The moderating effect of the state of the relationship on business to business relationship repair: An Irish SME perspective

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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 relationships on the brink of ending. 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 repair process. The aim of the paper is to addresses how the state of the relationship pre transgression has a moderating effect on dissolution and influences the repair process of B2B relationships (Dirks et al, 2009; Halinen & Tahtinen, 2002). The empirical research presented in this paper is part of a broader study of relationship repair in Irish SME B2B relationships. The critical incident technique has been adopted to interpret

and explore in greater detail, SMEs experiences of repaired and dissolved relationships (Shurr, 2007; Flanagan, 1954). In total over fifty critical incidents relating to experiences of repair and dissolution were gathered during interviews with Owner Managers (OMs).

The findings suggest that the state of the relationship pre transgression played an important role in the process of dissolution and repair (Dirks et al, 2009). SMEs in strong relationships with strong 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, Shurr and Oh, 1987) reduced partner's intention to dissolve their relationships (Morgan & Hunt, 1994) and created voluntary decisions to repair them (Hocutt, 1998; Rusbult, 1983). This was in contrast to weak relationships where events leading to breakdown were evaluated in the context of an already vulnerable relationship and subsequently led partners to pursue dissolution (Vaaland, 2003).

Introduction

Despite research suggestions that business to business (B2B) relationships facing dissolution can be saved, much of the extant literature has focused on the processes of dissolution as opposed to how they are repaired (Dirks, Lewicki & Zaheer, 2009; Salo, Tahtinen & Ulkuniemi, 2009). Only recently has interest in the phenomenon of repairing relationships begun to take momentum (see Salo et al, 2009; Tahtinen, Paparoidamis & Chumpitaz, 2007; Tahtinen & Vaaland, 2006) and although these studies provide an excellent start, they have not captured the broader problem of B2B relationship repair (Dirks et al, 2009) including the influence of the state of the relationship on the repair of relationships in trouble (Salo et al, 2009). Moreover, current dissolution studies present the logic of separating the reasons for relationship dissolution from factors influencing the process of dissolution yet this has not been explored sufficiently to date (Havila & Tahtinen, 2010; Tahtinen & Halinen-Kalia, 1997). In response to this research gap, the current paper addresses how the state of the relationship pre transgression has a moderating effect on dissolution and influences the repair process of B2B relationships (Dirks et al, 2009; Halinen & Tahtinen, 2002). Therefore, 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 repair process.

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

Conceptualising and Operationalising Relationship Repair

Research has shown that companies in B2B relationships are influenced by negative events that affect on-going exchanges, but that the strength of these relationships is tested by the partner's ability to manage such issues (Driver, Tabores, Shapiro, Nahm and Gottman, 2003). However, research focussing on B2B relationship dissolution and repair has received much less attention in the literature (Havila & Tahtinen, 2011; Tahtinen & Halinen-Kaila, 2002; Dwyer et al, 1987) compared to studies concerning the development of sustainable, long term relationships and the criteria important to maintain them (Wilson, 1995; Morgan & Hunt, 1994; Dwyer et al, 1987). Therefore, research is needed to understand the underlying dynamic processes at work following negative events (Ryan & O'Malley, 2006; Halinen, 1997). One such dynamic is the state of the relationship pre transgression.

A strong relationship can resolve conflict because it is governed by a broad set of social norms and a willingness to continue the relationship for both economic and social reasons. Relationship strength means that an organisation is able to rely on another firm's integrity and has confidence in any future interactions because past performance has been satisfactory (Wong & Sohal, 2002; Crosby et al, 1990). Relationship quality (Crosby et al, 1990; Crosby & Stephens, 1987) and overall satisfaction (Cronin & Taylor, 1992) can influence a partner's intention to remain in relationships so these criteria are crucial in managing the propensity to leave a relationship in dissolution (Ulaga & Eggert, 2006; Hennig-Thurau et al, 2002).

