RECONSIDERING BUSINESS-TO-BUSINESS RELATIONSHIPS: MULTIPLICITY AND COMPLEXITY

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Introduction

This paper considers the multidimensional and complex nature of business relationships in practice. We contend that because of a dominance in deterministic thinking in business relationship research, the constructed and complex nature of business relationships has been obscured. Therefore while there have been explicit calls for more appropriate methods to capture the dynamics of business relationships (Ryan et al 2002), we are still lacking a theoretical basis on which to understand and integrate the business relationship as a complex entity in its own right; and not merely a singular entity operating in complex networks/markets. In this paper we will borrow from notions of complex systems theories (see Law and Mol, 2002) and more recent developments in market studies (Kjellberg and Helgesson, 2006) to elucidate on the multi-dimensionality and multiplicity business relationships, which give rise to their complex nature. From this we will consider how this perspective might contribute to our understanding of business relationship dynamics. This lens offers us understanding not only of the multi-dimensionality of business relationships in one point in time but also how traces of relationships may stretch their boundaries over time. Hence, it is possible to get both a deeper snapshot into the phenomenon and a longer view of it over time.

There is a long tradition of research on business relationships occurring within complex systems. For example, network theory recognizes the embedded nature of actor relations; it acknowledges their dynamic and emergent qualities, and foregrounds the co-existence of continuity and change over time (Thorelli 1986; Håkansson and Snehota 1990; Easton 1992; Dubois et al. 2003). Despite the acknowledgement that theories of complexity has much to offer in understanding interaction, relationships and networks, the majority of work to date has focused primarily upon the network. Hence the possibilities of understanding the complexities of the dyad have been largely ignored.

To redress this issue, this paper elucidates the possibilities of using theories of complexity to understand business relationships. More precisely we are interested in enduring business interactions where actors (including, but not limited to, front line managers) are involved in constructing the past, present and future of the relationship in their day-to-day interactions. The relationship therefore is being primarily understood as a sphere of practice, related but different to the (industrial) network of which it is a part. Different theories of complexity have already found fruitful ground in business relationship research, in particular to the understanding of business networks (see Easton et al. 1997; Wilkinson and Young 2003). More recently the complex and multiple nature of markets and their practices has been introduced by researchers who draw less on theories of complexity from the natural

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sciences but more from work from science and technology studies Callon 2002, Mol, 2002). Here the complexity of issues facing market actors arises out of the multiplicity of logics (or theories) which co-exist in the shaping of markets (Kjellber and Helgesson, 2006). This work is in part metaphorical; for example where complexity theories from the natural or computer sciences are used to elucidate upon human behaviour in inter-organisational research settings. In this paper the use of multiplicity in the understanding of relationships as complex entities is regarded as a metaphorical (see Law and Mol 2002 pg20.

In order to explore the potential of the concepts of multiplicity and multi-dimensionality in the study of business relationship dynamics, the paper will utilise illustrative empirical examples from dyadic business relationships, highlighting what comes to light when applying the concepts. The examples stem from case studies reported elsewhere by the two authors.

Business Relationships and Complexity

The complex nature of business relationships has been at the heart of IMP related research from the early 1980's. For example in the original 'Interaction Approach' model we see a complex weave of levels used to describe how relationships between buyers and sellers evolve, including the macro-environment, market, organisational, and individual level factors. From this perspective, the interaction environment incorporates the wider context within which inter-organisational relationships take place and includes aspects such as market structure; levels of dynamism and internationalisation; the positions of the parties within the channel; and the particular social system in operation. Furthermore, the model addresses the overall inter-organisational 'atmosphere', which is understood as *"a group of intervening variables, defined by various combinations of environmental, company specific, and interaction process characteristics. [It] is a product of the relationship, and it also mediates the influence of the group of variables"* (Håkansson, 1982: 20). Within this model the dynamic aspects of the relationship are implied, where the individual organisations, the relationship itself as well as the contextual environment are all open to influence and change due to interactions between the core actors in the relationship (Håkansson, 1982). Change and movement in the relationship are understood to reside within the product/service, information, financial and social exchanges between parties and explicitly relate to the adaptations required to facilitate such exchange. Complexity here, therefore arises out of the varied interplay between structure, process and outcomes, that render the relationship indeterminable; it can change and be changed and these changes are situational and arise out of interaction between two parties.

