman who is an Irish guy and … he is a friend of ours basically and the other is an Italian girl who has in the past had an involvement with us, so we are very pally with her as well … so it's all very open, we generally go through them … so … I wouldn't escalate it that much, but the pathways that are there … there's loads of avenues that we can go to resolve issues … which is key* (OM, Software SME A).

These strong relationships were fully collaborative arrangements underpinned with strong interpersonal relationships from both sides.

Precipitating events leading to relationship breakdown

The analysis revealed that the precipitating events that caused the breakdown in these relationships could be classified into cognitive and behavioural events. Cognitive events related to issues that were task oriented. Performance failures such as the inability to meet turnover levels or not were found to cause relationship breakdown;

> *Our issues tend to be firstly performance-based. Like, our distributor in each country would be expected to do a certain level of turnover within that country …If they are not hitting their targets within the country, then that has potential for a relationship to break down* (European Sales Manager, Consumer Electronics SME).

Different reactions from companies regarding unmet targets and drops in performance were highlighted by the OMs. For instance, one OM explained that in order to combat performance issues, they found additional partners in the same territory to fill the gap in revenue shortfalls;

> *So we put him under pressure and we elected a new distributor, and they were part of the UK, they looked after the UK as well, and Ireland, and I of course went to him and I said, "Look, there's a new distributor that we went to" he was rather cheesed off to say the least about the whole thing* (Senior Director, Consumer Electronics SME).

Other events took place outside the relationship. These events were related to the network and had a negative effect on the partners and the relationship. For instance suppliers who had delivery issues, caused problems for the focal relationship because if the end customer was unhappy with a delay in product delivery, they blamed the SME rather than the original supplier;

> *What happens from time to time is that our suppliers will come to us after, say, 8 weeks and say "it's going to be another 6 to 8 weeks." Now, we have to be the bearer of that bad news to our customer, and of course they would hit the roof, you know, because they expect the delivery in what we had originally scheduled and I have scheduled other work, around say, the installation of the equipment and all that* (OM, Industrial Machinery SME).

Examples of behavioural events were also found to cause breakdown. Notably, even though OMs did not intentionally set out to take advantage of their partners, any discrepancies in tendering for contracts were viewed as opportunistic in an already established relationship. As a result, partners felt that their trust had been broken and the relationship undermined so they punished the SME. This was an example of cognitive events becoming behavioural and caused a lot of upset and uncertainty for SMEs;

> *I got a phone call from one of the directors of the company who had backed us fully going into it, going, "Oh Good Lord, well, what are you doing to us? ... this looks so bad" and then, it was quite interesting, we lost the tender straight out because the management team went with the more cost-effective solutions* (OM, Software SME F).

Other behavioural factors had a huge effect on relationship breakdown. SMEs sometimes over-promised on the delivery of their products and services. For example, SMEs assured partners that they could complete work when the capacity was not available in the time allotted;

> *So in essence, to be truthful, we overpromised, you know, we promised scope that we couldn't deliver and it became apparent ... that we weren't as ready as we ought to have been* (Sales Director, Software SME B).

Lack of openness and honesty was also experienced in relationships where partners were not forthcoming with each other if their company was suffering from internal structural and financial issues. Rather than communicate this to their partners, they reduced business activities which looked as though they were neglecting and dissolving the relationship. This lack of communication caused breakdown in an otherwise good relationship;

> *We would get to a point with them where they are not really returning our calls, and because they have a family-owned business as well, there's a certain level of stubbornness and pride in terms of not wanting to say they're in difficulty. We know this organisation is still a good organisation to be working with within that market and can still give us the same level of market accessibility, and our relationship with them began to break down on the basis of communication and on the basis of their financial structure* (Sales Director, Consumer Electronics SME).

Interpersonal disputes between OMs caused tension between the organisations. If OMs had a dispute over a simple issue but communicated it in an aggressive manner, then their interpersonal relationship came under pressure. While this was not an organisational problem long term, short-term interactions were strained and there was a standoff between the OMs involved;

> *...that evening and he just started going on and on, and really speaking down to me, and I suppose, well I, well I probably lost it a little bit, and ... he lost it completely, "Don't speak to a supplier like that" and "I am your customer, and how dare you speak to me ..." and he took the high moral ground then, "I'll never – unless you apologise to me, I will never deal with you again" and I said, "Well look, you know, you will be waiting a long time for me to apologise to you", so I didn't* (OM, Services SME).