A number of criteria exist that are vital to the preservation of business relationships namely: the development of norms, satisfaction, trust, commitment, interpersonal relationships, communication and dependence. These are now discussed in relation to their influence on the state of the relationship (see Table 1)

Table 1 Criteria related to the state of the relationship

Criteria	Relationships	Authors
Establishing norms	• Cooperative relationships require the development of norms to facilitate behaviour • Companies demonstrate their priorities and agree goals and aspirations • Psychological contracts are developed. When contracts do exist, they are rarely used in disputes. • Relationship preservation is paramount once agreed rules of behaviour are established • Two norms considered vital include harmonizing conflict within the relationship and preserving the relationship.	Jap & Anderson, 2007; Arino et al, 2005; Doz, 1996; Wilson, 1995; Ring & Van de Ven, 1994; Larson, 1992; Bradach & Eccles, 1989; Sabel & Zeitlin, 1985; MacNeil, 1980; Weick, 1979; Kotter 1973; Maccauly 1963
Expectations/ partners ability to perform	• When past performance has been consistently satisfactory, companies have more confidence in their business partner • When partners undertake evaluations regarding their business partners, they are assessing not only the satisfaction with the level of performance received (cognitive) but also the satisfaction with behaviours that accompany the performance (affective) • As overall relationship satisfaction increases, a firm should respond positively to relationship problems and constructively make attempts to continue the relationship	Beloucif, Donaldson & Waddell, 2006; Ganeson, 1994; Ulaga & Eggert, 2006; Woo & Ennew, 2003; Geyskens et al, 1999; Harris & O'Malley, 2000; Rusbult et al, 1991; Anderson & Narus, 1990; Hocutt, 1998; Ping, 1997; Dwyer et al, 1987; Frazier, 1983; Storbacka, Strandvik & Gronroos, 1994; Ping, 1993, 1997.
Trust	• Assumes a key role in building expectations for future cooperation and planning between firms • The economic relevance of trust is that it reduces the specification and monitoring of contracts, provides incentives for cooperation and reduces uncertainty • A high level of trust can reduce the perception of risk and encourage partners to invest in the future of the relationship • Actors are vulnerable in business situations as they are placing confidence in another partner to deliver on expectations and not take advantage of the relationship	Ulaga & Eggert, 2006; Arino et al, 2005; McEvily et al, 2003; Dwyer et al, 1987; Morgan & Hunt, 1994; Wilson, 1995; Greenberg, Greenberg & Antonucci, 2008; Hill, 1990; Nooteboom, 2002; Zaheer et al, 1998; Jiang et al, 2011; Wilson, Straus & McEvily, 2006; Dyer & Chu, 2000; Doney & Cannon, 1997; Seppanen et al, 2007
Interpersonal relationships	• Personal attributes such as dependability, honesty and fairness, foster feelings of trust. • Untrustworthy behaviour can lead to costly sanctions that exceed the benefits that this behaviour can provide.	Bradach & Eccles, 1989; Ring & Van de Ven, 1994; Gundlach & Murphy, 1993; Dwyer et al, 1987.
Commitment	• Commitment levels have been found to be the strongest predictor of voluntary decisions to remain in a relationship • Attitudinal Commitment has high levels of communication; social and financial resources • Behavioural commitment provides a common understanding of the effectiveness of future exchange; • Bilateral exchange of human and physical assets communicates the credibility of commitment • Consistency where companies engage resources to actively maintain social bonds; Mutual goals; Confidence on exchange effectiveness;	Ping, 1999; Dwyer et al, 1987. Rusbult & Farrell, 1983; Gundlach, 1995; Dwyer et al, 1987; MacNeil, 1980; Blau, 1964; Anderson & Weitz, 1992
Power-dependence	• The long term effects of power can be detrimental and can lead to dissatisfaction on the part of the dependent party • Imbalanced B2B relationships are less cooperative and have greater conflict. • Organisations are relying less on power as a coordination mechanism. • When there is a high level of dependence between companies, interdependence exists • Asymmetrical dependence makes relationships unstable and can lead to dissolution over time • If managed well, dependence can create value in an exchange and increase the overall value to be shared.	Weitz & Jap, 1995; Emerson, 1962; Morgan & Hunt, 1994; Anderson & Weitz, 1989; Dwyer et al, 1987; Frazier, 1999; Gundlach, Achrol & Mentzer, 1995; Heide, 1994; Gulati & Stych, 2008; Fontenot & Wilson, 1997

Relationship quality based on trust and commitment can be expected to influence relationship strength which facilitates the resolution of conflicts (Barry et al, 2008; Storbacka et al, 1994);

while trust, communications, affective commitment and relational bonds also contribute to relationship strength (Barry, Dion & Johnson, 2008; Smith, 1998b).

