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**Can We Mend Fences? A Model of Recovery Processes  
of SME Business-to-Business Relationships**

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**Abstract**

**Purpose** - This paper develops a process model of business-to-business (B2B) relationship recovery after a transgression has placed the future of the relationship in doubt. The research questions ask, *How are relationships recovered?* and *How does the relationship strength pre-transgression influence the recovery process?*

**Design/Methodology/Approach** – The process model is empirically grounded with first-hand narratives of owner managers (OMs) and key personnel of Irish small and medium sized enterprises (SMEs). Using the critical incident technique, 25 owner and manager interviews in 23 SMEs resulted in 48 recovery narratives.

**Findings** - The findings identify four types of outcomes flowing from two potential recovery process paths. The strength of the relationship pre-transgression and the desire to maintain the relationship influence the parties' actions during the recovery process and the status of the relationship subsequently.

**Originality** – Prior studies either treat recovery as a minor part of an ending process or focus on a single sub-process, leaving the overall process under-researched. This study contributes to the B2B relationship dynamics discussion with a processual view of the overall recovery process, including recovery sub-processes, paths and temporal outcomes in different types of relationships and the pre-transgression relationship.

**Research limitations/ implications:** The B2B relationship recovery process model offers OMs and SMEs a blueprint of what to expect, and how they might reach for recovery instead of relationship ending. We acknowledge that each narrative in our data is the informants' construction of the phenomenon.

**Key words:** Business to Business (B2B) Relationships, Recovery, Dissolution, Repair, Strength, Process Model, SMEs.

**Paper classification:** Original article: Research paper

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## 1. Introduction

Business-to-business (B2B) relationships have received much research attention since the influential five phase model of Dwyer, Shurr, and Oh (1987). Research on the model's final stage, namely dissolution, has showed that there is more to the dynamics of B2B relationship than the five phases. Relationships that are entering the dissolution phase do not necessarily end (Tähtinen, 2002), but can be continued through relationship recovery (Ellegaard and Andersen, 2015; Salo *et al.*, 2009; Vidal *et al.*, 2016). In addition, a relationship may require a recovery process during any of the phases (Halinen and Tähtinen, 2002). Hence, the five phase model has become more dynamic with the inclusion of relationship recovery.

In spite of over 30 years of research, we still know very little about B2B relationship dynamics, that is, about the processes that help to understand the development of relationships over time (Shamsollahi *et al.*, 2021). We need more attention on relationship recovery processes to increase our understanding of relationship dynamics. Although knowledge on recovery has been acknowledged to be critical for companies (Jap and Anderson, 2007), the fruitful arena for theory building remains nascent (Shamsollahi *et al.*, 2021). The scarce research on B2B recovery processes has been limited to specific contexts; triadic settings involving consumers (Salo *et al.*, 2009), extremely severe conflicts where the parties no longer interact (Ellegaard and Andersen, 2015) or only capture the buyers' perspective (Vidal *et al.*, 2016). The related dissolution studies either offer broad process models on relationship ending (Halinen and Tähtinen, 2002; Tähtinen, 2002), where recovery is only a phase, or focus on the very start of the process (Fleming *et al.*, 2016; Tähtinen and Vaaland, 2006). Research connecting the six relationship phases to each other is still missing, leaving us without a picture of how the processes influence each other in these transitions.

Addressing the dynamics of B2B relationships is important for the theoretical development of the field, especially if we wish to enhance the process view of relationships (Langley and Tsoukas, 2015). Knowledge on how to manage a company's most important relationships, especially in situations where the relationship is in danger of ending, is vital (Jap and Anderson, 2007). This is particularly true for small and medium sized companies (SMEs) as they rely on fewer important partners and are therefore more vulnerable (Pérez and Cambra-Fierro, 2015). This study answers the call for research to equip owner-managers (OMs) to continue valuable relationships (Johnsen and Lacoste, 2016; Rajamma *et al.*, 2011) and to avoid the costs of relationship ending, the loss of investments, and the time and costs of initiating a new relationship (Tähtinen and Vaaland, 2006). A valuable relationship that is dissolving will demand recovery efforts (Salo *et al.*, 2009; Vidal *et al.*, 2016), as one party can end a relationship whereas both are needed to continue it. So far, research has offered a fragmented picture of the B2B recovery process and left the large SME context with limited dedicated research (Fleming *et al.*, 2016).

The purpose of this study is to develop a process model of B2B relationship recovery in the context of SMEs. The model identifies the sub-processes of recovery, process paths, and outcomes and connects the strength of the relationship pre-transgression to the recovery process. Such a dyadic process model covering several types of transgressions and recovery situations is currently non-existent. This study addresses a notable omission from prior studies in asking; *How are business relationships recovered?* and *How does the relationship strength pre-transgression influence the recovery process?*

A B2B relationship is defined as an ongoing commercial interaction process between two firms, conducted by individuals representing their companies (Håkansson, 1982). This paper

posits that B2B relationships include micro level (individual, here OMs and managers) and macro level (firm) actors, both creating structures (e.g. trust, norms) that influence the interaction processes, and vice versa (Tähtinen and Blois, 2011). Hence, interaction (actions and reactions) and its context are inseparably intertwined. Social behaviour dictates the interaction norms of these parties who implement a cost-benefit analysis to determine risks and benefits of the relationship (Rajamma *et al.*, 2011). Transgressions are those actions that break these norms of behaviour in a B2B relationship and trigger a negative response from the offended party. Transgressions can be sudden or part of a series of actions that require recovery to change the negative state of the relationship into a positive one (Dirks *et al.*, 2009; Shamsollahi *et al.*, 2021). SMEs offer a fertile context to study such relationship recovery dynamics in greater depth.