The evaluation of the precipitating events in the context of the state of the relationship; Strong relationships

Following the breakdown, OMs then considered the state of the relationship in order to help the decision making process regarding whether or not the relationship was worth saving. These

evaluations were made internally as OMs needed to understand what went wrong and how exchanges were being affected as a result;

> *Basically we sat back and we analysed everything and we went through all our accounts and ... I suppose we just said, "Look it, this is the situation. Here's where we are. This is what we want to do"* (OM, Services SME).

During these evaluations, OMs not only looked at key factors including the investment in personal and company time, they also had to consider how their partners felt about the events that caused the relationship to break down in the first place;

> *At that point ... to assess whether it's worth repairing or not ... and then it's a question of, you are investing your time and your effort and you are making sure that the key people you need to convince that you are a good partner become convinced of that, and that's it and it's very much, I think, if everybody is honest in a situation* (OM, Software SME E).

These internal evaluations involved heated discussions between directors regarding the dissolution of relationships. While some individuals were prepared to let the relationship dissolve, others held on to the belief that they could get over these incidents and even improve the business long term. If senior management supported them, they were more comfortable with the decision to repair relations;

> *The CEO was, like, completely on my side, "No, no, no, no, this is the biggest contract we have ever had, this could launch us into other things"* (Sales Director, HR Services SME).

During the course of these internal evaluations OMs were sometimes questioned by their own employees who would try and convince them that strained relationships should be dissolved. They didn't have any personal involvement with the partner. However, from an OM's perspective, when a company has dealt with a supplier for a number of years, they come to know and understand how that company works and even though relations were not always favourable, switching was not an easy decision;

> *We had a meeting about a month ago and just the three of us sat down and the girl who looks after our accounts said, "Do you have to deal with these people? Can you not get another supplier, just change the supplier altogether?"... and you know, what ... you wonder is the devil you know better than the devil you don't. It is a possibility that we could do something like that, but if you do something like that, you do it once, you know* (OM, Services SME).

OMs felt that it was necessary to be completely certain that they were doing the right thing so that offending partners would not be perceived negatively by their partner or indeed anyone else in the industry;

> *I'm a firm believer in you don't ... If you close a door, the door is closed, and therefore you have to be 100% certain that that's never going to, that that's never going to come back on you or that you're never going to need that avenue* (OM, Services SME).

However other factors needed to be taken into consideration such as the loss of revenue afterwards and the effort it would take to find new business to replace that lost revenue. Therefore, taking a short-term view would not benefit the SME because of the uncertainties in business losses. The best course of action was to take a long-term perspective and try to work through the problems;

> *But then if you do that* [terminate the relationship]*, six months down the line when you are trying to find a new partner and you haven't been successful, the issue then is ..."How come our business isn't working in that particular country?" So you've got to try and divest yourself of the short-term perspective in terms of ..."OK, if they're gone, where will we be in twelve months' time? Will we actually be in a better place?"... It's not where we are today but it's ultimately, is it the best decision in the long-run?* (Sales Director, Consumer Electronics SME).

The evaluations had to consider the future of the relationship and this part of the process is important because dissolving B2B relationships could lead to unknown consequences in the future. A number of factors contributed to the decision making process regarding the continuation of the relationship. Even when targets were not met it didn't mean that the relationship should be dissolved, as it took a number of years to build such relations. SMEs regarded their reputation as important in their industries and did not want to be seen to dissolve relationships easily;

> *If we have a reputation for pulling the plug, if things begin to get tough, then that becomes more difficult over time to try and find new people to work with* (Sales Director, Consumer Electronics SME).