During the course of interactions in B2B relationships, there is always the possibility of dissolution (Dwyer et al, 1987; Ring & Van de Ven, 1994) however, the management of dissolution is contingent on the state of the relationship before the process begins (Dirks et al, 2009; Halinen & Tahtinen, 2002). Within certain B2B relationships, dissolution does not pose an issue for companies who have better alternatives that can satisfy their needs (Scanzoni, 1979; Kelly & Thibaut, 1959). However, 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).

Dissolution is influenced by a number of factors that challenge business interactions and exchanges. In the B2B literature, Halinen & Tahtinen (2002) propose a categorisation of influencing factors on the dissolution of relationships. These factors can be classified into; predisposing factors, precipitating events and attenuating factors. The ending process is influenced by predisposing factors, advanced by precipitating events and indirectly affected by attenuating factors (Vaaland & Purchase, 2005). Notably, none of the factors act on their own, but influence managers' actions and decisions in the context of their relationships (Halinen & Tahtinen, 2002).

As predisposing factors are less visible, they can provide a certain amount of risk concerning the state of the relationship and should be recognised by business partners (Halinen & Tahtinen, 2002; Tahtinen & Halinen-Kalia, 1997). Warning signs are evident to partners but sometimes are not recognised (Hallen & Johanson, 2004; Gronhaug et al, 1999) so a relationship can fade away if a partner does not recognise an on-going change towards dissolution. Low levels of internal commitment, no win/ win situations and the inability to establish roles and responsibilities weakens the relationship, which has implications for future exchanges (Hallen & Johanson, 2004; Heffernan & Poole, 2004).

The next category of factors relate to precipitating events that trigger or advance breakdown during interactions and exchanges between partners and their environment (Halinen & Tahtinen, 2002; Tahtinen, 2003; Duck, 1982). Precipitating events can happen during the

course of the relationship or they can be sudden, leading to an immediate break-up (Halinen et al, 1999). These events can be cognitive such as performance failure 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). In B2B relationships the study of precipitating events has shown that 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 (Holmlund & Strandvik, 1999b). However, it is the way the partners react to these events that is the primary issue (Vaaland & Purchase, 2005; Havila & Salmi, 2000). An important feature of the literature on relationship dissolution is that one event alone does not cause dissolution (Pressey & Selassie, 2007). They have a long term effect when there is an accumulation of events that represent hidden weaknesses in the relationship to begin with (Holmlund & Strandvik, 2003). Therefore, if companies do not make attempts to change the relationship in order to repair it, dissolution is more likely (Hallen & Johanson, 2004).

Following such events, 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). Conceptual models such as that proposed by 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 (Dirks et al, 2009). Thus far, previous studies have neglected to capture this part of the process. Indeed, once an event calls into question the state of the relationship, a challenge is needed where the offended party draws attention of the negative event to their partner (Ren & Gray, 2009). In strong working relationships based on trust and commitment, it is found that in the face of conflict, constructive responses are increased as opposed to aggression (Hibbard et al, 2001; Dant and Schul, 1992; Anderson and Narus, 1990). This suggests that, the decision to communicate and voice is influenced by the state of the relationship pre transgression (Halinen & Tahtinen, 2002).

In addition, when partners are considering whether or not to repair their relationship, they undertake an evaluation of the relationship internally to assess if it is worth continuing (Mattila et al, 2002). The outcome of this evaluation is a set of attenuating factors that influence the decision to repair a troubled relationship. One such factor that can have a

significant attenuating effect is 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). 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 (Halinen & Tahtinen, 2002; Neilson, 1996; Ping, 1993) as well as personal bonds established between individuals and teams (Tahtinen, 2003).

Following evaluations, relationship repair occurs when there is a renegotiation of the social order and when companies perceive that new and fair exchanges have been resumed (Scanzoni, 1979). Repair is effective when the offending party has been able to renegotiate the state of the relationship in a fair manner so that the offended party is happier with the outcome and less resistant to future interactions (Scanzoni, 1979). When conflict is repaired commitment can be strengthened (Blau, 1964; Coser, 1956). If a certain level of personal bonding exists between individuals in both organisations, relationships can continue (Andersen & Kumar, 2006). Affective trust has deeper consequences and is longer lasting then cognitive trust which is more fragile. Thus, repair of relationships is dependent on the positive affective states between individuals (Andersen & Kumar, 2006).

