

**"Inter-organizational relationships and dissolution.  
A multi-level view"**

by

**Inger Beate Pettersen**

**Department of Strategy and Management  
Norwegian School of Economics and Business Administration**

**Phone: 55 95 94 41**

**Fax: 55 95 97 80**

**E-mail: [inger.pettersen@nhh.no](mailto:inger.pettersen@nhh.no)**

**Supervisor: Sven Haugland**

**[Sven.haugland@nhh.no](mailto:Sven.haugland@nhh.no)**

**Til intern publiseringsserie for Institutt for Strategi og Ledelse**

**Desember 2002**

## Abstract

*In this study we propose that relationship specific investments reduce the likelihood of relationship dissolution. These types of investments increase switching costs and thereby create barriers towards exiting. Additionally, high levels of relationship specific investments enhance partners' ability and willingness to resort to voice when defections and conflicts arise, and hence postpone exit. Moreover, partner specific investments may emerge as a consequence of individual- or organizational level ties. Furthermore, we argue that organizational dimensions, such as centralization, formalization, size and levels of inclusiveness and inter-organizational dimensions, such as history moderate the effect of interpersonal and inter-organizational ties upon relationship dissolution.*

## 1. Introduction

The current research aims to investigate factors reducing the dissolution of business relationships in a buyer-seller marketing context. Research within the inter-organizational field has until recently focused on the formation and maintenance of business relationships. Scant attention has been directed towards the study of the dissolution of inter-organizational relationships, either theoretically or empirically (Ping, 1999, Halinen and Tähtinen, 1999, Prim-Allaz, 2000).

Building business-to-business relationship is however assumed to be quite complex, time-consuming and therefore costly. Relationship specific investments, such as development of common business practices, investments in physical and human capital do represent significant switching costs, when it comes to search and adaptation costs. Because the termination of business relationships entails considerable costs and renders relationship specific investments obsolete<sup>1</sup>, it is important to investigate factors leading to dissolution (Ping, 1999, Halinen and Tähtinen, 1999).

In order to investigate business relationship dissolution I argue for a multi-level perspective. In studies investigating business relationships and more specifically

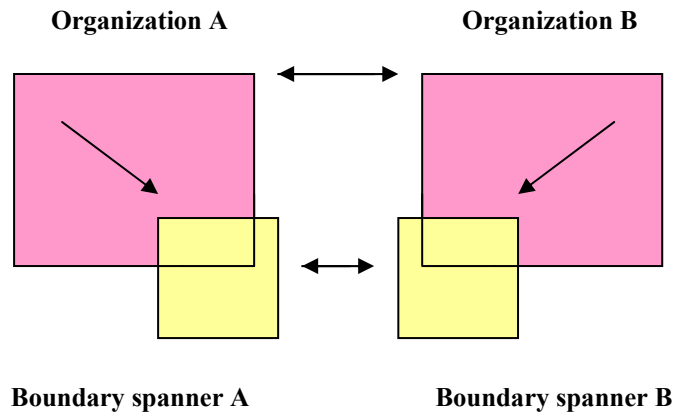
---

<sup>1</sup> I do however acknowledge that some business relationships are by nature temporary and time-limited, and that the termination of relationships can be planned and desired (in accord with Halinen and Tähtinen (1999). In this paper I focus on continuous business relationships, where potential decisions to dissolve are chosen by one of the involved actor.

business relationship dissolution, multi-level issues are commonly neglected. The common practice is the non-specification of levels and the mix of levels (Rousseau, 1985, Macintosh and Lockshin, 1997, Zaheer, McEvily, and Perrone, 1998). Business relationships are however a multi-level phenomenon, comprising a number of individuals holding and performing different functions in multiple departments and organizational levels inside and across organizations. In consequence, factors at different levels of analysis, such as interpersonal, organizational and inter-organizational factors are assumed to have an effect on the termination of relationships.

Boundary spanners who are organizational members are for instance presumed affected by company factors, such as organizational norms and procedures (Grønhaug, Henjesand and Koveland, 1999, Blois, 1999, Humphrey and Ashforth, 2000). Scholars dealing with inter-organizational issues have to a large extent left behind the rich stream of organization theory demonstrating that organizations influence organizational member's behavior (Berger and Cummings, 1979, Humphrey and Ashforth, 2000). A firm context could therefore favor or constrain the development of interpersonal ties in business relationships, and as a result the potential effect of those ties on inter-organizational outcome.