However, the emergence of the industrial network approach shifted the unit of analysis from the singular dyad (i.e. emanating from IMP1[1]) to the dyad as operating within a network structure (i.e. emanating from IMP2) to the network itself. The markets-as-networks approach focuses more on the structure and dynamics of the business network as a whole, as well as the connections between relations (Wilkinson, 2001). With the focus on the network as the unit of analysis much attention has been paid to understanding a firm's positioning within the network (e.g. Johanson and Mattsson, 1992),

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[1]IMP1 refers to the first pan-European research project by the IMP group, which incorporated in-depth personal interviews with respondents from both sides of the relationship using open ended questions. Analysis of the results led to the refinement of the IMP approach, and particularly led to the formation of the Interaction Approach model (Wilkinson 2001). IMP2 refers to the second collaborative research study, which began in the 1980's, and incorporated both a case study and survey component. The notion of relationships operating within a network structure was an important component to this study (Wilkinson 2001)

network dynamics and evolution (e.g. Easton et al., 1997). Where the connections between relations have been generally understood in terms of the activity links, resource ties and actor bonds generated between organisations in the network (Håkansson and Snehota, 1995). While there has been a clear shift in emphasis to the network, there remains conceptual links between the dyad and the network. for example Araujo (1999) conceives of the network as an institutionalised pattern of inter-organisational relationships. The existence of durable relationships therefore gives credence to the description of industrial systems as networks. However the explicit shift away from studying the dyad (see Anderson et al (1994) has meant that the theoretical tools with which to apprehend the complexities of the dyad itself remain elusive.

Business Relationships as Complex Systems

What does it mean to suggest that business relationships as complex systems in their own right? Complexity theories tend to recognize complexity at all levels of analysis, from the universe to the atom. Thus, as Capra (1996:80) argues, rather than the parts of a system being regarded as simpler, when revealed, are actually seen more as "a complex web of relationships between the parts of the whole". In taking a complexity perspective, all levels of analysis (individual actor, team, department, SBU, organization, dyad, triad, net, network) can be conceptualized as embedded complex systems. Central to this is the notion of irreducibility, that is, for example, to understand the network, we cannot reduce it to individual dyads (Easton 1992; Ford and Håkansson 2006). According to Mol and Law (2002, pg1) while many disciplines have proffered varying theories to understand complexity, a common thread remains, that is "the argument has been that the world is complex and that it shouldn't be tamed too much - and certainly not to the point where simplification becomes an impediment to understanding"

In the social sciences complexity theory has offered novel insights into human systems, including organizations operating within networks (Kay and Schneider 1994; Brown and Eisenhardt 1997, Lewin and Regine 1999). Even the extant literature on relationships applies its concepts, such as, dynamism (Håkansson 1982), embedded nature of systems (Wilkinson and Welch 2004) and the indeterminate nature of relationships (Håkansson and Snehota 1995). In addition, studies have used the theory to examine complex marketing phenomena (Wilkinson 1990), self-organizing behaviour in network evolution (Easton et al 1997) and the role of management in networks (Wilkinson and Young 2002).