Research Method

This paper adopts a 'critical incident' technique to explore the moderating effect of the state of the relationship on relationship repair. Critical incidents cause uncertainty concerning the preservation and continuity of relationships (Edvardsson, 1984) and as such force OMs (Owner Managers) to demonstrate commitment to the relationship. One such critical event is the threat of B2B dissolution (Halinen & Tahtinen, 2002; Ford, 1982). CIT is appropriate when the goals of the research include both managerial practicality and theory development (Keaveney, 1995). As CIT is inductive in nature (Edvardsson, 1988), 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 allows the researcher to develop concepts and theories (Gremler, 2004). Researchers have found that CIs provide rich, contextual research data and offer researchers 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 researchers have confirmed this 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 dissolution, they also detail the processes 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 which gave the researcher powerful insights regarding the phenomenon (Gremler, 2004).

Prior research posits that CIs lead to significant changes in B2B relationships. In business relationships, a single incident is not critical but when combined with other factors such as the state of the relationship and other incidents can lead to significant change (Halinen et al, 1999) For this research, CIs were defined broadly and 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 repair efforts were needed, or incidents that led to the dissolution of the relationship (van Doorm & Verhoef, 2008).

A sample of SMEs (Small and Medium-sized Enterprises) were examined where OMs gave their experiences of dissolved and repaired B2B relationships. 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. The researcher conducted interviews 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, the researcher identified potential interviewees and then made contact with these SME OMs/ directors by email to ascertain if they had experiences of troubled relationships that repaired or dissolved. Based on prior research, the researcher 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 allowed the researcher to explore SME dynamics in relationship dissolution.

Findings and Discussion

A significant finding from the research is that the state of the relationship prior to a transgression had an impact on the repair process of B2B relationships in SMEs (Dirks et al, 2009; Friman et al, 2002; Halinen & Tahtinen, 2002; Ford et al, 1996; Larson, 1992; Duck, 1981). In order to understand the relationships before the trouble began, a set of key criteria including; the establishment of norms, perceived ability to perform, building trust and commitment and interpersonal relations contributed to the identification of SME's strong and weak relationships with proved fruitful in the understanding of the phenomenon; *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 B2B relationships based on mutual long term collaboration helped the repair process of relationships on the brink of dissolution. The development of strong ties between partners displaying satisfaction, trust and commitment had a better chance of recovering from negative events than weak relationships (Friman et al, 2008; Crosby et al, 1990). Interactions were managed with a long term perspective driven by OMs who were willing and committed to maintaining such relationships (Parkhe, 1998; Morgan & Hunt, 1994; Dwyer et al, 1987); *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).

Table 2 Key Research Findings

	Strong Relationships	Weak Relationships
Establishing norms	• Motives and behaviours were mutually understood • OMs learned how to work together to achieve their goals despite differences	• Norms were difficult to develop • Interactions were strained due to predisposing factors either at an individual or dyadic level that left the parties vulnerable to dissolution
Expectations/ partners ability to perform	• Partners were happy with the level of performance and service so they were satisfied with the relationship • Expectations were met and partners made on-going efforts to maintain this satisfaction through adaptation	• Satisfaction was low • There was a lack of trust in the individuals and partners ability to deliver on their promises
Building trust and commitment	• There was a high level of trust between the partners • Through past interactions and exchanges, OMs had built trust by delivering on expectations • OMs put in efforts to maintain the relationships as they viewed them as long term • SMEs made adaptations to products and maintained a high level of involvement with partner organisations	• It was difficult to build trust in the first instance • Lack of interpersonal relationships or differences between partners • Earlier exchanges that were not delivered to satisfaction led to a lack of trust • Differences in company objectives and expectations led to less committed actions
Interpersonal relationships	• Strong interpersonal relationships existed between OMs with enhanced information exchange and openness	• Inability to establish interpersonal relationships led to a lack of trust in individuals
Inter-dependence	• Mutual respect for the other party's goals. • Interdependence reached as there was on-going investment and maintenance of the relationship • Relationships were maintained when SMEs performed services to generate on-going commitments to reciprocate benefits received	• Too much power exerted from one side leaving the SME vulnerable to dissolution. • Relationships were unstable because of this power imbalance
Strength of relationship	• Strong relationships were characterised by collaboration and mutual agreements • Underpinned by trust in the individuals involved and a commitment to maintaining the relationship	• Strained relations between the individuals on both sides made it difficult to establish interpersonal satisfaction and trust