In this study relationship specific investments are assumed to attenuate the likelihood of relationship dissolution, since these types of investments increase switching costs and hence produce 'immobility' with respect to exiting (Williamson, 1979, Anderson and Weitz, 1989). In addition, high levels of specific investments are expected to increase partners' ability and willingness to resort to voice when defections and conflicts arise (Hirschman, 1970). In harmony with my multi-level argument I specify that relationship specific investments can be made at both the inter-organizational and at the interpersonal level. In order to illustrate my multi-level view a figure showing relationships at multiple levels in business-to-business exchange is presented below.



**Figure 1:** *A business-to-business relationship. Multiple relationships*

This paper is developed in following sections. First, I discuss relationship specific investments and their potential effect upon the likelihood of business relationship dissolution. Second, I specify relationship specific investments at inter-organizational and interpersonal levels. Third, I present organizational and inter-organizational dimensions assumed to moderate the effect of relationship specific investments on dissolution. Finally, I address some methodological implications.

## **2. Relationship Specific Investments and Effects on Business Relationship Dissolution**

Relationship specific investments are assumed to enhance continuity and thereby reduce the likelihood of business relationship termination (Dwyer, Schurr and Oh, 1987, Anderson and Weitz, 1992). With respect to investments made in a relationship, there is a difference between specific assets that are specialized, and therefore cannot be used outside a given relationship without a loss in value, and assets that are unspecialized (Williamson, 1975, 1979, 1991). Even if the establishment and maintenance of exchange relationships may demand both types of investments, only the specialized ones build attachment. Because general investments retain their value in another relationship, they do not bind exchange partners. Idiosyncratic investments, however, lose value upon transfer to another exchange partner. Because of associated costs related to marketing or acquiring such investments, exchange partners become locked into existing relationships.

Pledging in the form of making idiosyncratic investments in the other party is associated with stronger commitment to the relationship (Anderson and Weitz, 1992). As the experience with the vendor increases, the dyad is more likely to have survived several crises in the relationship (Dwyer, Schurr, and Oh, 1987). Such events provide both parties with a greater understanding of each other's idiosyncrasies, increase trust and hence reduce the likelihood of dissolution. Thus, relationship specific investments may build trust and social norms, which are important governance mechanisms in order to maintain exchange activities.

Interpersonal ties, such as trust between boundary spanners can be considered a 'relationship specific asset' as trust facilitates communication and reduces the need to monitor (Currall and Judge, 1995). Affective bonds between boundary spanners may heighten switching costs and thereby weaken actors liability to switch (Nicholson, Compeau and Sethi, 200). Different forms of interpersonal attachment, e.g. liking, expertise and trust (Seabright, Levinthal and Fichman, 1992, Doney and Cannon, 1997) are assumed to enhance both perceived and real switching costs and thereby attenuate the likelihood of relationship dissolution. Breaking long-term interpersonal relationships within a business relationship thus involves mental, emotional and monetary costs.

Relationship specific investments that partners make both at individual and organizational levels increase switching costs and hence produce 'immobility' with respect to exiting. Additionally, high levels of relationship specific investments are assumed to increase partner's ability and willingness to resort to voice when defections and conflicts arise.

### **3. Relationship Specific Investments at Organizational and Individual Levels**

In agreement with my multi-level view, relationship specific investments can be made at inter-organizational and interpersonal levels. Further, I claim that these can be analytically distinguished, although, I recognize specific investments at both levels to be related. In organizations, there is a mutual feedback linking macro phenomena and

micro phenomena<sup>2</sup> (Giddens, 1979, Rousseau, 1985, Coleman, 1990). For example, structures, such as specific inter-organizational norms may emerge as a consequence of informal commitments made by boundary spanners during the formation of a specific relationship. New individual boundary spanners who enter the inter-firm exchange may internalize the existing and prevailing norms in the business relationship (Zaheer, McEvily and Perrone, 1998).

In accordance with Seabright et al., (1992) I specify attachments or ‘immobility’ factors between exchange partners to be embedded in structural ties between two organizations and in individual relationships developed by boundary spanners.

With respect to the study, I define *structural ties* at the organizational level as partner-specific investments in physical and human assets and business practices. Business practices can include the formalization and standardization of exchange arrangements, such as the establishment of policies and procedures for managing exchange activities. Relationship specific business practices also include relational norms or ‘implicit understandings’, which frequently function as a supplement or even a substitute for formal legal contracts in business exchange (Anderson and Weitz, 1989). Business practices are thought to exist at the organizational level, and constitute a sort of collective memory. Although established and maintained by boundary spanners, these practices are assumed to exist despite boundary spanner turnover. The collectivity, therefore rather than specific individuals, is the repository of these assets (Seabright et al., 1992). As the duration of the business relationship increases *structural ties* are assumed to increase.