Inter-organisational relationships can indeed be viewed as complex systems. A dyad may involve multiple points of interaction, encompassing different dimensions of both organizations (Holmlund 2004), and possibly involving different actors. For example, in our research we have observed interactions between legal, technical and market facing actors, all of which were subject to changes in personnel over time; not only in people leaving organizations, but in re-configurations of personnel within large organizations. In addition, people from different organizations within a large company, representing different special knowledge, such as marketing and information technology (as seen in Figure 1) often need to work in long-term projects forming different working groups. These groups then involve people from the buyer and the seller companies, but also from other involved companies, people from different departments, units or divisions, with different backgrounds.
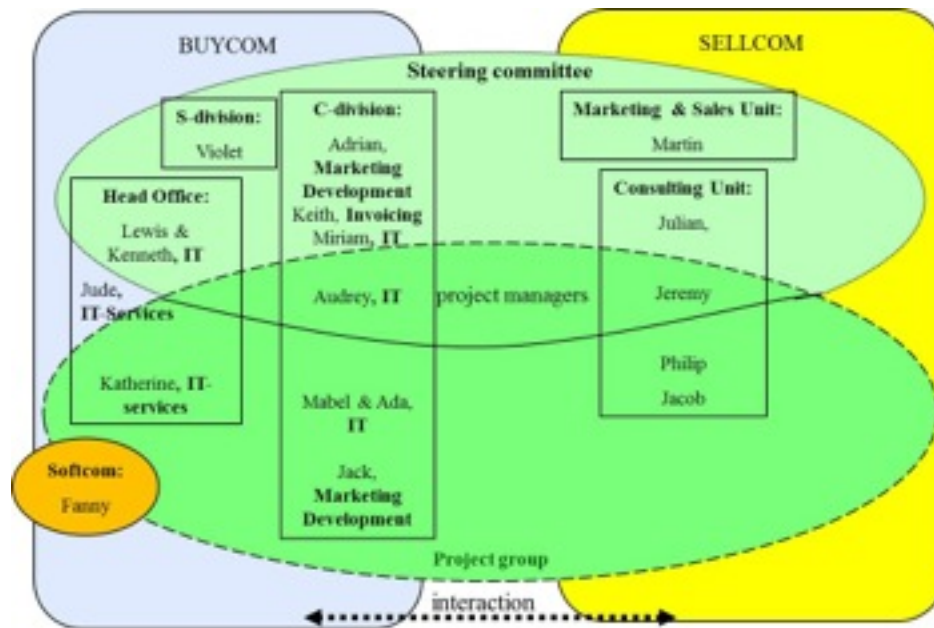
Figure 2. A dyad with multiple points of interaction and different dimensions of both organizations

Similarly in our Telco/Art case we have evidence of multiple levels of interaction across people from both organisations.

Interaction level	Key Personnel (role) within Telco	Key Personnel within ArtOrg
Managerial	Managing Director	Festival Director
	Financial Controller	Artistic Director
	Personnel Manager	
Departmental	Staff involved in financial management, logistics etc	Festival Director
	General Telco staff	ArtOrg staff involved in Telco staff training
Operational	Festival committee	Festival Director
	General Telco staff working as stewards	Artistic Director
		Festival Volunteers

Thus, while on a simple level the dyad is composed of two organizational actors, this involves multiple interactions between many people, but also systems, rules, devices, operating within a culture influenced by time, history, expectations etc, as seen on Figure 2.
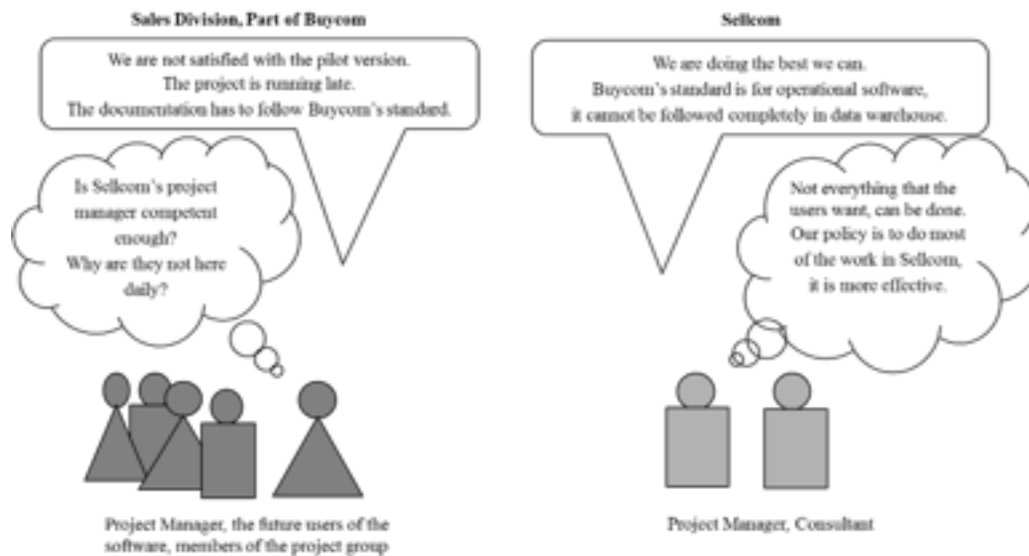