SMEs (10–250 employees, OECD, 2005) offer a suitable context to study relationship recovery for several reasons. SMEs represent the backbone of the EU economy comprising 99 percent of all enterprises (Papadopoulos *et al.*, 2018) and almost 70 percent of private sector employment. SMEs show a particular willingness to work with other businesses (Casidy and Nyadzayo, 2019), partly to overcome internal resource limitations and to rebalance power relationships within the supply chain (Kelliher, 2007; Pérez and Cambra-Fierro, 2015). SMEs are centred on their OMs, who tend to have primary responsibility for identifying business partners, providing resources, and capturing business (Larson, 1992; Reijonen and Komppula, 2007). SMEs often need and make use of external resources, which increases the importance of the relationships (Fleming *et al.*, 2016; Tell and Gabrielsson, 2013). High-performing SMEs strive to provide excellent service to B2B clients (Casidy and Nyadzayo, 2019) and tend to prioritise key accounts, have processes to support those accounts, and place senior figures as key account managers (Pérez and Cambra-Fierro, 2015). Consequently, SME' relationships can be central to the company's success and growth; their creative use enhances revenue, gains information and technology, and increases innovation (Larson, 1992; Reijonen and Komppula, 2007). Should such relationships suffer a serious transgression, a recovery process can help save the relationship (Harmeling *et al.*, 2015; Tähtinen and Vaaland, 2006).

The study applies abductive strategy and places equal weight on theory and empirics. A theoretical framework was used to inform, but not to restrict the methodological choices. The narrative data of OMs and senior managers of Irish SMEs on their personal experiences of relationship recovery were abductively analysed to empirically ground the process model. The model advances current understanding of relationship dynamics by offering a nuanced picture of the sub-processes of the recovery and its temporal outcomes in different types of relationships. The findings identify four types of outcomes influenced by two potential recovery process paths starting from the pre-transgression relationships. The strength of the relationship pre-transgression and of the desire to maintain the relationship influence the parties' actions during the recovery process.

The paper continues with a review of the literature followed by the methodology, before presenting the results as an empirically grounded process model. The study ends with a discussion on its novelty, limitations, and suggestions for future research.

## 2. Literature

Social psychology research on repairing personal relationships (Duck, 1984) has inspired studies on B2B relationship recovery. Both personal and B2B relationship ending models (Duck, 1984; Tähtinen, 2002) present recovery as a turning point, but also stress that recovery strategies work only if both parties are willing to engage in recovery. This implies that the

recovery process is contingent on the strength of the relationship pre-transgression. Therefore, understanding the broader process of B2B relationship recovery requires a holistic model of the recovery process (Dirks *et al.*, 2009) that includes both the start (i.e. the pre-transgression B2B relationship) and the outcome.

### *2.1 Strength of the relationship pre-transgression*

Previous studies on B2B relationship recovery are silent on how the strength of the relationship influences the whole recovery process, warranting its inclusion in this study. Particularly, research suggests that the state of the relationship pre-transgression does influence the ending process (Dirks *et al.*, 2009; Tähtinen, Blois and Mittilä, 2007). Moreover, studies on interpersonal relationships (Duck, 1982; 1984) show that both parties' perception of the relationship and how they historically interacted influence how they will behave in the relationship recovery process.

Relationship strength refers to each organisation's reliance on the integrity of its counterpart and confidence in future interactions based on past performances (Wong and Sohal, 2002). In strong relationships, the parties invest in the relationship, and are motivated and committed to continue it (Barry *et al.*, 2008). Prior OM/SME studies reinforce this perspective (Fleming *et al.*, 2016; Larson, 1992). As well as commitment, trust has also been studied as a key element of B2B relationships (Dowell *et al.*, 2015; Franklin and Marshall, 2019; Jiang *et al.*, 2011), with consensus emerging that companies cannot trust; only humans can (Mouzaz *et al.*, 2007). In the OM/SME setting, trust develops primarily at the interpersonal micro level and influences the way the relationship is organised and works at the macro level (McEvily *et al.*, 2003). Although the relative importance of affective trust diminishes and competency trust increases as the SME relationship matures (Dowell *et al.*, 2015), trust seems to reduce the perception of risk, and encourages partners to commit and invest in the future of the relationship (Franklin and Marshall, 2019; Jiang *et al.*, 2011).

This study involves relationships shaken by transgressions and facing ending, which require a reactive recovery process (Jones *et al.*, 2011). Cognitive or behavioural transgressions can transform the relationship due to uncertainty (Harmeling *et al.*, 2015). Those of a cognitive nature are generally easier to recover as they are related to the tasks undertaken in relationships. Behavioural transgressions are different in that the trust and/or commitment are questioned and therefore, these transgressions are assumed to need more attention. However, in strong relationships, the trust and commitment between the partners should help buffer against the influence of most transgressions. Those relationships would not need a specific recovery process, or the strength would ease the recovery process (Tähtinen, 2002). Hence, it is not the transgressions as such that push the relationship towards an ending path, but the way the parties perceive the transgressions, their severity and their influence on the relationship.

### *2.2 Relationship recovery sub-processes*

This study directs attention to the actors' actions and reactions in pursuit of recovery; in other words, how the recovery process unfolds through sub-processes. First, both parties may voice their concerns (Salo *et al.*, 2009), such that they can analyse both the issues experienced and how the issues influence the future of the relationship. Thereafter, they can evaluate the relationship and decide whether it merits the recovery effort (Fleming *et al.*, 2016; Tähtinen and Vaaland, 2006). Studies on personal relationships (Duck, 1982) suggest a threshold at each sub-process because unless a recovery sub-process is successful, tensions may rise. Both

partners must understand the counterpart's perception of the problems and consider the relationship worth continuing (Tähtinen and Vaaland, 2006), before the recovery process can progress (Tähtinen, 2002). Recovery may therefore include the reinforcement of the positive aspects of the relationship to reduce tension (Dirks *et al.*, 2009; Ellegaard and Andersen, 2015). That reappraisal might prompt internal, dyadic, and group discussions, however, in total conflict situations where parties cease communication, third actors or mediators may be needed (Ellegaard and Andersen, 2015).

Recovery efforts and investments aim to normalise the relationship (Salo *et al.*, 2009) and facilitate its recovery. Recovery efforts may include reorganising, extending deadlines, adapting solutions, changing personnel, or establishing a resolution group (Jones *et al.*, 2011). Even if all those recovery activities are undertaken, the relationship may still fail to recover, as the parties' reactions cannot be forecast with certainty. Recovery actions might come too late (Edmondson and Smith, 2006) or be insufficient. Hence, this study will examine the variation of the process and its outcome and whether all recovery processes produce the same outcomes.