*Interpersonal ties* refer to ties between boundary spanners. *Interpersonal ties* encompass personal skills, knowledge, and personal relationships. Boundary spanners are thus seen as the repository of such assets. Previous experience with boundary spanners thus refers to interpersonal history of learning and socialization during involvement in exchange activities. Interpersonal ties, however, are related to the tenure of individuals in boundary spanning roles in the exchange relationship. Consequently, boundary spanners establish and maintain interpersonal relationships as long as they are involved with specific exchange activities. Turnover in boundary

---

<sup>2</sup> Creation and recreation of structure occur equally in larger societal contexts, such as communities and societies (Giddens, 1979).

spanning positions, thus, have the potential to attenuate business-to-business relationships (Seabright et al., 1992).

In accordance with the above accounts, the following hypotheses are formulated:

*H1: The stronger the structural ties are, the less likely is it that relationships will be dissolved*

*H2: The stronger interpersonal ties are, the less likely is it that relationships will be dissolved*

In this paper I therefore argue that structural and interpersonal ties reduce, or have a negative effect upon the likelihood of relationship dissolution. Further, I assume that organizational and inter-organizational dimensions moderate the effect of structural and interpersonal ties on the likelihood of relationship dissolution. In harmony with multi-level theory (e.g. Rousseau, 1985, Klein, Dansereau and Hall, 1994) I argue that generalizations of relationships between variables from one setting to another without taking into account the moderating effect of organizational factors one risk a contextual fallacy. Cross-level theories<sup>3</sup> specify causal models of the effects phenomena on one level have on those at another (Rousseau, 1985). Typically a cross-level model describes the impact of organizational factors<sup>4</sup> on individual behavior and attitudes or contextual factors as moderators of individual-level relationships. In this paper I use a cross-level model that addresses the moderating effects of organizational and inter-organizational dimensions on the relationship between structural ties and interpersonal ties and dissolution.

A number of moderators are included in the conceptual model: organizational dimensions: *formalization, centralization, size, levels of inclusiveness* and inter-organizational dimensions: *history with organization and history with boundary spanner*. The proposed moderators are assumed to possess moderating effects on the relationship between structural ties and dissolution and interpersonal ties and dissolution. Below, I present the conceptual model.

---

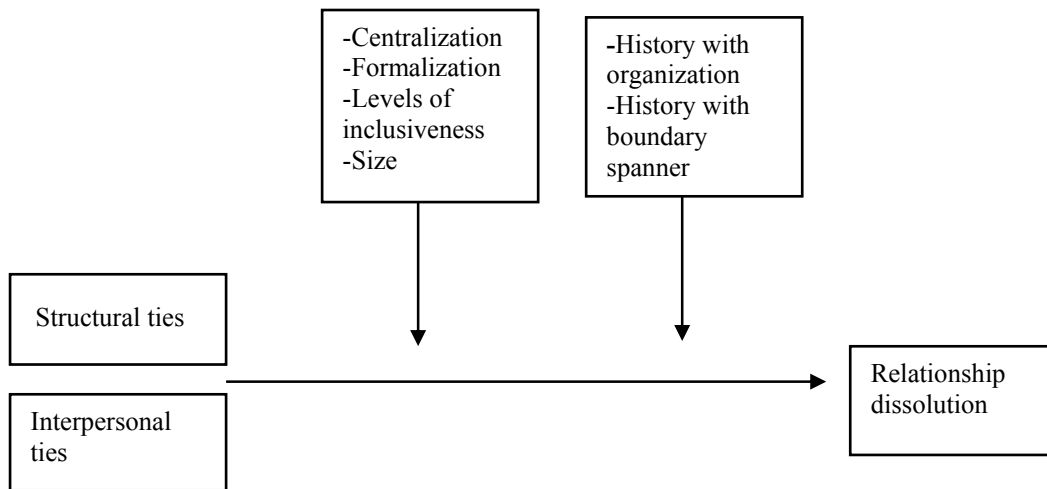
<sup>3</sup> Which is one form of multi-level models (see Klein, Dansereau and Hall, 1994 for an overview of four multi-level models).

<sup>4</sup> Or equally inter-organizational factors, contextual factors etc.