In addition to the loss of economic value, SMEs were faced with losing a familiar partner, which would also have been psychologically difficult. All of this was accompanied by the possibility of losing future business. Depending on the severity of the situation, OMs needed to think about the implications dissolution would have on future interactions and revenues with their partners;

> *It becomes difficult because you don't want to break the relationship with them because you want them, they potentially will be customers in the future, like, when I started, when I actually started out, I did a bit of research on the, on companies and what companies buy from you, and I think it was 75% of our customers were repeat customers, you know?* (OM, Industrial Machinery SME).

OMs gave other examples, including the availability of alternatives and the costs of dissolving relationships that were considered key reasons to repair relationships. In international market relationships there were risks associated with losing market knowledge and business contacts as it took the investment burden and the resource burden of servicing a market away from the SME. As one OM pointed out, in times of tension, they had to put up with the strains for fear of losing these valuable resources;

> *They were ideal for us because they were very strong in the marketplace where they were and had contacts and they also understood the sourcing issues that manufacturers or distributors of our type of branded products had so we were an ideal solution for them and they were ideal for us because you rely so closely on someone who is knowledgeable and competent in that market and speak the language, you know. Relations would have been quite strained and we put up with it because they were probably more important to us* (European Sales Manager, Consumer Electronics SME).

This finding was further supported by OMs of manufacturing companies where they had made several investments in production capabilities within their partner organisation. The effort involved in moving all of their production, design and product 'know how' deterred SMEs from dissolving relationships. As one OM explained, they would prefer to resolve disputes rather than disrupt production which would also have an impact on the end customer. In addition they were prepared to take a long-term view of the relationship so that loyalty could be nurtured;

> *It takes us a lot to change, so if we're having an issue with someone, we would rather have it long-term because we will get more, more continuity, you would get better communications, you would get a better flow of products, and you would get more loyalty. It takes a lot, it takes a lot to get us to shift, but when we shift, when we're making a big decision and we're shifting, lots of products and lots of measurements and lots of sizes, let's get the fabrics somewhere else* (OM, Clothing SME).

As well as manufacturing costs, legal and resource costs were also considered a key factor in the decision making process. OMs explained that their contract with a large partner had a significant number of clauses in it that related to non-delivery of services. If these services

were unfulfilled at any stage, then various penalties could be served on the partner, which would have had serious implications for their financial resources. In these cases the decision to stay or leave was made for them and a resolution was necessary;

> *It was resolved in the end but only with the threat of very serious penalty payments, because this was quite contractually complex and the threat of very serious lawsuits on both sides, so I think like all human experience, it got to the point where you either had to pull the trigger or negotiate to a settlement* (Sales Director, Software SME).

One of the key reasons for saving relationships was the mutual dependence on their partners for resources in terms of supply. Where the SME had high values attached to the relationship, large sums of revenue was a key motivator to try and resolve any issues when then arose;

> *They have a network of 8,000 re-sellers worldwide – which is, so it's enormous, so us backing, putting all our eggs in that basket was, you know, there was a lot of, a lot of good reason to do that* (OM, Software SME).

In addition to the costs of production and legal costs, there was an emotional cost to ending the relationship and these factors had to be taken into account by OMs. Relational investments and emotional impact had a large influence on the repair impetus. Considerations were made in relation to the time and effort involved in creating and maintaining new relationships as a result of dissolving existing relationships. Learning about new markets, training partner personnel, developing interpersonal relationships were all part of the inputs a partner had made to the relationship over a long period of time and the loss of bonds, links and ties would be great if the relationship dissolved;

> *I made the decision at the time that the better course of action was to see if we could get out the far side of our issues because simply to try and access that market again with a new partner, beginning all over again, having to retrain them and retrain their staff, in a market that was going to be competitive. It was better to try and repair the existing relationship, and we would always say within our business it's much easier to work through your problems with an existing distributor than to have to go and find a new distributor* (Sales Director, Consumer Electronics SME).

The outcome of this process was paramount on the decision making process to repair or dissolve B2B relationships as the evaluations led OMs to take action and start to work towards changing the negative state of the relationship into a positive one.