### 2.3 Post Recovery

The end part of the recovery process or the relationship post-recovery has attracted little scholarly interest. Research has merely shown that B2B relationships can recover even from severe transgressions (Salo *et al.*, 2009; Tähtinen *et al.*, 2007), but little is known of the outcome after the recovery, including its labelling. Thus, several terms are used interchangeably. In the interpersonal context, Ren and Gray (2009) use both repair and restoration and suggest that a successful outcome includes that the relationship returns to a pre-transgression level. Dirks *et al.* (2009) distinguish between repair and restoration as a repaired relationship may never be restored to exactly mirror its pre-transgression state because the individuals involved may remain emotionally scarred. Hence, to Dirks *et al.* (2009, p. 39) a relationship is repaired if it returns to '*a positive state*'.

It would be naive to assume that everything that triggered the need for recovery and what happened during the recovery process can be erased from the memories of the participants. Hence, this study suggests that a relationship can be recovered but not restored, as the relationship changes during the recovery process and thus cannot return to the exact same form (e.g. a mended fence will show evidence of the break). We define the relationship recovery process as all the actions taken to continue a business relationship after a transgression that could possibly end in dissolution. Our data will show that relationships may emerge stronger from the recovery process (i.e., recovered), or emerge repaired, or remain vulnerable, or be dissolved if the recovery process fails. The definition includes different outcomes (relationships being recovered, repaired, or vulnerable) and is bounded in time, as vulnerable relationships may not last long regardless of their apparent recovery.

## 3. Methodology

In order to develop a recovery process model, the present study uses interview data to solicit OM and Senior Manager narratives (Czarniawska, 1998). Using a criterion sampling strategy (Miles and Huberman, 1994) we approached established Irish SMEs in various industries, all with long-term business relationships and experiences of both relationship ending and recovery. We sampled the companies using a research institute's regional SME database and interviewed a total of 25 OMs and managers in 23 SMEs (Table I).

**Table 1. The empirical data**

<b>SME</b>	<b>Industry</b>	<b>Informant(s)</b>	<b>Duration (minutes)</b>	<b>No. of stronger (S) and weaker (W) narratives</b>	<b>Role in the relationship</b>	<b>Relationship recovery outcomes</b>
<b>1</b>	Security Services	OM	60	S1	Buyer	Recovered
				W1	Buyer	Vulnerable
				W2	Seller	Repaired
<b>2</b>	Consumer Electronics	Sales Director	55	S2	Seller	Recovered
		European Sales Manager	70	S3	Seller	Repaired
		Sales Manager	60	W3	Seller	Dissolved
			60	S4	Seller	Repaired
			W4	Seller	Vulnerable	
<b>3</b>	Insulation Services	OM	60	W5	Seller	Vulnerable
<b>4</b>	Clothing Manufacturer	OM	80	S5	Buyer	Recovered
				W6	Buyer	Repaired
				W7	Buyer	Repaired
<b>5</b>	Software	OM	70	S6	Seller	Repaired
		Chief Technical Officer		W8	Seller	Vulnerable
<b>6</b>	Software	OM	60	W9	Seller	Vulnerable
<b>7</b>	Electronics	OM	50	W10	Seller	Dissolved
<b>8</b>	Software Service	OM	60	S7	Seller	Recovered
				W11	Buyer	Vulnerable
<b>9</b>	Merchant Services	Business Project Manager	50	S8	Seller	Repaired
<b>10</b>	Security Services	OM	75	S9	Seller	Recovered
				W12	Buyer	Vulnerable
<b>11</b>	Homeware Manufacturer	OM	56	S10	Seller	Recovered
				W13	Buyer	Dissolved

<b>12</b>	Health Services	Manager	45	S11 W14	Buyer Buyer	Dissolved Dissolved
<b>13</b>	HR Services	OM	60	S12 S13	Seller Seller	Vulnerable Repaired
<b>14</b>	HR Services	OM	45	S14	Seller	Vulnerable
<b>15</b>	HR Services	OM	60	W15	Seller	Repaired
<b>16</b>	Software	OM	75	S15 S16	Seller Buyer	Recovered Vulnerable
<b>17</b>	Software and Hardware Services	OM	90	S17 S18 W16	Seller Seller Seller	Recovered Repaired Vulnerable
<b>18</b>	On-line Solution Provider	OM	60	S19 W17 W18	Seller Seller Buyer	Repaired Repaired Vulnerable
<b>19</b>	Industrial Equipment	OM	60	S20 S21	Buyer Buyer	Recovered Repaired
<b>20</b>	Software	OM	60	S22	Seller	Repaired
<b>21</b>	Print	OM	60	S23 S24	Buyer Seller	Dissolved Recovered
<b>22</b>	Transport	Commercial Director	90	S25 W19 W20	Seller Seller Seller	Recovered Repaired Vulnerable
<b>23</b>	Training Provider	OM	55	W21 S26 S27	Seller Seller Seller	Dissolved Vulnerable Repaired
		<b>Total: 48</b>	<b>26 h 6 min</b>	<b>S = 27 W = 21</b>	<b>15 B / 33 S</b>	<b>11 Recovered 16 Repaired 14 Vulnerable 7 Dissolved</b>

The critical incident technique (Flanagan, 1954) was first applied to trigger a first-hand narrative of a relationship encompassing what happened after the critical incident(s) and how did the story end. This method is appropriate for analysis and discovery of the problem solving behaviour of people (Brunig and Christoffersen, 2016), and has been used to evaluate the process through which customers and suppliers redefine a business relationship's structure (Schurr *et al.*, 2008). For the informants, the critical incident was framed as a trigger event (Edvardsson and Strandvik, 2000) that changed the business relationship. Thereafter, the interviews were less structured, and the informants could explore any topic and detail they recalled. The face-to-face interviews resulted in 48 narratives. Although not dyadic, the data includes first-hand narratives of relationships where the informants were either buyer or supplier. Hence, the data offer both parties' view, compensating for the fact that the counterparts of the parties that the lead author contacted were unwilling to be interviewed.