*Independent variables*

*Moderators*

*Dependent variable*



**Figure 2:** *Conceptual model*

## **4. Organizational and Inter-organizational Dimensions and Moderating Effects**

### **4.1 Organizational dimensions and moderating effects**

#### **4.1.1 Centralization and formalization**

By *centralization* I refer to the distribution of formal control and power within an organization (Lau, Goh and Phua, 1999). In organizations with high degree of centralization, concentration of power and control are typically located among a limited number of organizational members and likely at higher levels in the organization. In organizations with low degree of centralization, the distribution of power and control is more decentralized. In this study *centralization* is treated as the degree to which purchasing decisions are controlled and made by a boundary spanner or at higher levels in the organization (Lau, Goh and Phua, 1999). Degree of centralization is assumed to influence boundary spanners degree of autonomy in decision-making. Centralization therefore is presumed to have moderating effects since boundary spanners autonomy in buying decisions has great impact upon the potential impact of interpersonal ties and structural ties on relationship outcome.



Moreover, highly centralized organizations would not encourage the establishment of 'close' personal relationships, since a central logic behind increasing centralization is to enhance control upon decisions made by organizational members at lower levels in the organization (Staw, Sandelands and Dutton, 1981).

By *formalization* I refer to the degree to which written plans, rules, policies, and procedures are clearly stated. In organizations with high degree of formalization, boundary spanners are assumed to have less discretion when making decisions. In organizations characterized by low degree of formalization, boundary spanners are thought to be more autonomous and enjoy more discretion in their decision-making. In this study *formalization* is defined as the degree to which purchasing decisions are formally prescribed by rules, policies, and procedures required being followed (Lau, Goh and Phua, 1999).

Further, formalization is assumed to possess moderating effects because boundary spanners level of autonomy in performing buyer tasks influence the potential impact of interpersonal ties and structural ties upon the likelihood of relationship dissolution.

In addition to the more formal constraints or lack of constraints upon organizational members, we also suggest that organizations characterized by high degree of formalization would encourage a more formal and impersonal interaction style towards supplier's representatives. Development of 'close' interpersonal relationships would therefore be less likely. In contrast, in organizations characterized by low degree of formalization a more informal and personal interaction style towards supplier's representatives, would be advanced. In this context development of 'close' interpersonal relationships is more likely (Morand, 1995).

Thus, in harmony with the above discussion the following hypotheses are formulated:

*H3a: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when 1) centralization is low, and 2) formalization is low.*

*H3b: The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when 1) centralization is high, and 2) formalization is high.*

#### **4.1.2 Levels of inclusiveness**

*Levels of inclusiveness* refer “to the proportion of the activity of a unit dedicated to or involved in those of another unit” (House, Rousseau and Thomas-Hunt, 1995:89). More specifically, in my study *levels of inclusiveness* refer to the degree to which a boundary spanner is dedicated to or involved in activities performed by other members in the organization. The phenomenon of inclusiveness occur inside organizational boundaries, e.g. between production and selling related activities. Likewise, does it take place between organizations, such as among network partners, due to task interdependence and resources dependence (House et al., 1995). Inclusiveness between different units (e.g. departments) is thought to be an important moderator of effects of one on another. The higher the involvement of activities in one department with those of another, the higher the effect one will have on the other.

The phenomenon of inclusiveness is highly relevant to questions concerning the role, function and autonomy of boundary spanners, such as salespersons or purchasing agents. Boundary spanners who are highly dependent and integrated towards other departments in the organization (e.g. the product development department), will have to play a different role than boundary spanners less integrated with activities performed in other departments. An example of relevance to the study would be purchasing agents making buying decisions with respect to products not to be processed inside their own organization<sup>5</sup>. These boundary spanners would have low levels of inclusiveness towards the production department in their organization. In contrast, a salesperson who sells products developed and produced inside his company would be highly dependent upon activities within the company’s production domain. This boundary spanner has high levels of inclusiveness toward his organization’s production department.

With respect to my study I argue that levels of inclusiveness possess moderating effects on the relationship between interpersonal and structural ties upon the likelihood of relationship dissolution. For example in situations where boundary spanners have low levels of inclusiveness, the potential impact of interpersonal ties on dissolution would be higher than when boundary spanners have high levels of

---

<sup>5</sup> Organizations may perform trading activities in addition to processing activities.

inclusiveness. Because when levels of inclusiveness are low relationship specific investments most likely would be bound in the boundary spanner and in the interpersonal relationship, and specific investments at the organizational level would be minor. Further, the role and function of the boundary spanner is assumed more autonomous when he or she to a little degree is integrated towards other parts of the organization. In cases where boundary spanners have low levels of inclusiveness there is also a potential for boundary spanner-customer turnover connection<sup>6</sup>.