The state of the relationship pre transgression; Weak relationships

Weak relationships failed to develop as a result of a number of factors weakening their ability to reach mutual levels of trust and commitment which are core components of sustainable B2B relationships. In the weak relationships studied, OMs were constantly questioning each other's ability to perform due to uncertainties within the relationship. Factors such as the reputation of the company for unfair dealing prior to forming the partnership caused concern. For example, it was noted by one OM that even in the negotiation stage there was a feeling that their partner's unethical behaviour in the industry could become an issue for them. They knew from experience that certain companies could not be trusted;

> *Well we knew a certain amount ... we knew that they were charmers and they could talk the talk, and I sat down and I took the conscious decision. I said, "Well look it, you won't always do business with people you like all the time". There are so many different characters out there that you have to look and sum them up and decide, "Is it worthwhile going forward with this type of thing or not?" At the time, we needed somebody to do that end of things for us and we checked them out and we sat down and we had a good talk and everything seemed fairly ok and then the relationship proceeded* (OM, Safety SME).

A number of OMs mentioned the types of individuals involved in the relationship as potential blockers to strong relations. These *'difficult individuals'* caused strain because on-going interactions and negotiations were always challenging;

> *He was just difficult and I have since heard from other people that he is very difficult to get on with* (OM, Consumer Electronics SME).

These factors placed a huge risk on on-going and future interactions. If the challenges were known but acknowledged then OMs could have potentially worked with the partner in context, but if they were overlooked, when relations broke down there were serious consequences. This was not only catastrophic for the business relationship but also had ramifications for the future of interpersonal relations;

> *We would have a very fractious relationship with him, you know, we're, like, we are the biggest customer… and what we want to do is get on with our life, get on with our job … but he has kind of taken it upon himself to…destroy anything we can do* (OM, Transport Services SME).

Constant pressure with difficult individuals meant that trust could never reach the level required to develop a long term cooperative relationship. The SME's ability to perform was impacted by individuals who went out of their way to damage business relations;

> *We just know we have no future with these people, and they have a great product but the guy, one guy in the company is destroying it … so when you have people like that in business, it's very hard to work with them* (OM, Services SME).

Precipitating events leading to relationship breakdown

In weak relationships, there were events where interactions were severely strained because the agreed rules of the relationship were clearly broken. For example, taking advantage of a company by copying their products which had been sold to them to enhance their own product range was perceived as an act of dishonesty;

> *Eventually what happened was … they ended up … copying what we were doing, they had products that they knew they needed or that they decided that they needed as part of their range but needed to produce more cheaply… [They] hit a market that we weren't hitting with them and subsequently… were substituting our products…so the sales were going down* (Sales Manager, Consumer Electronics SME).

Taking advantage of the partnership was also illustrated in other relationships where SMEs had invested people and financial resources in developing products and services for their partners. During the time it took to develop such services, the partners decided to shift their focus elsewhere which caused huge psychological and financial burdens on partners because of the time and effort it took to develop the service, including investment in new resources;

> *…and they invested to have, some money to have this product built for them, and by the time we had got it built, we had hired a lot of developers to get it done and we had spent a lot of money on it and by the time we got it built … their focus was elsewhere and they sort of left us high and dry* (Chief Technical Officer, Software SME).

Aggressive and threatening behaviour by partner OMs led to more serious relational breakdown. In what should have been a forum to address business issues, one meeting ended very badly with one company feeling severely let down by the behaviour of a Director. A key finding from this event was the effect one individual had on the perception of the overall company;

> *The director went on the defensive and he was nasty now, he was not nice at all, and he kept saying to me, "Well, you know, if you lose this girl off of your account … you are really not going to get the service that you require" and I said, "I think you don't understand me. I don't want her on the account. In fact I don't want you guys working for us anymore because number*

1, you're actually risking our reputation by the message you are sending out there" (Manager, Services SME).

When partners were unwilling to solve problems concerning product and service quality, relations were severely damaged. Any lack of acknowledgement and uncaring attitude led to situations where the partner could no longer support the business relationship. The longer these issues went on, the more frustrated the partner became;

> *But issues just kept getting swept under and swept under and swept under and there was just too many of them at the end, you know* (OM, Services SME).