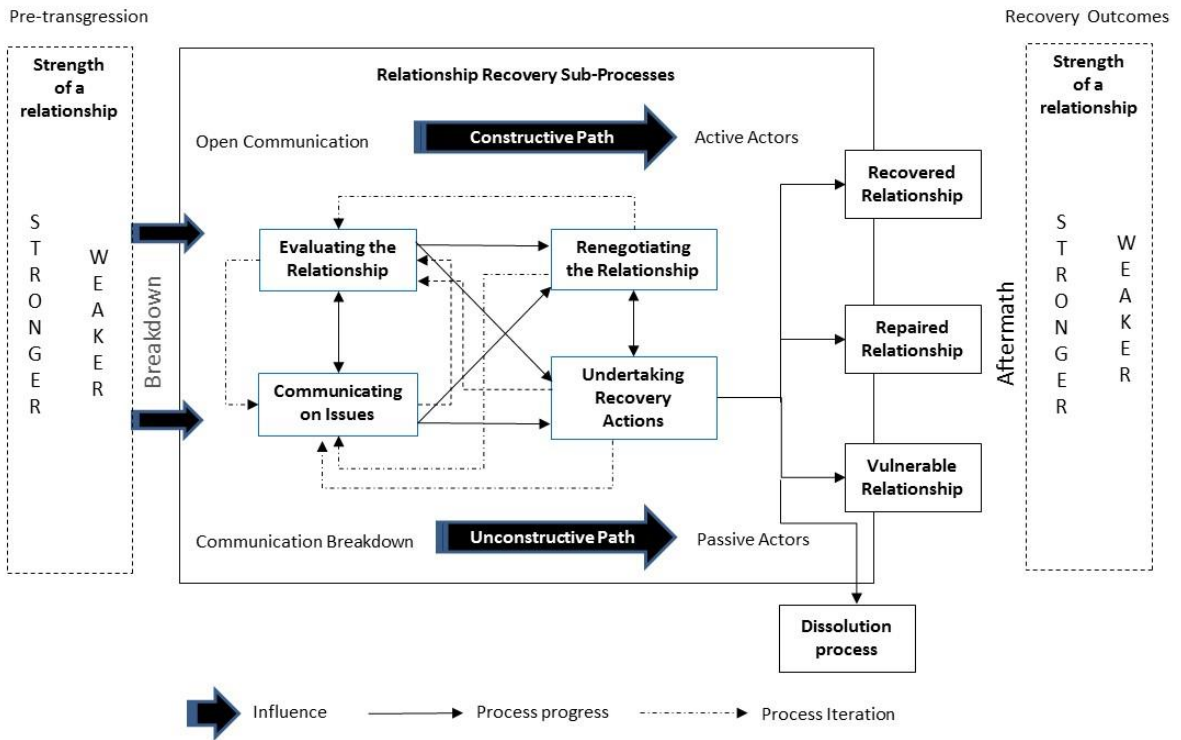
The interviews were audiotaped and transcribed for analysis. To understand the actions and reactions of the actors in the recovery process, we analysed the data using abductive reasoning (Dubois and Gadde, 2002) involving a constantly iterating cycle between data and theory to arrive at a sound interpretation. As a part of data analysis, the lead author sent the stories to the informants for review to ensure their accuracy and credibility. In addition, she selected four companies to check the credibility of the data. This process gave the informants the opportunity to correct any errors or wrong interpretations and offered researchers insights into the accuracy of the documented findings (Richardson, 1994). The data were analysed thematically, guided by the theoretical frame presented above, but letting emerging themes and patterns arise. The NVivo programme was utilised by the lead author to manage this iterative process of coding, retrieving, refining, and categorising data through the linking of ideas and sources, identifying contradictions, and comparing dissimilarities. This process was checked intermittently by the third author, and continued until explanations no longer emerged from the data to aid our understanding of the recovery process.

## **4. Business Relationship Recovery Model**

### *4.1 Relationship recovery sub-processes and outcomes*

In pursuit of the first research question (*How are relationships recovered?*), Figure 1 presents a holistic overview of the recovery process, its sub-processes, the different paths the process can take, and the outcomes.





**Figure 1 Business relationship recovery model**

The following sections present the model by first discussing the sub-processes and then the outcomes. However, as Figure 1 suggests, there is no fixed order of sub-processes, they partly overlap, and the process is iterative. In addition, the sub-process may take place within a partner organisation or through interaction involving both actors simultaneously and accordingly, the sub-process descriptions acknowledge the iterative interplay that exists throughout the recovery process. Moreover, a successful recovery process can save those relationships that were weaker pre-transgression. Thus, the model proposes a number of propositions (P1-P10). P1: The strength of the B2B relationship pre-transgression influences the trajectory of the relationship recovery sub-processes and P2: The B2B relationship recovery sub-processes influence the outcome of the recovery.

#### 4.1.1 Communicating on issues

The communication about what either party perceives to be the issues jeopardising the relationship can be direct or indirect, constructive, destructive or passive (Alajoutsijärvi *et al.*, 2000); “... and she blew up with us, you know”, (S1 Recovered). Constructive communication such as voicing concerns to a partner to address them steers the relationship toward recovery (e.g. Salo *et al.*, 2009; Vidal *et al.*, 2016).

*I brought them in for a meeting, ... , I told them in no uncertain terms what I thought of their behaviour. [I] had to have a little bit of a “Come to Jesus<sup>1</sup>” talk with them. (S8 Repaired)*

Thus, even destructive expressions can start the recovery sub-process during which parties discuss the voiced aspects of the relationship. Hence, P3: Open communication steers the B2B relationship recovery sub-process trajectory towards a constructive path.