However, not all relationships developed to this high level of collaboration and the analysis showed that weak relationships were vulnerable to dissolution at any stage. In contrast to strong relationships, weak relationships created barriers to collaboration and posed risks to B2B exchanges and interactions (Arino et al, 2005; Arino & de la Toore, 1998). Consistent with dissolution studies by Halinen & Tahtinen (2002), the existence of weak predisposing factors posed a risk to these relationships from the beginning (Parkhe, 1998). *Well we knew a certain amount ... we knew that they were charmers and they could talk the talk, and I took the conscious decision… "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).

When partners formed B2B relationships, a number of factors already existed that made the relationships more vulnerable to dissolution (Halinen & Tahtinen, 2002; Duck, 1981). These were underlying and structured thereby creating a platform for OMs to interpret events as they unfolded during exchanges (Halinen & Tahtinen, 2002). The predisposing factors identified in SME's relationships included; organisational culture, process and routines (Pressey & Qui, 2007; Vaaland et al, 2004), definition of tasks to be performed (Halinen & Tahtinen, 2002), partner's reputation (Puranam & Vaneste, 2009), differences in goals (Farrelly, 2010), size differences (Heffernan & Poole, 2004), and individual personalities (Gedeon et al, 2009); *...because they are so big and so powerful you have to buy yourself in to get on their shelves. You can't tell these people what to do ... for the smaller company, you're relying on selling your product, keeping it supplied, ... getting it there on time, with as little problems as possible, complaints and all of that, and again, I think, you know, keeping in front of those people* (Senior Director, Consumer Electronics SME).

What was particularly interesting was that strong B2B relationships involved continuous interaction where OMs took responsibility for the initiation and development of on-going relations between partners (Ring & Van de Ven, 1992; Dwyer et al, 1987). OMs noted that they would personally deal with suppliers and customers in order to maintain such positive relations by being: "*honest and...upfront with them*" (OM, Industrial Machinery SME). Through on-going interactions, both partners gained experience and learned how to work together (Arino et al, 2005; Doz, 1996) which was largely due to the pre-conditions that both parties brought to the relationship "*from day one*" (Arino et al, 2005; Doz, 1996; Scanzoni, 1979). Favourable pre-conditions were vital in establishing norms as they allowed partners to cooperate for mutual benefit because openness, information sharing and collaboration existed at a strategic level (Das & Teng, 2002; Ring & Van de Ven, 1994). Norms were important because they defined the responsibilities and roles between the organisations. They also created expectations of acceptable and unacceptable performances and behaviours (Williams, 2012).

Consequently, strong collaboration between partners led to the development of psychological contracts within the B2B relationships (MacNeil, 1980). Consistent with studies applying social exchange theory, relational control in the form of norms or personal relations was

effective in self-enforcing governance between partners (Dwyer et al, 1987; Anderson & Narus, 1984, 1990; MacNeil, 1980), particularly in the absence of formal contracts. Therefore, while social and economic exchanges existed, interpersonal factors such as involvement and credibility dominated over financial gains: *"It's worthwhile making sure that it's someone you get along with, because you are tied up for a long time"* (OM, Industrial Machinery SME). As a result, even though partners operated within different structures (Vaaland, 2004) and different competitive conditions, they still formed collaborative arrangements by adapting to the needs of the other party (Brennan & Turnbull, 1998; Hakansson, 1982).

Notably, progressive OMs understood how important it was to manage their relationships and make inter-dependencies work (Levitt, 1983). They constantly undertook continuous interactions and communications with the objective of meeting their partner's expectations: *"you develop the relationship over the years and…they get to know you"* (OM, Security Services SME) (Friman et al, 2008; Crosby et al, 1990). If these expectations were met then the relationship was considered beneficial and satisfactory for both parties (Hennig-Tharau, 2000; Halinen, 1997; Leuthesser, 1997). Thus, the ability to perform and positive expectations led to satisfaction in the partnerships which also aided the development of trust and commitment.