Perceptions of relationship efforts made by each partner were clearly considered to be important by OMs. For instance, lack of reciprocity adversely affected B2B relationships, where the impetus for dissolution was provided when business exchanges became one sided;

> *But over a period of time, they started becoming greedier with my time, so at the drop of a hat demanding that ... I would pop out, whereas if I rang and requested the same thing, it would be scheduled in, so it was payable time, and it was all of this sort of stuff, which wasn't agreed in terms of the structure of what we had agreed, so my hour was nothing like their hour* (OM, HR Services SME).

More serious network related behavioural events were when a partners made false claims and/or lied to end customers about their partner. These claims could have seriously damaged the reputation of the partner in the industry. As expected the SMEs were extremely upset because they were unable to convince the customer that they were not at fault. At this stage there was no trust at all in the partner company to deliver that service for them again after what they had done;

> *It got to such a stage whereby they contacted a client directly and slandered us and…lied to the client ... and it came to a situation where I had to go into the client and sit down and the client was so upset that they asked me to leave at the time…*(OM, Security Service SME).

The evaluation of the precipitating events in weak relationships

Individual behavioural factors had a huge influence on the evaluation of these events. As stated previously, aggressive behaviour and an arrogant attitude in dealing with client issues and/or denial of any wrong doing led to serious relational break down and managers noted that this behaviour reflected the culture of the partner organisation;

> *…his own behaviour that particular day was just not acceptable from a director and I just thought, "You're not going to change because the ethos in your company is embedded"* (Manager, Services SME).

When relaxed attitudes and slow responses to issues occurred over long periods of time, they eventually forced partners to look for alternatives. In some cases, the tensions were so high that the SME didn't even want the B2B relationship to work anymore;

> *I am kind of at the point where I actually don't want the contract from them now. I want it not to work, I want to find an alternative supplier, and even if he gives me a contract now, I am going to delay signing it* (OM, Services SME).

Perceptions of relationship efforts to repair the damage made by each partner were clearly considered to be important in the evaluation by OMs. If a partner felt that OMs were not interested or committed to resolving issues in the relationship, that was perceived to be a

reflection of the partner's wider attitude towards the relationship;

> *"Where's* [the manager]?" *and she explained that I couldn't make it, and literally the woman just said, "Right, we're cancelling all our services" and there, you know, I, unfortunately I just couldn't go for whatever reason ... me not attending the final meeting was the kind of straw that broke the camel's back* (Sales Manager, Telecoms Services SME).

These behavioural issues in weak relationships led to a complete breakdown in trust which severely affected exchanges and once trust started to fall apart, it was very difficult for OMs to go back to the way they were before the transgression;

> *...it's a small area and we were doing, I was referring an awful lot of clients to them, and then all of a sudden the referrals started to drop ... so it broke, the relationship started to crumble very quickly in terms of my trust* (OM, HR Services SME).

At this stage, the OM had to initiate dissolution of the relationship because there was no trust at all in the partner company to deliver that service for them again after what they had done;

> *...nothing I could do was going to salvage it because it got into such a serious nature that if anything, it could have gone legal and damaged our reputation because of something they carried out* (OM, Security Service SME).

In summary, the severity of some of the events described above did have an impact on the advancement of dissolution, but the repair from such events was contingent on the strength and ability of the relationship to withstand such transgressions. It must be noted that these factors and events were interrelated which demonstrated the complex dynamic nature of repairing B2B relationships in dissolution.

DISCUSSION

Business to business relationships characterised by high strength based on satisfaction, trust and commitment facilitated the evaluation of precipitating events when they arose (Wong & Sohal, 2002; Storbacka et al, 1994).Strong relationships had a sense of goodwill between the partners that endured throughout exchanges (Arino et al, 2005; Das & Teng, 1998). Of note, strong relationships were more future-oriented as OMs were able to anticipate future interactions because of the positive exchanges they experienced with their partners on an on-going basis (Young & Wilkinson, 1997; Crosby et al, 1990). The strength of these relationships contributed to lasting bonds as there were assurances that the partner was able to meet expectations and even more importantly, they were trusted (Arino et al, 2005). When precipitating events arose in the course of interactions and exchanges, immediate dissolution was less likely because bonding had been allowed to develop between the partners (Davies & Price, 1999; Scanzoni, 1979).