In contrast, when boundary spanners have high levels of inclusiveness with the organization he or she represents, we assume that relationship specific investments at the organizational level (structural ties), such as product adaptations, would be of great importance. Although, his or her's ability to coordinate information and activities among departments and across organizations is assumed significant, he or she would be more like a coordinator. Specific assets related to the organization (and not the specific boundary spanner) are assumed to be of greater importance. For example, the boundary spanner could not take the customers with him to a new organization because what this person offers is highly linked to the organization. Accordingly, I hypothesize that:

*H4a: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when the buyer representative has low levels of inclusiveness with the organization he represents*

*H4b: The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when the buyer representative has high levels of inclusiveness with the organization he represents*

#### **4.1.3 Size of organization**

By *size of organization* I refer to an organization's overall size, indicated by business sales and the number of employees (Doney and Cannon, 1997). According to House

---

<sup>6</sup> The phenomenon of boundary spanner-customer turnover connection (discussed by e.g. Lovett, Harrison and Virick, 1997) occurs in business life. In most cases where this phenomenon takes place boundary spanners have low levels of inclusiveness with the organization they represent (see e.g. Seabright, Levinthal and Fichman, 1992, Rokkan, 1999), and relationship specific assets are mostly bound in the boundary spanner and the interpersonal relationship.

et al. (1995) and their account on the relative effect of micro and macro variables, organizational size, age and institutionalization need to be considered. The reason for this is that organizational members by socializing create specific social realities, which in turn evolves to specific norms guiding organizational behavior. These norms will in turn exist independently of the specific individual. When the organization is large, organizational specific norms are expected to have great impact upon individuals. When the organization is small, we assume individuals to have greater impact upon specific norms existing in a firm. When organizations thus become large and mature, individual organizational members (micro variables) are assumed to have less impact upon macro level variables. Boundary spanners working in large size organizations are thus presumed to act in a non-autonomous way. In contrast, in small size organizations, boundary spanners are thought to act in a more autonomous way.

For example in very small organizations, e.g. comprising 2-3 members, the manager and the boundary spanner could be the same person, or play the same roles interchangeably<sup>7</sup>. In large firms, boundary personnel responsible for purchase decisions may have to consider and consult both higher-level managers and other departments in the organization before making a purchase decision. These different situations are presumed to affect the potential impact of interpersonal ties and structural ties upon the likelihood of relationship dissolution. Size of organization thus has moderating effects on the relationship between interpersonal ties and structural ties and dissolution.

Further, firms with few employees “...*may provide and especially fertile ground for embeddedness that might not exist for larger firms. As firms grow, ties among individuals may become insufficient sources of embeddedness, and other social mechanisms such as interlocks or shared equity may then be needed*” (Uzzi 1997:64). Likewise, small size organizations frequently compete and depend upon close interpersonal relationships with business partners, among other factors because small organizations are less able to compete on a cost basis (Lovett, Harrison and Virick, 1997).

---

<sup>7</sup> And there are no organizational levels or hierarchy in the firm.

If social obligations are thought to be an important source of competitive advantage for small businesses, we assume interpersonal ties to have a great impact upon the likelihood of relationship dissolution in small organizations. Large organizations, however, are less dependent upon specific organizational members; since the organization size exhibits a signal (e.g. reputation, competence, market share, etc.) that this firm can be trusted, independently of interpersonal relationships (Doney and Cannon, 1997). We therefore presume interpersonal ties to have less impact upon the likelihood of relationship dissolution in large organizations.

In harmony with the above discussion the following hypotheses are formulated:

*H5a: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when organization size is small*

*H5b: The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when organization size is large*

## **4.2 Inter-organizational dimensions and moderating effects**

### ***4.2.1 History with organization and with boundary spanner***

A number of studies have demonstrated that history or length of relationship attenuate the likelihood of relationship dissolution (Anderson and Weitz, 1989, Heide and John, 1990, Heide and Miner, 1992). The reason for this is because parties make adjustments and learn about each other procedures and values during time. Business partners may also have survived several crises.

In the first phases of business relationship building, such as in the awareness and exploration phase, interpersonal relationships are seen as most important. This is because trust building, the development of norms and expectations to a large extent would depend on competence, perceptions and attraction among boundary spanner personnel (Dwyer, Schurr and Oh, 1987). For business relationships having reached the commitment phase, governance mechanisms, such as common norms and value systems would then ensure sustained interdependence. An institutionalization of habits, norms and rules of business practices typically arises as business exchange persists. The beliefs and social meaning shared by the members in the organizations involved thus evolves to a specific culture, which is thought to survive and be

transferred despite the fact that organizational members leave the organization (Van de Ven, 1976, House, Rousseau and Thomas-Hunt, 1995).

History with organization is assumed to have moderating effects on the relationship between interpersonal ties and dissolution and structural ties and dissolution. When business-relationships are young, and an institutionalization of norms and business practices has not been established, interpersonal ties are assumed to have a higher effect upon the likelihood of relationship dissolution.