SMEs are sometimes dependant on large organisations for custom or supply (Pérez and Cambra-Fierro, 2015) therefore are vulnerable to relationship transgressions in this context. As alluded to in the findings, dependence between customer and supplier may result in a relational imbalance in the short term (Johnsen and Lacoste, 2016), requiring open communication to alleviate a negative SME B2B power dynamic (Kelliher, 2007; Pérez and Cambra-Fierro, 2015). Once the issues affecting the relationship were expressed and discussed, decisions were made on its future; then the sub-processes of communication and relationship evaluation both come to the fore as ‘effective restoration involves the efforts of both parties’ (Ren and Gray, 2009, p.116). However, it might be wise on occasion for OMs to remain silent if ending the relationship is not an option at that point:

*At the time ... they were more important to us, so we had to deal with it. We had to deal with it and get on with it, and sometimes grit our teeth, you know, grit our teeth through it. (S4 Repaired)*

P4: When relationship dissolution is not an option, a vulnerable SME may need to remain passive and/or silent to recover a B2B relationship.

#### 4.1.2 Evaluating the relationship

Following, or during, the internal and (potentially) dyadic communication of the troubles; companies evaluate the relationship, consider if it is worth recovering, and estimate the costs

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<sup>1</sup> ‘come to Jesus’ refers to a meeting or moment where one undergoes a difficult but positive and powerful realisation or change in character.

and benefits associated with a recovery (Fleming *et al.*, 2016; Tähtinen and Vaaland, 2006). This study highlights the importance of interpersonal relationships in this sub-process. Our data suggest that if key individuals perceive their counterparts to be open and trustworthy, they may value that more than the costs associated with dissolution. In contrast, partners perceived as aggressive and uninterested in maintaining the relationship generated opposing evaluations, '*I knew he was the type of person that would just scream and shout*', (W20 Vulnerable).

The evaluation leads to a decision either to recover the relationship or to let it end. The OMs evaluated the key factors, such as their company's time investments and individuals' integrity (Franklin and Marshall, 2019), but also considered how their partners evaluated them and their relationship:

*... and then it's a question of, you are investing your time and your effort and you are making sure that the key people you need to convince that you are a good partner become convinced of that, and that's it and it's very much, I think, if everybody is honest in a situation.* (S17 Recovered)

The analysis stresses that the OMs recognised the importance of being honest and transparent. Moreover, it was important to pick out the key contacts in the partner organisation who had to be convinced that the failure was unintentional. They felt this helped to rebuild trust between the companies:

*The biggest challenge for us was to, to look at that relationship which they then felt, that we had not been given our value-for-money, which is, it's actually not the case, you know, we were quick on that, so we really had to work with a number of key stakeholders there.* (S15 Recovered)

This sub-process is important because the future influence of a relationship termination is unknowable, '*If we have a reputation for pulling the plug, if things begin to get tough, then that becomes more difficult over time to try and find new people to work with*' (S2 Recovered). The OMs also cited availability of alternative partners, the costs of ending relationships, the legal implications, and the emotional impacts as reasons to recover a relationship:

*It was resolved in the end but only with the threat of very serious penalty payments, because this was quite contractually complex and the threat of very serious lawsuits on both sides, so I think like all human experience, it got to the point where you either had to pull the trigger or negotiate a settlement.* (W9 Vulnerable)

P5: The sub-process of evaluating the B2B relationship steers the parties' recovery efforts.

#### *4.1.3 Renegotiating the relationship*

If both parties are willing to recover the relationship, they will have to address the sub-optimum atmosphere through interaction (Salo *et al.*, 2009; Ren and Gray, 2009). An important aspect of this sub-process is the strength of the existing relationship and particularly their historic approach to communication (Ellegaard and Andersen, 2015). This affects the actors' cost-benefit evaluation (Rajamma *et al.*, 2011) that in turn influences their level of interaction in the process. In stronger relationships, actors actively renegotiated the atmosphere and mutually agreed how to conduct future interactions (Ren and Gray, 2009):

*We ultimately went in at several face-to-face meetings with them, offside, away from their company, away from their own staff, one-on-one with the principals there. [...] ...when you get past the point where someone is willing to be more open about the specifics of their organisation, the issues that they have ... you have a better handle on exactly where you stand. (S2 Recovered)*

Such renegotiations involved the parties discussing the significant issues affecting their desire to continue or end the relationship. This also offered an opportunity to demonstrate willingness to adapt and adjust initial expectations based on their new understanding of the situation and of the partner's expectations and capabilities to meet the revised expectations, '*... because it's important that they have a link to whoever at the end of the day is going to carry the can for everything, ... , and make the decisions*' (S18 Repaired). The timing of the efforts is key, as engaged partners shared their desire to restore harmony before determining how to continue the recovery process:

*... I turned around and I drove, and I walked into his office, and then I said to him, "Right, show me the problem" and he showed me the problem and he told me how his world was falling apart and we were the sole responsibility of it and everything, and I said to him, "Right, whatever you have got, we will replace it free of charge", you know, "How much of this do you need, and this is what we can give you" and from then on, we have had no problem, he thinks we are the greatest company. (S3 Recovered)*

In some stronger relationships, the approach to renegotiation seemed constructive, although the root causes for the troubles were discussed openly, '*We were upfront...but you have to be fairly clear and concise about what your position is and where you are coming from*', (S20 Recovered). The OM narratives suggest they engaged in problem solving owing to a partial reliance on existing personal relationships (Duck, 1982). The OMs considered open communication vital to this sub-process of recovery (Ellegaard and Andersen, 2015) as it allowed them to understand the troubles and how each individual felt about them and the relationship. Better understanding guided them to choose, what they at least felt to be, better recovery actions.

In some weaker relationships, the renegotiation narratives show a less constructive atmosphere both at interpersonal and dyadic company levels, and a passive approach to renegotiation by at least one actor. There were also high-tension cases where untrustworthy behaviour arose;

*As I say, you know, the result really didn't suit anybody in the end. Everyone got something but nobody emerged as a clear winner. So we had, we had, we were playing people off against each other and looking to manage the messaging, if you like, so we were promising slightly different things to slightly different people and trying to keep the whole game slightly off-balance while we desperately tried to fulfil software in the background, so it was not pretty morally... (W9 Vulnerable)*

The timing of renegotiations played a role too; the earlier the renegotiations started, the less severe were the issues and the milder the remedial actions. When the issues had not caused any emotional harm, OMs used apologies and verbal actions to re-shape the parties' perceptions of each other (Ren and Gray, 2009). Hence we propose P6: Open and active renegotiations with willingness to adapt steers the B2B business relationship recovery process to a constructive path. P7: Communication breakdown steers the B2B business relationship recovery process to an unconstructive path.