The precipitating events identified were both cognitive and behavioural and were found at individual, relationship and network levels (Dirks et al, 2009; Tahtinen et al, 2007). Moreover, the state of the relationship was affected by these events as some or all of the components including; norms, satisfaction, trust, commitment and interpersonal relationships were damaged (Dirks et al, 2009; Salo et al, 2009). Trust, affect and exchange were impacted by the breakdown (Dirks et al, 2009; Purinton, Rosen & Curren, 2007; Duck, 1984; Levinger, 1983) and normal ways of working and interaction were disrupted. Strong B2B relationships were functioning well before the events and there was a sense of certainty in each partner's behaviour and actions. However when these events unfolded, this level of certainty was called into question as partner's needs became unfulfilled (Ring & Van de Ven, 1994). The events had an influence on the decision making process to repair strained relations but were highly contextualised within the pre-transgression state of the relationship (Dirks et al, 2009). When

relationships were strong, less importance was placed on single precipitating events because partners were confident that conditions would improve. However in weak relationships, precipitating events were viewed as yet another 'destructive act' of behavioural breakdown so the evaluation of the relationship led to either an immediate exit or eventual dissolution (Hibbard, Kumar & Stern, 2001).

The dynamic nature of the evaluation of the relationship following a breakdown was evident at an individual/intra-company level (Mattila et al, 2002) where a number of criteria were assessed internally including an assessment of the past interactions with the partner, the events themselves and their severity (Tahtinen & Vaaland, 2006). OMs looked at the extent to which the events they experienced were either positive or negative (Ulaga, 2003; Weiner, 1986) which involved an assessment of the degree to which their expectations had not been met, as well as the harm the damage had caused to working arrangements between the organisations (Tomlinson & Meyer, 2009; Meyer et al, 1995). Precipitating events weakened the strength of the relationship and therefore partners started to evaluate their satisfaction with the relationship, assess their commitment towards their partners, and assessed their partner's trustworthiness (Tomlinson & Meyer, 2009). Having evaluated past and current exchanges, the OMs then considered appropriate sanctions for future exchanges. The rewards associated with strong relationships included openness and trustworthy individuals versus the costs associated with weak relationships such as aggressive and disinterested individuals who did not care for or maintain their B2B relationships. Positive evaluations included adherence to the rules of exchange and consistent delivery of products and services versus negative evaluations which included opportunistic behaviour and a lack of respect towards B2B relational norms (Tähtinen et al, 2007).

OMs undertook an assessment of the severity of the reasons for breakdown as they made attributions concerning how and why the events came about. This had an influence on the perception of the future of the relationship and whether or not such events might happen again. Dissolution was more evident in partnerships that did not deliver a positive net-value. For example, if commercial gains were not favourable, the resources required to maintain such relationships were too difficult to sustain (Helm, 2004). Costs associated with the relationship included; a partner's lack of maintenance efforts, low levels of respect throughout repeated interactions and, aggressive/over demanding personalities (Harris & O'Malley, 2000). This was then taken into consideration when evaluating and assessing the decisions to repair and continue exchanges or to dissolve them (Harris & O'Malley, 2000).

A key insight was that OMs who had good interaction and communication skills were viewed more favourably by their partners because they were able to adapt to business needs by displaying positive attitudes and goodwill towards their relationships (Thibaut & Kelley, 1959), despite precipitating events. Similarly if good interpersonal relationships existed, relationships were considered rewarding (Coulter & Ligas, 2000). When OMs were open and honest, fair and dependable, they were evaluated as a reward in the relationship and not a cost to it (Smith, 2002).