When business relationships have lasted for several years, and structural ties, such as investments of specific assets and procedures have increased; interpersonal ties would play a minor role, because institutionalized business practices would exert pressure on boundary spanners behaviors and because structural ‘immobility’ would present a significant barrier towards exit. One might also assume that organizations are reluctant to jeopardize years of business exchange because of tension between two boundary spanners.

Accordingly, we hypothesize that:

*H6a: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when history with organization is short*

*H6b: The negative effect of structural ties upon the likelihood of relationship dissolution is expected to be stronger when history with organization is long*

*H6c: The negative effect of interpersonal ties upon the likelihood of relationship dissolution is expected to be stronger when history with boundary spanner is long*

The relationship between structural ties and history with boundary spanner is more uncertain with respect to moderating effects on dissolution. I assume for instance that levels of inclusiveness would play a major role related to this question. I will leave this question as an exploratory issue, and not hypothesize *ex ante* data analysis.

## **5. Methodological Implications**

### **5.1 Research tradition**

With respect to ontological assumptions I lean to Cook and Campbell<sup>8</sup> (1979). This view does not presuppose a comprehensive explanation of all the causal forces that produce a particular outcome, nor is it intended to establish sufficient and necessary causes. Further, the approach favors a process of falsification, although it recognizes that the observations made in test are not theory-free and that the researcher has not conceptualized all the relevant alternative theories. Additionally, it emphasizes attempts to achieve knowledge by pitting causal hypotheses not against other explanatory or descriptive theories but against mundane nuisance factors that suggest that an observed relationship may not be causal or may involve different constructs than those in which the researcher is interested. The conception of cause thus precludes an essentialist explanation and settles for an investigation of probabilistic causal connections.

### **5.2 The empirical context**

In the empirical study I intend to examine exporter-importer relationships within the fishing industry. The focal business relationship thus includes actors from Norway and France<sup>9</sup>. Further, I plan to employ a buyer-perspective<sup>10</sup>, i.e. I intend to focus on buyer's perceptions with respect to the included variables.

The fishing industry or the fish market<sup>11</sup> is characterized by high volatility, both in quantity, quality and price. The high fluctuations in both quantity and price favor exchange in spot-markets and hence discourage fixed long-term contracts with respect to price. Nevertheless, long-term relationships<sup>12</sup> are seen as beneficial by the actors involved in order to reduce uncertainty. The fishing industry is characterized by a number of uncertainty factors, such as variation in availability, lack of stable supply and extreme perishability, and therefore influences the actor's willingness and ability

---

<sup>8</sup> In the frame of this paper it is not possible to present a comprehensive outline, but the authors draw on ideas from positivists, essentialists, Popper, activity theorists, and evolutionary epistemology. The logic of experimentation is seen as an ideal for research (Cook and Campbell 1979:1-36).

<sup>9</sup> More specifically I include Norwegian fish exporters and French importers of fish (wholesalers, smokehouses and fish-processing industry).

<sup>10</sup> This choice is based on both theoretical and empirical reasons.

<sup>11</sup> Which is increasingly a global market.

<sup>12</sup> Which are not necessarily formal relationships, and frequently termed by actors as informal gentleman agreements (Pettersen 1998).

to develop long-term relationships (Nilssen, 1994). Further, the value chain is characterized by high complexity<sup>13</sup>. Additionally, there is a considerable geographic distance between buyers and sellers, which involves a physical distance as well as a cultural distance<sup>14</sup>. As a consequence, it is costly and difficult to monitor the other party, and buyers need to rely on trusting and competent partners with whom you do business. Furthermore, it takes time to develop and obtain a mutual understanding for professional and cultural issues. Finally, in these business relationships, boundary spanners often play a major role in exchange, since they may possess market specific knowledge, product and industry-specific knowledge, and high ability to coordinate activities and communicate important information. I therefore argue that the empirical setting is relevant in order to test the hypotheses.

### 5.3 Methodology

In this study I employ a hypothetico deductive method as research strategy. This approach builds on existing research in order to develop the conceptual model and hypotheses. In order to test the postulated hypotheses I employ a quantitative approach and intend to conduct a cross-sectional study. I do not aim to investigate dissolution of business relationships as process<sup>15</sup>, i.e. to study stages firms eventually go through until a relationship is ended, but aim to capture a ‘snap-shot’ in an ongoing business relationship. Further, I intend to treat the concept of relationship dissolution as a continuous variable<sup>16</sup>. The study therefore aims to measure *intentions to dissolve*. With respect to measure development, I stick to the position claiming for multiple items and multiple measures (Cook and Campbell, 1979). When available, I draw on existing scales in the literature. When necessary, items are added or modified according to the specific empirical context<sup>17</sup>. In order to measure relationship dissolution I use several measures; *intention to exit*, *extendedness of relationship*, and a prospective element; *tolerance for conflict*. With respect to *structural ties*, I specify:

---

<sup>13</sup> I.e. there exists a highly specialized division of labor and actors taking part in the value chain are numerous (Pettersen 1998).