#### 4.1.4 Undertaking recovery actions

It is important to note that the order of the recovery sub-processes is not necessarily sequential. While in a narrative, actions seem to follow in a linear fashion, multiple sub-processes may run at the same time, some take longer than others, and some run multiple times. Hence, although the recovery actions in Figure 1 seem to follow the sub-process of renegotiating the atmosphere, this is not necessarily the case in practice. Therefore, the process iteration arrows exhibit the risk of being stuck in a cycle of relational decay.

The findings indicate that recovery actions differed depending on the strength of the relationship pre-transgression (Dirks *et al.*, 2009). In stronger relationships, the parties actively sought solutions to address the partner's needs:

[To seek resolution] *we looked at the different, the same kind of technology but different channels for it [the software], and so we would come up with a couple of other things that make it a bit more flexible ... that sort of broaden its potential market really.* (S22 Repaired)

In stronger relationships, changes to the interaction and exchange processes were made quite early in the recovery process to address the sub-optimal atmosphere and enhance recovery (see Salo *et al.*, 2009). The OMs showed that they took responsibility for their actions to cement a strong relationship. While this involved new processes for one or both partners, it also involved extensive effort from OMs, '*...we just had to do a whole load of apologising, swallowing our pride, swallowing egos, all of that, and just hoping and praying that she would use us again*' (S7 Recovered). Hence, P8: Early renegotiations steer the B2B business relationship recovery process to a constructive path with less severe issues and milder recovery actions.

When the atmosphere weakened, the recovery actions in stronger relationships focused on recovering trust (Dowell *et al.*, 2015). In addition, the parties aimed to reaffirm interaction norms within the relationship:

*... It was only until last year that we got back properly at the same level with them, ... , and again it's very much personal relationships, where somebody trusts you to do a good job on it.* (S15 Recovered)

These efforts sought to ensure that the outcome satisfied all parties and nothing was misinterpreted. The recovery actions were geared to the future:

[B2B supplier] *Look it, I will take a hit, we will have to go halves on it" and I said, "Fine", right, so we went 50/50, so that's the kind of supplier I want, that if there is an issue, that they will help in some way...* (S24 Recovered)

Recovery actions sometimes included monetary or other compensation offered to the partner to protect or improve the relationship: '*We had to pay that amount plus an extra amount then to show them as a gesture of goodwill that basically we could do it*' (S1 Recovered).

However, the influence of the strength of the relationship is not straightforward. In some of the stronger relationships, actors were unwilling or unable to change contact person or establish a resolution group, '*...there is a psychological thing in the middle ...where people feel their trust is broken*' (S16 Vulnerable). This loss of trust happened during the recovery process in spite of the strength of the relationship pre-transgression. Consistent with Dirks *et al.* (2009), passive recovery actions in interaction and exchange were insufficient to recover the damaged social and interpersonal aspects and resulted in a cycle of guarded communication underpinned by distrust. Hence, we propose P9: Recovery actions and actors' perceptions of them steer the trajectory of B2B relationship recovery process.

#### 4.1.5 Recovery aftermath and outcomes

The study findings suggest four types of outcomes of the recovery process. Passive recovery actions left relationships vulnerable, as trust and commitment remained low (Dirks *et al.*, 2009) or at least one party felt they had compromised too much: '[We] came out of it, but we were severely [expletive] at that time because we had spent a lot of money' (W8 Vulnerable). Hence, we label the recovery path as unconstructive. The vulnerable relationships remained fragile (Pérez and Cambra-Fierro, 2015; Jap and Anderson, 2007) and susceptible to future transgressions:

*As soon as that hit my business, I was planning on making more work to make sure that we wouldn't have to work for them. (S16 Vulnerable)*

Active recovery actions occurred particularly in stronger relationships with more open communication and gave the parties a chance to overcome their issues to the extent that the relationship felt stronger and the SME became a strategic partner. These actions alleviate perceived or actual relationship imbalance (Johnsen and Lacoste, 2016), in pursuit of a sustainable SME B2B power dynamic (Kelliher, 2007). We label these recovery paths constructive, although negative events could have been psychologically and financially difficult for SMEs, and we consider the outcome a recovered relationship:

*We're back now about twelve months later and we have an extremely good relationship with them and looking, going forward and they have commented on, basically they're over the moon at the way that we have been doing our business with them. (S1 Recovered)*

*... so the result is that we have been made strategic partners for their digital strategy, you know... so it's worked very, very well to be rebuilding and repairing that, you know. (S15 Recovered)*

In other stronger relationships, the OM felt that the recovery process had weakened their commitment, although the relationship did continue. They observed little change in the counterpart's behaviour and realised that the partner was not truly committed to recovering the relationship. Those relationships ended up in a repaired state (Figure 1) with neither party totally satisfied with the outcome:

*It was kind of a neutral kind of resolution as opposed to happier for them or happier, you know, because right, I was happy that we didn't end up reducing it, but I would have rathered that if he had said, "Yeah, that's grand, I appreciate where you are coming from", it was more that he still kind of thought we should be doing something on it. (S22 Repaired)*

There were also cases where the OM thought that the, originally weaker relationship should have ended in spite of the recovery efforts, however, the relationship continued, albeit with new types of projects:

*...so there was a kind of a break of contact and they had just told me they were going to use another company and I said, "That's fine", but when she came back from holidays, I can't remember, whether I had put in an email just kind of backing up my position again or what had happened, and I think she had come back, replying to that email then, and said that they wanted to continue working with me and, but not for recruitment. (W15 Repaired)*

In such cases, OMs conveyed continued behaviour intentions to re-establish trust, accepting that more time might be needed for their recovery efforts to be acknowledged by the other party. Finally, the fourth type of outcome of the recovery process was an unsuccessful one, and relationship dissolution process began. Thus, we refer to P2, the B2B relationship recovery sub-processes influence the outcome of the recovery.