Figure 2. Individuals with different expectations and corporate practises interacting (and leaving much unsaid) (Tähtinen 2001)

The motivation to engage in a relationship can vary greatly and include the search for stability, the drive for change, to provide access to resources, to create markets for products (Harris et al. 2003) as the following quotations about another dyad illustrates.

> *...just to have the system in production. At that point, we did not intend to connect any further enhancement.* Project Manager at Sales Division

> *We did have a goal in it, that after this project we would be able to continue our co-operation, we always seek for more long-term relationships.* Project Manager at Conscom

Moreover as Araujo (1999, pg 87) points out "economic actors may have complex and varying temporal orientations, and their behaviour in specific exchange episodes may be governed by rules that specifically contain these temporal orientations and mixed motives". Therefore, within a single relationship individuals may have diverse views on the relationship and its development (see Figure 3), the range and remit of the relationship, the need for control, the use of power and the relative desirability of stability and change.
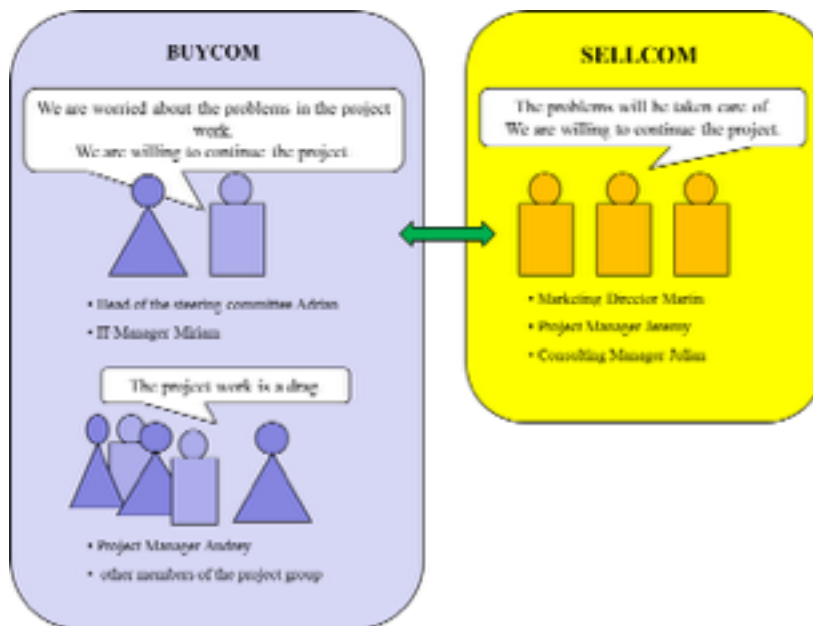
Figure 3. Multiple perceptions of the business relationship existing at one time (Tähtinen 2001)

This variability and multi-dimensionality of the business relationship suggests that the relationship cannot be only identified as a singular entity, but it is multiple, enacted differently by the actors involved, within and across both organisations. This multiplicity is about coexistences at a single moment (Law and Mol, 2002); co-existences of varying motives, roles, dimensions. For Mol (2002) however, multiplicity should not only speak to different perspectives on the 'same thing'. Kellberg and Helgesson (2006) describe this as different (yet overlapping) version of the same objects enacted through different practices. In short, there are not simply different versions of the relationship, but the relationship itself is multiple; relationship*s* not merely *the* relationship.