Previous studies have shown that an assessment of attenuating factors contributes to the restoration of the relationship (Vaaland & Tahtinen, 2006). Indeed this research showed that Lost relational investments (Crutchfield, 2002; Moorman et al, 2002), sanctions for future business (Tahtinen & Vaaland, 2006; Alajoutsijarvi et al, 2000; Felmlee et al, 1990), dissolution process costs (Tahtinen & Vaaland, 2006; Vaaland & Freeman, 2002; Heide & John, 1990), availability of alternatives and opportunity costs (Sharma & Petterson, 2000; Stewart, 1998) and financial and resource dependencies (Tahtinen & Vaaland, 2006; Nielson,

1996) acted as attenuating factors that increased the likelihood of repair. However this study highlighted the dynamic nature of evaluating relationships in dissolution. Attenuating factors are static in nature but when combined with past evaluations of performance and OMs decision making processes adds a new perspective on this emerging research phenomenon.

This period of transition was stressful for OMs as there was uncertainty regarding the future of the relationship, which would translate into future revenue losses and reputation damage for the SMEs. Nevertheless it was the starting point of steps towards repair, the renegotiation of commitment with new conditions and the evolution of the relationship to a positive state (Levinger, 1983). The evaluation of precipitating events and analysis of attenuating factors led to positive or negative outcomes for the partnership. The outcomes of the process included the dissolution of the relationship or the decision to continue it and therefore repair was initiated (Tahtinen et al, 2007).

IMPLICATIONS AND CONCLUSIONS

Consistent with Halinen & Tahtinen (2002) and Duck (1982), this research concludes that the state of the relationship pre transgression plays a significant role in the evaluation of the decisions to repair of B2B relationships in dissolution (Dirks et al, 2009). Factors such as; reputation, definition of tasks, organisational culture, performance expectations and OM personalities facilitates the construction of relational exchanges, which forms the basis of strong or weak relationships (Halinen & Tahtinen, 2002; Duck, 1982). SMEs in strong relationships are generally satisfied with their partners as their expectations have been met during the course of interactions and past exchanges (Geyskens et al, 1999). These businesses establish close cooperation at interpersonal and B2B levels characterised by relational norms, mutual satisfaction, trust and commitment (Salo et al, 2009; Harris et al, 2003; Morgan & Hunt, 1994; Dwyer et al, 1987). What is noteworthy here is that the presence of commitment and trust provides a fertile environment for the creation of strong inter-personal relationships (Ring & Van de Ven, 1994). The existence of personal bonds and social ties are important in the development and formation of psychological contracts (Ring & Van de Ven, 1994; MacNeil, 1980). They also act as a buffer in times of trouble where they are known to reduce the possibility of dissolution (Gedeon et al, 2009; Halinen & Salmi, 2001; Ring & Van de Ven, 1994). When precipitating events cause these relationships to breakdown, the existence of such relational commitment and trust reduces the partner's intention to dissolve their relationships (Morgan & Hunt, 1994) and as such, creates voluntary decisions to repair them through the evaluation of precipitating events on cognitive and behavioural levels (Hocutt, 1998; Rusbult et al, 1991).

The study also provides insight into the impact of weak relationships on the evaluation of precipitating events in dissolving B2B relationships. These relationships are generally characterised by unfavourable factors pre transgression, such as the inability to agree commercial terms, power imbalances and acknowledgement of poor reputation which makes them more vulnerable to dissolution (Halinen & Tahtinen, 2002). OMs find it difficult to build strong relationships from the outset because of these factors, so when the relationship breaks down, the evaluation of the issues in the context of an already vulnerable relationship makes the repair decision making process very difficult and any subsequent processes afterwards (Vaaland, 2003).

Following the call from Salo et al (2009), this research contributes to the antecedents of the repair process with the inclusion of the state of the relationship pre transgression and the

dynamic sub process of evaluating the relationship to aid the decision making process towards repair or dissolution.

The paper also provides important implications for managers:

Strong relationship is critical: The empirical findings suggest that a challenge for SMEs in building long term relationships is the development of policies at all levels to foster trust and cooperation through open communications. Management involvement and monitoring of the progress of relationships is essential to the on-going success of their B2B relationships. Indeed, this needs to be communicated within the SME so that all employees understand the importance of maintaining strong relationships with their partners.