#### *4.2 Strength of the relationship pre-transgression*

Having presented the B2B relationship recovery model (Figure 1), we now turn our attention to answering research question 2: *How does the relationship strength pre-transgression influence the recovery process?* Our data analysis suggests that a stronger pre-transgression relationship involves aspects such as a clear definition of tasks, a collaborative culture, mutual performance expectations, a resource sharing ethos, trust, commitment, and positive personal relationships (Franklin and Marshall, 2019; Halinen and Tähtinen, 2002; Vidal *et al.*, 2016). Hence, we categorised the pre-transgression relationships into stronger or weaker types. The stronger relationships were also characterised by collaborative arrangements resulting from a mutual trust at the interpersonal and B2B levels built over time (Youssef *et al.*, 2018); *'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'* (S21 Recovered). In stronger relationships, the actors had grown close, shared resources, and even felt connected with the partner:

*Where they have treated us as a partner as opposed to a vendor...that's where it has worked best for us...where they will want you to come in and they will nearly treat you as an extension of their own department...where they really want us to learn about their company and vice versa, and that's something we will always try and develop.* (S21 Recovered)

Some SMEs made internal resource changes to show commitment to the relationship and facilitate favourable exchanges:

*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.* (S7 Recovered)

Partners made efforts to maintain trust in both interpersonal and intercompany relations, for example committing to resource investments:

*I suppose with the sales rep, ... she would do anything for us and so I suppose when your supplier is so flexible, it gives you the opportunity to be more proactive in your business, that you know you have the net there* (S11 Dissolved)

The stronger B2B relationships exhibit high levels of commitment and trust co-existing within interpersonal relationships (Stanko *et al.*, 2007). Personal bonds can buffer the relationship, easing issue resolution (Gedeon *et al.*, 2009) and encouraging recovery. Such bonds seem to influence the emotions the transgressions trigger in involved individuals (Tähtinen and Blois, 2011; Kemp *et al.*, 2018). Stronger relationships help the parties to overcome immediate negative emotions and focus on the long-term benefits of the relationship (Barry *et al.*, 2004). Hence, both existing research and our data suggest that in stronger relationships, recovery processes may be more successful than in weaker relationships.

In contrast, some weaker relationships were less trusting. Nevertheless, as they were considered to provide value for the SME, the OMs decided to target a partnership, despite knowledge of the partners' untrustworthy behaviour and the negative emotions that the behaviour triggered in them:

*Well we knew a certain amount. We knew that they were charmers and they could talk the talk, and I sat down and I took the conscious decision. [...] "Is it worthwhile going forward with this type of thing or not?" and then the relationship proceeded. (W1 Vulnerable)*

Personal relationships affect both the pre-transgression and relationship recovery and, in weaker relationships, even a single individual perceived as difficult can hamper recovery progress. That can be resolved by changing the contact person: *'He was just difficult, and I have since heard from other people that he is very difficult to get on with'* (W2 Recovered). Relative company size and power imbalances made it difficult for the SMEs to actively strengthen relationships (Pérez and Cambra-Fierro, 2015; Kelliher, 2007), more so when they could not see the relationship developing to a mutually committed status;

*...because they are so big and so powerful you have to buy yourself in to get on their shelves. Can't tell these people what to do. (W4 Vulnerable)*

Other factors within the relationships could also challenge their development: partners having different and non-negotiable business objectives would weaken the relationship (Yang *et al.*, 2012). As the following quotation shows, the partner's behaviour brought up negative emotions (Barry *et al.*, 2004), which seemed to influence both the recovery path and its outcome:

*It was very...one sided in favour of them...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. (W11 Vulnerable)*

To sum up, the analysis suggests that the strength of the relationship before the transgression does influence the recovery, its path and the temporal outcome, as proposed in P1. Emotions are involved in the conduct of all the sub-processes. In stronger relationships, the strength seems to aid emotion management, so that negative emotions may not take over and harm the recovery efforts. In weaker relationships, such a supportive buffer is missing. To recover a weaker relationship, the OMs focus on the long-term effects on their business and try to manage their negative emotions so that the recovery is possible. However, our data also shows that in spite of the strength of the relationship pre-transgression, the manner in which the recovery actions are conducted, proactive and constructive or reactive or even passive, influences the emotional atmosphere and can change the course of the recovery process. Thus, we propose P10: The strength of the B2B relationship pre-transgression and the trajectory of the relationship recovery process influence the emotional atmosphere and *vice versa*.

## **5. Theoretical contribution**

This study asked two questions; *How are relationships recovered?* and *How does the relationship strength pre-transgression influence the recovery process?* The empirically grounded process model of the B2B relationship recovery (Figure 1) answers the questions by showing the start of the recovery process, the four sub-processes, and the four types of outcomes flowing from two potential recovery process paths.

The model and the propositions posed extend the B2B relationship dynamics research through two main contributions. The first is in opening up the discussion of the variation inherent in



the overall recovery process, and in its sub-processes, by focusing on two types of pre-transgression business relationships: stronger and weaker. The study suggests that the nature of the relationship before it runs into trouble has a bearing on the willingness of actors (including important individuals) to engage in the recovery process and on the path that the recovery process takes. However, the strength of the relationship pre-transgression does not determinate the outcome. Stronger relationships may be dissolved if the strength of the relationship is damaged during the recovery process and weaker ones can be recovered to be stronger. Previous research on B2B relationships (Tähtinen *et al.*, 2007), including in the SME environment (Kelliher, 2007) has suggested this dynamic exists but specific empirical investigation was lacking.

This study extends existing knowledge on relationship dynamics by following the recovery process paths through to their successful outcomes; recovered, repaired, vulnerable relationships. Unlike Vidal *et al.* (2016), this study considered not only the immediate reactions of the customers but also the views of both customers and suppliers on the recovery paths. Those paths might be constructive or unconstructive (Figure 1) depending on the actors' approach. A constructive path involves the companies communicating openly, actively seeking resolution, and working towards recovery. An unconstructive path is characterised by communication breakdowns and passive actors and seems likely to result in a vulnerable relationship. Recovered relationships come out of the recovery process stronger than before the transgression, supporting research on the service recovery paradox in B2B contexts (Hübner *et al.*, 2018). Repaired relationships continue in a neutral atmosphere, but with traces of the transgression, perhaps with some dissatisfaction with the recovery actions. Vulnerable relationships continue but remain weaker and may face dissolution later on. In addition, this study connects the two intertwined processes of; relationship recovery and dissolution or uncoupling. If the relationship recovery process is unsuccessful, a dissolution process will begin, representing the fourth outcome.