<sup>14</sup> I.e. there are differences with respect to business culture, language, cultural codes etc.

<sup>15</sup> An important body of studies investigating relationship dissolution has employed a process-view (e.g. Ping and Dwyer 1992, Giller and Matear 2000).

<sup>16</sup> The majority of the dissolution studies using a qualitative approach treat the concept of dissolution as a dichotomous variable (e.g. Täthinen and Halinen-Kaila 1997), likewise a number of quantitative studies (e.g. Seabright, Levinthal and Fichman, 1992). Ping (1993, 1995, 1999), Wathne, Biong and Heide, (2000) treat the concept of dissolution as a continuous variable.

<sup>17</sup> A pre-test in the form of interviews among buyers will be conducted in order to ensure the relevance of the items chosen.



*product adaptations, human asset specificity and logistic adaptations. Interpersonal ties include: cultural adaptations, communication, liking and frequency of interaction. Additionally, a number of control variables, such as availability of alternative partners, overall satisfaction with relationships, switching costs, are included in the survey-instrument.*

## References

- Anderson, Erin and Weitz, Barton (1989): "Determinants of continuity in conventional industrial channel dyads". *Marketing Science*, vol. 8, no. 4, fall 1989.
- Anderson, Erin and Weitz, Barton (1992): "The use of pledges to build and sustain commitment in distribution channels". *Journal of Marketing Research*, vol. XXIX, February 1992, 18-34.
- Blois, Keith J. (1999): "Trust in business relationships: An evaluation of its status". *Journal of Management Studies*, vol.36, no.2 march, p.197-215.
- Coleman, J.S. (1990): "Foundations of social theory". Cambridge, MA: Harvard University Press
- Cook, Thomas D. and Campbell, Donald T. (1979): "Quasi-experimentation. Design & Analysis Issues for Field Setting". Houghton Mifflin Company
- Currall, Steven C., Judge, Timothy A. (1995): "Measuring trust between organizational boundary role persons". *Organizational behavior and human decision processes*, vol. 64, no. 2, November, pp.151-170, 1995
- Dwyer, F. Robert, Schurr, Paul H., Oh, Sejo (1987): "Developing buyer-seller relationships". *Journal of Marketing*, 51 (april), 11-27.
- Giddens, A. (1979): "Central problems in social theory: Action, Structure and Contradiction in Social Analysis". Berkeley, CA: University of California Press
- Giller, Caroline and Matear, Sheelagh (2001): "The termination of inter-firm relationships", *Journal of Business & Industrial Marketing*, vol. 16 no.2 2001, p. 94-112.
- Grønhaug, Kjell, Henjesand, Inge Jan, Koveland, Anita (1999): "Fading relationships in business markets: an exploratory study". *Journal of strategic marketing*, 7, 175-190.
- Halinen, Aino and Tähtinen, Jaana (1999): "Towards a process theory of relationship dissolution". Series discussion and working papers 9:1999. Publications of the Turku School of economics and business administration.
- Heide, Jan B. and John, George (1990): "Alliances in industrial Purchasing: The determinants of Joint Action in buyer-supplier relationships". *Journal of Marketing Research*, vol. XXVII, February 1990, 24-36

Heide, Jan B. and Miner, Anne S. (1992): "The shadow of the future: Effects of anticipated interaction and frequency of contact on buyer-seller cooperation". *Academy of Management Journal*, vol. 35, no.2, 265-291

Hirschman, A. O. (1970): "Exit, Voice and Loyalty: Responses to decline in firms, organizations and states". Cambridge, MA: Harvard University Press

House, Robert, Rousseau, Denise M., and Thomas-Hunt, Melissa (1995): "THE MESO PARADIGM: A framework for the integration of micro and macro organizational behavior". *Research in Organizational Behavior*, vol.17, p.71-114.

Humphrey, Ronald H., Ashforth, Blake E. (2000): "Buyer-supplier alliances in the automobile industry: how exit-voice strategies influence interpersonal relationships". *Journal of organizational Behavior*, vol.21, 713-730 (2000).