In the Telco/ArtOrg case we can see the emergence of different performations of relationship roles over time. For example while initiated as a 'straight' sponsor-sponsee relationship, this grew to also include customer and service provider interaction; often with a reversal of the roles of sponsor and sponsee, as we understand them. For instance, later in the relationship ArtOrg began to offer their event management expertise, and were in a position to offer services outside the sponsorship arrangement. This then, for ArtOrg became a new source of income, while at the same time becoming an added dimension to the inter-organisational relationship, outside the bounded notion of sponsorship; "...*that is a new source of income for us where we are selling our expertise. We are getting paid*" (Managing Director ArtOrg). Importantly for our analysis, it was all of these relationships *at the same time*, each with differing rules of engagement, different objectives and overarching logic. Managers engaging in these relationships therefore moved through the nuances of these differing forms in their day-to-day interactions.

A further example of interesting co-existences, in this case of stabilizing and changing forces, comes from Tähtinen (2002). In this example the business relationship in focus was ending, but during the ending process, that took several months, opposing sub-processes of restoring the relationship and disengaging from it where ongoing at the same time. They took place in different levels of the relationship (head office vs. the project team), the actions were performed by different individuals or

groups, different people were leaving the relationship and some were entering with the intention of restoring it, as Figure 4 shows.
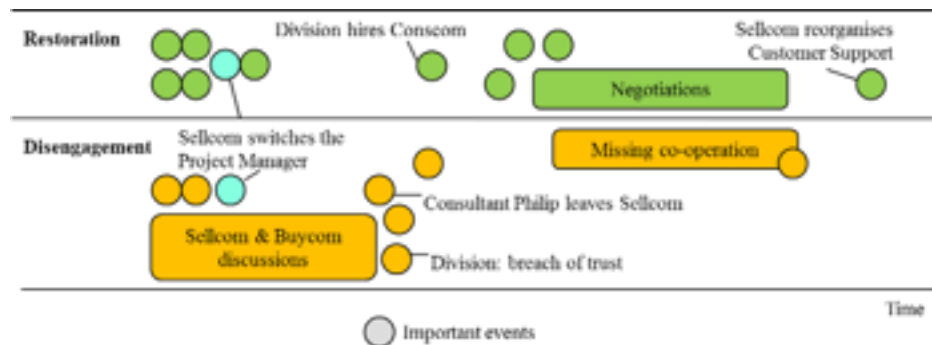
Figure 4. Stability and change co-existing in a relationship

Relationship Dynamics and Multiplicity

According to Law and Mol, (2002, pg 11), multiplicity "is often not so much a matter of living in a single model of ordering or of 'choosing' between them. Rather it is that we find ourselves at places where these modes join together. Somewhere in the interferences something crucial happens, for although a single simplification reduces complexity, at the places where different simplifications meet, complexity is created, emerging where various modes of ordering (styles, logics) come together and add up comfortably or in tensions, or both). We can assume then with multiple logics at play in a business relationship that differing forms of *inconsistencies* and maybe even conflict will occur. from this arises a crucial point for understanding relationships and their development, for as Law and Mol (2002) suggest where there are overlapping and interfering logics comes the need for new conceptualisations of what it might be to hold together. We contend, in this paper, that the resolution of these inconsistencies and even conflicts is the stuff of relationship dynamics; that is, the two'ing and fro'ing of the relationship between actors over time. We will explore this, initially, with the work of Ryan (2006). In this case we have an example of a business and an arts organisation. This gives us an interesting starting point to considering (possibly) conflicting value systems at play within a business relationship, i.e. business v's art logics.

> *"It was an accountant's view that our difficulties weren't at all insurmountable, they just needed to be addressed in the immediate term... and then in the long term [that] we needed to see beyond the immediate crisis. That was just financial expertise" (Managing Director ArtOrg)*

We will focus our attention on two particularly interesting dimensions of the relationship that not only evidence the interplay of varying logics and performances of the relationship, but also demonstrate that the future of the relationship is being constructed by actors as they attempt to resolve or reconcile conflicting/inconsistent practices. The two dimensions we will explore are the managing of volunteers from Telco who acted as stewards in the festival. This was part of the community aspect of the

sponsorship from Telco's perspective. A further component of the sponsorship deal was the allocation of free and also discounted tickets for Telco employees. It turned out that the co-ordination of these two, what became, mini-projects within the relationship was more of a challenge than had been initially conceived. In our analysis we will loosely use Kjellberg and Helgesson's (2006) thoughts on what might hold these overlapping logics together, including actor's avoiding or orchestrating encounters between incompatible practices, or managing incompatibility through coordination.