A key finding from the analysis was that trust played a pivotal role in the on-going maintenance of strong, collaborative relationships (Tomlinson & Mayer, 2009; Arino et al, 2005; Hakansson & Wootz, 1979). Any damage to trust caused serious consequences on the continuation and on-going success of such relationships: *"they became suspicious of me … our relationship began to break down"* (OM, Software SME). When trust existed, OMs and their partners had a tendency to work out their issues in a constructive manner because they trusted each other enough to be able to air their grievances (Anderson, 1995; Morgan & Hunt, 1994; Anderson & Narus, 1990; Houston & Gassenheimer, 1987). Productive B2B interactions allowed SMEs to demonstrate their trustworthiness*: "you have to go to bat internally for another organisation"* which proved significant in the development of commitment between the partners (Friman et al, 2002). B2B exchanges and interactions, which reinforced OM's expectations, increased the perceptions of trustworthiness (Friman et al, 2002; Hakansson & Wootz, 1979) which was consolidated when partners gained confidence in their partner to deliver as promised through repeated exchanges (Tomlinson & Meyer, 2009; Arino et al, 2005; Doz, 1996). Thus, B2B interactions had an effect on the level

of trust in the relationship and on the overall level of relationship quality and strength (Garbarino & Johnson, 1999; Crosby et al, 1990).

As well as the trust that existed, there was a requirement for partners to demonstrate their on-going commitment to exchanges (Wilson, 1995; Morgan & Hunt, 1994). In order to maintain long term partnerships, OMs made on-going efforts to invest in relations by adapting their products and services to meet their partner's needs (Morgan & Hunt, 1994; Dwyer et al, 1987). There was a willingness and desire to maintain positive interactions between the partners in strong relationships which created a sense of unity (Barry et al, 2008; MacNeil, 1980); *The first thing we did was, we changed one of the salespeople, one of the girls we had selling for us, we changed her role to totally focus on account management and it just worked brilliantly so now we ... have a divide now between sales and account management and we buddy up our sales team and our account management team on the different accounts* (OM, Software SME C). As a result of these activities, an environment of continued effective exchange was fostered, which helped preserve relationships by providing evidence of commitment through exchanges of people and assets (Dwyer et al, 1987; MacNeil, 1980).

In contrast, relational norms were eroded in weak relationships when partners acted in bad faith during exchanges which subsequently had an impact on the perception of the partner's reputation and future interactions (Arino et al, 2005): "*and they were supposed to be doing all the work but it turned out that we were doing all the work and we were getting very frustrated with that*" (OM, Software SME). Predisposing factors were less favourable and interactions were viewed with suspicion and scepticism. In some cases these factors were known and acknowledged by OMs, so there was always a possibility that opportunistic behaviour and unfair dealing could surface at any stage: "*they can be quite cold about it and they just see you as a buy and sell relationship*" (OM, Clothing Manufacturer SME).

Thus, while some relationships created norms of working that focussed on healthy behaviours such as sharing responsibility, adaptation and honesty, relational norms in other relationships were dominated by opportunism and suspicion (Williams, 2012).

In weak relationships there was a lack of effort in exchanges which resulted in low expectations and dissatisfied partners. In these relationships, exchanges were strained because one partner felt that they were putting in all the effort with little or no reciprocity from their partners. When the level of inputs were low and one sided, the relationship was unsatisfactory for OMs (Burgess & Houston, 1979; Blau, 1964). Other issues compounding the ability to

perform included the imbalance of size and power between partners: "*You can't tell these people what to do, you know, for the smaller company, you're relying on selling your product, keeping it supplied, keeping it… getting it there on time, the right thing… with as little problems as possible*" (Senior Manager, Consumer Electronics SME).

This asymmetric dependence was uncomfortable and dissatisfactory for OMs as it left them in situations where they could lose contracts which would have caused considerable damage to their financial situation and reputation (Heide, 1994; Anderson & Weitz, 1989; Dwyer et al, 1987). Weak inter-dependence and ignoring weaknesses within the relationship meant that in certain situations, OMs were surprised when transactions were reduced by their partner (Hallen & Johanson, 2004).

