

“B2Brelationships” - FINAL PUBLISHABLE SUMMARY REPORT

Inter-firm relationships and networks as wider relationship structures have become a driver of competitive advantage as the business environment continues to grow more competitive (Mesquita et al. 2008). However, whilst acknowledging the importance of relationships is crucial for both academic researchers and managers alike, it is also important to be aware that relationships are not homogeneous (Ford et al. 2003) and can be burdensome (Håkansson and Snehota 1998) as well as beneficial (Anderson et al. 1994; Morgan and Hunt 1994). Benefiting from business relationships is never automatic, because there are many factors determining relationship development (Dwyer et al. 1987; Ford 1993) and some companies are simply stuck in business relationships where the profit-loss balance is questionable (Vilgon and Hertz 2003). Small and medium-sized enterprises (SMEs) are the special field of interest in EU, because they make up 99% of all enterprises and generate most of GDP in the EU. SMEs many times do not possess enough resources and capabilities to grow, so external relationships (and whole networks) are treated as a way of overcoming these resource constraints (Holmlund and Kock 1998; Robson and Bennett 2000)

This study followed the suggestion that dealing with the dark side of buyer-seller relationships is an under investigated field of research (Hibbard et al. 2001; Holmlund and Strandvik 2005) and it was concentrated mainly at exploration of main obstacles to and effects of relationship building by SMEs and tactics used by SMEs to develop business relationships and handle relationship problems. The cultural factors influencing the development of business relationships were also discussed.

The field research was conducted in United Kingdom (UK) to complement the research results obtained previously in Poland and Czech Republic. Taking into consideration the sensitive nature of this area of investigation, the qualitative study using semi-structured, depth face-to-face interviews and a purposive sample was employed to explore the research problem. Every interview was retrospective. The respondents provided stories describing critical incidents which took place in their relationships with various contractors (suppliers, alliance partners, key customers). The positive aspects of business relationships were explored however the focus was also on the negative incidents which represent “...deviation from the expected by either or both parties in the relationship and caused by a failure or change in the interactions or the context” (Holmlund and Strandvik 2005, p. 229). The respondents were also asked about the ways used to handle negative incidents and the results of the methods applied to handle that. In total there were 22 managers of SMEs interviewed which resulted in about 350 pages of interview transcriptions and more than 60 narratives referring to incidents critical for business relationships. The interviews usually started with general questions about company’s target market, the range of products and business partners. It was followed by questions about motives of developing business relationships and benefits acquired from relationships in comparison with arms-length business relations. The problematic issues referring to business relationships were discussed later.

The interviews’ results suggested that SME managers use both social networks and business networks to achieve business objectives and they usually use social ties (eg. school friends) at the stage of setting up the business. The social dimension of business partnerships appears to be embedded in its commercial aspects and the most important benefit that the manager may have from these relationships is the access to favourites from other business people and overcoming the limitations of formal structures and procedures. It was also revealed that managers tend to develop business relationships many times on the basis of personal matching, which means that in case of SMEs organizational (eg. resource) compatibility might be treated as the necessary but not sufficient condition for relationship development.

Among business benefits of developing relationships on the supply side the respondents indicated especially limitations of the purchasing risk and the co-creation of the offer with business partners related to better value for their customers. On the customer side, relationships were treated as the necessary condition of survival in Business to Business markets. Relationships with customers allow for switching from price-based exchange to relationship-based exchange and distinguishing a company from its competitors even if they are much bigger firms.

The interviews revealed also some tools effective in influencing wider relational structures and improving a company’s position within network. First at all, the existing close relationships enable finding new business partners through personal referrals and word of mouth communication. Secondly, a SME may signal its willingness and credibility as a business partner through activities in various business events (eg. seminars), codifying its partnership strategy in a so-called open book of cooperation available for others and presenting some case studies of successful partnerships. Thirdly, the Internet (eg. developing profiles on LinkedIn, Twitter, YouTube) seems to be effective method of gaining interest and initiating dialogue with potential business partners. Fourthly, as the personal dimension plays a crucial role in

business networks, it is recommended to expand business network by socializing with new people with similar personal characteristics.

Respondents experienced various disturbances in their business partnerships referring to relationship partner, relationship nature or the context of relationship. In 2010 managers of SMEs strongly felt the results of the global financial crisis and they treated it as the trigger for a lot of their relationship problems, especially with regard to customer relationships. Other typical relationship problems referred to such things as inter-organizational and personal mismatch, reconfiguration of relationship contacts, hidden opportunistic motives, competitive competencies, payment delays, unfulfilled promises and negative word of mouth communication. Many times, a negative incident resulted in relationship termination and frequently the company was able to deal with the problem through receiving favourites from another business partner. The tactics helpful in dealing with opportunism comprise so-called tit-for-tat, mainly showing initially pro-joint gain attitude, monitoring partner's behaviours and then taking lessons/behaving accordingly. It was also suggested to control emotions, take responsibility and intensify communication with the relationship partner when the problem is revealed.

The intercultural differences seem to be much more intensively experienced by managers of UK SMEs than managers of SME's in Poland or Czech Republic which is not surprising taking into consideration the much more international character of UK society. A significant number of managers participating in the study reported some foreign country origins and some of them established business partnerships outside the UK (eg. China, Indonesia). On the basis of interviewees' narratives some general differences between business relationships in UK and selected other regions were identified. This study generally confirms the phenomenon of Guanxi as the specific type of business relationships developed in Asian societies (Wang 2007), however a lot of Guanxi-typical dimension were revealed in business relationships maintained by UK-based SMEs.

The potential socio-economic impact of the project is dependent on spreading the good practices of building business relationships and dealing with relationship problems by disseminating research results in the form of scientific papers and presentations at conferences organized by European educational institutions and business associations. The results of the project are being used in the professional training organized within postgraduate studies for Key Account Managers at University of Economics in Katowice, Poland and will also be disseminated within MBS at undergraduate, postgraduate and professional levels. Moreover, the project resulted in establishing working relationship between scholars from Manchester Business School and University of Economics in Katowice which fosters conducting further international research projects. The project might be treated as an example to be followed by other young scholars from Poland and other Post-Communist EU countries who are interested in increasing their professional capabilities and international connections. The Marie Curie fellowship was already discussed by the Fellow as the case study at conference in Bielsko in 2010 and there was interview conducted with the Fellow and published in Polish Science Voice in January 2011.

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