In our case, free tickets offered to staff were a key part of the sponsorship, and were offered to Telco as part of the deal from the outset. However, evidence from the research suggested that discrepancies formed between demand and supply. Eventually as ArtOrg searched for ways to re-position itself in the relationship they began to equate value of free tickets to value of cash given by Telco as part of the sponsorship deal. This began following advice from Deloitte who undertook an audit of the festival in a project that was part funded by Telco and the Arts Council. Following which the value of the free ticket allocation was recognised, and a review enacted, resulting in the initiation of strict parameters aimed to "*avoid administrative/control difficulties at [their] busiest time*" (email from Managing Director ArtOrg to Financial Controller Telco). So buy the year 5 sponsorship, ArtOrg had developed a procedure to calculate the number of free tickets offered to sponsors, i.e. 8-10% of the value of their sponsorship. For Telco, this equated to 300 units, which was less than was offered in the previous year. Further to this then ArtOrg offered of a further 20% discount of tickets, block-booked, before the event; as well priority booking for Telco staff. In this example then we can trace how free tickets moved from a donation object, whose value was not calculated to an object exchanged as part of the sponsorship deal, whose value was precisely calculated. Two, different, calculative frames were therefore employed, and while the latter won out, eventually, there were times when these different frames co-existed (i.e staff continuously looking for free tickets etc). Similarly the management of volunteer stewards went through changes. Early on in the relationship a Telco representative managed the Telco employee festival volunteers. Again with many years where this issue being contentious (volunteers not turning up etc), ArtOrg initiated a system to take control of this aspect of the relationship.

> "This year [2000 and 2001] became more sophisticated in how we managed it. Traditionally the Nortel employee took responsibility for co-ordinating all the volunteers from their side. This year at our request we put in place the scenario where our volunteer co-ordinator would have direct access to those people, so at the start of the year the production manager and the festival manager went to meet anyone interested in volunteering from the Telco company" (Managing Director ArtOrg)

Therefore, this aspect of the relationship moved to where actors attempted to manage an incompatibility through co-ordination, they eventually moved to separating incompatible practices in time and space.

It is clear from these examples that the relationships under discussion do not move forward propelled by some underlying logic as assumed in deterministic notions of change and development. From a deterministic perspective change is considered imminent where a developing entity is moved along given points by an underlying logic or code which regulates the process of change (Halinen and Törnroos, 1995). While the process is open to external influencing factors, the stages themselves remain fixed (Van de Ven and Poole, 1995). Within this reasoning, it is suggested that certain

progression of events must occur before movement to the next stage is possible. Instead, we have here, multiple relationships enacted by actors in their day-to-day interactions and their attempts to avoid or solve (co-ordinate) inconsistencies and even conflicts.

Conclusions

Similarly to Mol's (2002) study of atherosclerosis, the business relationships we discuss here are multiple; performed varyingly in different settings, spaces and time. For Telco managers the relationship with ArtOrg was about supporting a local arts organisation and helping to solve their problems. For ArtOrg the relationship was about access to resources. For the employees the relationship meant free tickets to show. These are not merely examples of different perspectives on the single relationship. They don't simply add up to the same thing. Each of these actors acted out and therefore performed the relationship from these perspectives. These varying performances of the relationship meant that in situations actors on different sides attempt to avoid inconsistence or co-ordinate around them.

This paper suggests that at any one point in time, a business relationship can be conceived as a multidimensional loose coupling of actors (including people, systems, devices etc), held together in a particular configuration, but subject to change. Moreover, the study draws attention to the traces left behind as relationships configure and reconfigure over time, be it in the form of practices, procedures or processes.

Within organizations, managers and project teams will be assigned to deal with dyadic relations and their inter-relationships. Networks cannot be managed by its organizational members (Ritter et al. 2004), so while the sphere of activity remains the network, the sphere of practice, from a managerial perspective, remains at the level of dyadic business relationship.

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