Weak relationships were unable to reach the levels of trust and commitment required to sustain B2B relations. Interactions became unstable due to individual and company factors that were known and understood by the OMs; *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). For instance if partners had a history of unfair dealing and were perceived as dishonest, relationships were constantly strained because of the inability to establish trust (Heffernan & Poole, 2004; Buchel, 2003). As a result of low levels of trust, there was a lack of closeness, bonding and mutual dependence between the partners (Fam & Waller, 2008). Because of this uncertainty, partners were unwilling to invest in weak relationships because they were afraid of losing valuable resources plus the time involved in managing such difficult relations (Williams, 2012).

There was a clear absence of good interpersonal relations in weak relationships (Gedeon et al, 2009) which often led to situations where conflict occurred and was counter-productive in exchanges (Ulaga, 2003; Bruner & Spekman, 1998). Individual behavioural characteristics such as aggressiveness and opportunism caused damage, even to the point of trying to destroy a partner's business (Reid et al, 2004; Lewicki et al, 1998).

In summary, underlying predisposing factors had an impact on the processes of relationship dissolution and repair (Heffernan & Poole, 2004; Vaaland et al, 2004). However, if both partners acknowledged these potential issues and if they were understood between individuals, they were dealt with when the need arose. In some cases, OMs kept negative perceptions to themselves rather than raise potential issues with their partner because they needed the business resources (Doz, 2006). Thus, there was a certain amount of vulnerability

in uncertainty about interdependence to fulfil obligations (Jap & Anderson, 2007). It was not the existence of these challenges but the ability of the relationship to withstand them that led to eventual repair or dissolution (Holmlund & Strandvik, 2005).

Strength of Relationship pre Transgression

It was interesting to note that relationships characterised by high strength based on satisfaction, trust and commitment facilitated the resolution of conflicts when they arose (Wong & Sohal, 2002; Storbacka et al, 1994). Building relationship strength during the early years helped the OMs to create a sense of goodwill between the partners that endured throughout exchanges (Arino et al, 2005; Das & Teng, 1998). Specifically both social and economic rules were found to mix in B2B interactions (Friman, Garline, Millett, 2002; Mattsson & Johnston, 2002) highlighting that the strength of the relationship pre transgression had both economic and social ties (Lang & Colgate, 2003; Donaldson & O'Toole, 2000). Consequently, a favourable effect on the strength of these relationships was that a number of OMs had a tendency to engage in interaction behaviours with a long term focus (Barry et al, 2008; Crosby et al, 1990). Interacting in a cooperative manner was crucial in attempting to repair relations following a breakdown. If partner's perceived that OMs were cooperative rather than competitive, they were reassured of the SMEs intention to commit to the relationship and were willing to engage in problem solving (Crosby et al, 1990).

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). If conflicts 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).

Implications & 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 understanding the repair of B2B relationships (Dirks et al, 2009). The interplay between predisposing factors and the state of the relationship pre transgression is evident in the critical incidents examined. 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 conflict (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 (Hocutt, 1998; Rusbult, 1983).

The study also provides insight into the impact of weak relationships on the repair process. These relationships are generally characterised by unfavourable predisposing 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 process very difficult (Vaaland, 2003).

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 conflictual events are part of doing business (Anderson & Jap, 2007; Anderson & Narus, 1990). Indeed, the OMs response to conflict is an important part of the process. This research shows that while conflict has value, behavioural conflict should be avoided as it shows the partner organisation that they can be trusted. Therefore, conflict 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.

Continuous Evaluation: SMEs must examine continually the way in which they interact with their relationship partners to assess whether interactions and exchanges meet company expectations and goals. Thus a regular evaluation of the SME's relationships should include the analysis of the strengths and weaknesses within their business relations (Turnbull, Ford & Cunningham, 1996).

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 related to relationship repair. Over the last six years we have learned a lot about relationship repair and 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 different precipitating events that influence the outcome of the recovery process. Although trust and commitment continue to emerge as key

criteria in exchange relationships, much research has emphasised their antecedents rather than the exploration of their consequences (for important exceptions see: Hibbard, Kumar & Stern, 2001; Dahlstrom & Nygaard, 1995; Morgan & Hunt, 1994). 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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