Klein, K. J., Dansereau, F., and Hall, R. J. (1994): "Levels issues in theory development, data collection, and analysis". *Academy of Management Journal*, vol.36, no.6, p.195-229.

Lau, Geok-Tcheng, Goh, Mark, Phua, Shan Lei (1999): "Purchase-related factors and buying center structure. An empirical assessment". *Industrial Marketing Management* 28, 573-587.

Lovett, Steve, Harrison, David, and Virick, Meghna (1997): "Managing the boundary spanner - customer turnover connection". *Human Resource Management Review*, 7(4), 405-424.

Morand, David A. (1995): "The role of behavioral formality and informality in the enactment of bureaucratic versus organic organizations". *Academy of Management Review*, vol.20, no.4, p.831-872.

Nicholson, Carolyn Y., Compeau, Larry D., Sethi, Rajesh (2001): "The role of interpersonal liking in building trust in long-term channel relationships". *Journal of the Academy of Marketing Science*, vol.29, no.1, p.3-15.

Nilssen, Frode (1994): "A review of four theoretical accounts of the exchange process: Exchange relationships, Interaction, Political economy, Transaction cost analysis". Dissertation presented in partial fulfilment of the requirements for the degree of M. Sc. In Marketing University of Stirling (1993-1994).

Pettersen, Inger Beate (1998): "Fiskeeksport til Frankrike. Er det muligheter for økt integrasjon mellom aktørene i verdikjeden?". Kystnæringscenteret – Honningsvåg.

- Ping, Robert and Dwyer, F. Robert (1992): "A preliminary model of relationship termination in marketing channels. *Advances in Distribution channel research*, volume 1, p. 215-233.
- Ping, Jr. Robert A. (1993): "The effects of satisfaction and structural constraints on retailer exiting, voice, loyalty, opportunities and neglect", *Journal of Retailing*, 69 (3), 320-352.
- Ping Jr. Robert A (1995): "Some uninvestigated antecedents of retailer exit intention", *Journal of Business Research*, 34 (3), 171-180.
- Ping Jr. Robert A (1999): "Unexplored antecedents of exiting in a marketing channel", *Journal of Retailing*, 75 (2), 218-241.
- Prim-Allaz, Isabelle (2000): "Les ruptures de relations de long terme entre organizations: contribution a l'étude des determinants. Une application aux relations Banque-PME". PhD Dissertation.
- Rokkan, Aksel I. (1999): "Hinsides den skrevne kontrakt, Uformell styring av kjøper/selger-relasjoner". *Magma*, vol.2, no.5.
- Rousseau, Denise M. (1985): "Issues of level in organizational research: Multi-level and cross-level perspectives". *Research in Organizational Behavior*, vol.7, p.1-37.
- Seabright, Mark A., Levinthal, Daniel A., and Fichman, Mark (1992): "Role of individual attachments in the dissolution of interorganizational relationships". *Academy of Management Journal*, vol.35, no.1, p.122-160.
- Staw, Barry M., Sandelands, Lance E., and Dutton, Jane E. (1981): "Threat-rigidity effects in organizational behavior: A multilevel analysis". *Administrative Science Quarterly*, vol.26, p.501-524.
- Tähtinen, Jaana and Halinen-Kaila, Aino (1997), "The death of business triads. The dissolution process of a net of companies". In Proceedings of the 13<sup>th</sup> IMP conference. Lyon, France
- Uzzi, Brian (1997): "The social structure and competition in interfirm networks: The paradox of embeddedness". *Administrative Science Quarterly*, 42, 35-67
- Van de Ven, A.H (1976): "On the nature, formation and maintenance of relations among organizations". *Academy of management Review*, Vol. 1, 24-36.
- Wathne, Kenneth H., Biong, Harald, and Heide, Jan. B. (2000): "Supplier choice in *embedded* markets: Relationships and marketing mix effects". Presented at FIBE XVII, Norwegian School of Economics and Business administration, January 6-7, 2000.

Williamson, O. E (1975): "Markets and hierarchies. Analysis and antitrust implications. New York. The Free Press.

Williamson, O. E (1979): "Transaction-cost economics: The governance of contractual relations". *The journal of Law and economics*. Vol.22, october 1979.

Williamson, O. E. (1985): "The Economic Institutions of Capitalism". New York, The free press.

Williamson, O. E. (1991): "Comparative economic organization: The analysis of discrete structural alternatives". *Administrative Science Quarterly*, vol.36 (1991), p.269-296.

Zaheer, Akbar, McEvily, Bill, Perrone, Vincenzo (1998): "Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance". *Organization Science*, vol.9, no. 2, march-april