Conduct in early interactions: Conduct in early exchanges is something that SMEs can exercise a great deal of control over. If they understand that their behaviour will have an impact on both current and future exchanges, then OMs can show the meaning of their behaviour to their partners, so that they have appropriate perceptions of the SMEs ability to perform.

Conflict is part of doing business: In strong relationships, directors should be aware that precipitating events are part of doing business (Jap & Anderson, 2007; Anderson & Narus, 1990). Indeed, the OMs response to these is an important part of the process. This research shows that behavioural conflict should be avoided as it shows the partner organisation that they can be trusted. Therefore, repair management skills should be honed within the SME organisation so that all employees realise the benefits of conducting favourable exchanges with partner companies. This research shows that SMEs learn from their experiences which should then be passed on to other managers so that there are procedures in place to deal with these incidents if they arise in the future (Dwyer et al, 1987).

Interpersonal relationships are vital: An important managerial implication is that OMs must recognise the importance of developing strong interpersonal relationships across all levels of their partner companies (Ring & Van de Ven, 1994). This research demonstrates that there is a significant association between strong interpersonal relationships and B2B trust and commitment. Thus all employees involved in the B2B relationship must be encouraged to develop relationships with their counterparts in the partner organisation. Consequently when relationships break down, these interpersonal relations help to resolve issues.

Evaluation of the Study

Lincoln and Guba (1985) have provided four evaluative criteria for interpretative research namely: Credibility, Transferability, Dependability, Confirmability. Concerning credibility, closeness to the data was maintained, as all interviews were conducted by the researcher, who also completed the transcription and analysis (Patton, 1990). This prolonged engagement meant that the researcher understood the context in detail and learned about the case companies, in order to detect and take account of distortions that could have occurred (Lincoln & Guba, 1985). In addition the researcher was able to build trust with the OMs. This was developed by assuring respondents that the information they gave would be held in confidence and their anonymity protected (Miles & Huberman, 1994). They were also encouraged to influence the process of inquiry as data was gathered from respondents who had direct experience with the phenomenon under investigation (Denzin & Lincoln, 1998). During the course of data gathering, conclusions drawn and interpretations made were sent to the participants for review to ensure their accuracy and credibility. This process gave participants the opportunity to

correct any errors or wrong interpretations and offered researcher insight into the accuracy of the documented findings (Richardson, 1994).

It is the responsibility of the interpretivist to provide rich descriptions of CI data so that judgments could be made regarding its transfer to other studies by other researchers (Dey, 1993; Lincoln & Guba, 1985). In order to transfer interpretations to another context, the specifics of the context from where the data came from needs to be understood in addition to the specifics of the context to where it is going to be applied (Dey, 1993). The findings from the CIs were considered within the SME context (Miles & Huberman, 1994; Dey, 1993). For this research the findings, interpretations and recommendations were presented to an external observer, a postdoctoral researcher outside the research study, for examination (Yin, 2007). To further enhance the findings, a chain of evidence was established through the development of a research protocol – participant terms of reference. All records from the inquiry were properly maintained and coded which helped when the researcher was later cross referencing and prioritising data (Miles & Huberman, 1994; Dey, 1993). The trail categories included: raw data, data reduction and analysis notes, data reconstruction and synthesis products, process notes and reflective practice material (Dey, 1993; Lincoln & Guba 1985). To improve confirmability, the analysis provided quotations from interview data which shows the chain of logic to external readers whereby they can make their own assessment of the analysis (Salo et al, 2009).

A number of important observations can be made about the current state of research in the field. Chief among these is the paucity of the literature post the call by Salo et al (2009) for more work. Over the last six years we have learned a lot about relationship repair, however a lot more work needs to be done (Dirks et al, 2009; Tahtinen et al, 2007). This article is part of an ongoing research project in to the sub processes of repair in dissolving B2B relationships. Further research could be utilised to refine, modify or confirm findings by replicating the study in larger case populations. By studying larger populations, reassurance is given that the findings developed in one research investigation are not wholly idiosyncratic. Future research could consider using larger companies as the comparative between large firms and SMEs may be interesting. The theoretical concepts provided should be explored in other contexts and internationally where cross comparisons can be made.

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