The second contribution is presenting a more nuanced understanding of the sub-processes and actions and reactions that businesses and individuals undertake, as well as emotions they express when trying to recover B2B relationships. The examination of the sub-processes is a significant contribution to the overall process of recovery as each sub-process depends on the actions and reactions of the parties involved. Previous research offers more general descriptions of the recovery (Salo *et al.*, 2009), focus on a specific sub-process (Fleming *et al.*, 2016; Tähtinen and Vaaland, 2006), or on the nature of the relationship (Tähtinen *et al.*, 2007) but stop short of a holistic investigation of the recovery process .

This study categorises the recovery sub-processes as evaluating the relationship, communicating on issues, renegotiating the relationship, and undertaking recovery actions. Most of those sub-processes can occur contemporaneously, or in an iterative manner, and can be ongoing for a considerable period. The findings on those sub-processes confirm the suggestions of Halinen and Tähtinen (2002) and Salo *et al.* (2009) on the important role of individuals. The perceptions of the boundary spanners at the partner company have an influence on the evaluation and decision-making underpinning recovery, a finding that supports Gedeon *et al.* (2009). Consistent with Kelliher (2007) and Tell and Gabrielsson (2013), in SMEs particularly, the OM's perceptions of the relationship dynamics and their actions and reactions in pursuit of recovery essentially shape the processes. Our results transfer Salo *et al.*'s (2009) findings on triadic relationships to dyads, as they show that the relationship atmosphere and recovery actions influence each other during the process.

## **6. Managerial contribution**

The B2B relationship recovery process model offers OMs and SMEs a blueprint of what to expect when they face the scenario of a relationship ending. Recovery is possible, but not always and serious efforts will be required from both parties. Thus, it is important to evaluate which relationships are critical and need to be saved (see Fleming *et al.*, 2016). The evaluation should consider all the reasons for both ending and continuing the relationship, to determine its long-term value.

Prompt action and open communication increase the potential for a constructive recovery. Providing spaces and occasions for frank discussions about the relationship encourages cooperation (Kelliher, 2007) and reduces the likelihood of future tensions. While intense efforts by one partner alone can still produce a recovery, it is likely to be a vulnerable one. This might well be a realistic goal if relationship ending is not an option, in permitting time to search for alternative partners.

In recovery, individuals make a difference, particularly in the SME context. Personal, face-to-face discussions with all the decision-making individuals clear the air and can elicit the root causes of issues, reveal expectations, and demonstrate a commitment to recovery. Open interpersonal communication facilitates joint decision-making, suggesting it is wise to ensure all employees in SMEs realise the benefits of strong personal relationships with their counterparts in client or supplier organisations. The recovery model provides practitioners with insights into the dynamic sub-processes that can save important relationships. For example, the involvement of a difficult employee will complicate pursuing a constructive recovery path, so switching the contact person(s) can help. Management involvement and monitoring of the progress of B2B relationships is essential to their on-going success.

A recovery process may take time, even if efforts start early. Important steps include agreeing on how the relationship will proceed, what will change, and convincing the other party that any agreement will hold. 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. Learning will support directors in their endeavours to pursue new relationships. Insight into the recovery process and any recovery strategies will aid in the establishment of new relationships as SMEs are expected to learn from their experiences.

Finally, we advise SMEs to examine their relationships regularly to assess whether they meet the parties' expectations and goals (Tell and Gabrielsson, 2013). Awareness of the partner's perception of the relationship strength, pre- and post-recovery, helps prepare for the future relationship. When SMEs lack resources and are the less powerful actor in a relationship, they need to learn how to recover relationships and how to end them amicably in case recovery efforts are unsuccessful. Replacing a relationship always involves social and financial costs that should be considered in contingency plans to alleviate any losses that the SME might incur should relationships end (Fleming *et al.*, 2016).

## **7. Limitations and suggestions for further research**

The readers' ontological approach will determine if they perceive several or a few limitations. We acknowledge that each narrative in our data is the informants' construction of the phenomenon; how s/he understood it, and how s/he wanted, more or less deliberately, to convey it to the interviewer. The historical nature of the narratives does influence the remembered details offered in the narratives that are also the outcomes of sense making; thus the narratives

are not faithful reproductions of what happened but reflect how the informants remembered and understood the experience. However, taking a more constructivist approach we do not see this as problematic, but have tried to understand the informants' experiences as they were related. We acknowledge that our own understanding of the narratives and the concepts that we use are based on our backgrounds and are necessarily value laden. At the same time, we argue that this cannot be avoided; only acknowledged. The knowledge we offer is also contextual, but we argue is applicable in central and northern European SME recovery contexts, as the sensitising concepts drawn from previous research stem from that context, while the current study was carried out in Ireland. Nevertheless, it would further our knowledge if similar investigations were conducted in different contexts (for example, the study of post recovery vulnerable relationships over time).

Programmatic research scrutinising the influence of contingency factors on the recovery process and different types of recovery action would be valuable. One area is the influence of the type of transgression or the reason why the relationship is in need of recovery. Are some transgressions perceived as harder to recover from than others? Relationship dissolution studies (Pick and Eisend, 2014; Tähtinen and Vaaland, 2006) have categorized the reasons for and against ending and this knowledge could be connected to relationship recovery as well. How does for example, power imbalance influence the evaluation and other recovery sub-processes?

Turning to the micro level, we do not yet know about individual recovery roles, such as the OMs or, in case of larger companies, the boundary spanners, although they have been studied in the context of relationship dissolution (Gedeon *et al.*, 2009). The individuals' emotions and their emotion management in these situations are important areas of study.

Scholars could construct dyadic studies that could reveal the differences between the parties' experiences, their roles in the process, and how the parties construct it. Finally, we know little of the relationship recovery aftermath. Can fences be mended for good, or does ill-feeling fester over time? Longitudinal, follow-up studies on recovered relationships are much needed.

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