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## **Abstract**

This chapter analyzes the role that personal relations play in the existence and development of business relationships. We revisit the early Halinen and Salmi framework from 2001, discuss it in light of recent research findings, and update it to better reflect the current state of knowledge. We have updated the framework by adopting a more detailed view on relationship development. Essentially, in addition to initiation, ending, and crisis situations, relationship development may include dormant or inactive phases. The revised framework provides a more fine-tuned and situation-based analysis of relationship dynamics. It also extends the examination of personal contacts to include both action-related and cognition-related functions. We pay attention to the embeddedness aspect: the dynamics of business relationships depend on a variety of personal relations and networks in which business relationships are inevitably embedded. Furthermore, we suggest the sensemaking perspective as a relevant approach to studying the role of personal relations in situations of major change.

## **Functions of personal relations in business relationship dynamics: Revisiting the Halinen and Salmi (2001) framework**

**Asta Salmi and Aino Halinen**

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## **Introduction**

Research on B2B marketing and the related domains of service, international, and project marketing has shown the important role personal relations play in the development of business relationships (Halinen and Salmi 2001, Wong and Ellis 2002, Haytko 2004, Mainela 2007, Schmitz *et al.* 2020, Wong and Ellis 2002). Over the past two decades, a wealth of literature has addressed the interplay of interpersonal and business relationships, adding qualitative and more fine-tuned understanding of the functions of personal relations in business relationship dynamics. The objective of this chapter is to revisit the early Halinen and Salmi framework from 2001, discuss it in light of recent research findings, and update it to better reflect the current state of knowledge.

Halinen and Salmi's (2001) study was one of the first to draw attention to and conceptualize the role of personal relations in business relationship dynamics. We gathered empirical evidence that was available then in a framework of functions that personal relations serve in business relationships. The framework has attracted continuous interest among B2B scholars and has inspired several empirical studies since 2001, but the framework was never published, apart from conference proceedings, which limited its use and impact. Today, personal relations deserve special attention, while business communication is rapidly digitalizing, and robots and artificial intelligence are replacing human actors in business interactions (Arli *et al.* 2018, Kot and Leszczyński 2020). In these circumstances, increasingly infrequent face-to-face encounters potentially become strategically important, turning interest to the value of personal relations in the development of business relationships. Furthermore, globalization has increased the complexity of business relationships and created a need to manage relationships in culturally and politically diverse contexts, particularly in those where personal relations are highly valued (Claro *et al.* 2023, Ivanova-Gongne and Torkkeli 2018). Hence, it is necessary to remind ourselves of the functions that human relations continuously have in the advancement of business relationships.

We discuss relations in the context of B2B marketing with a focus on research conducted within the business network approach (Håkansson and Snehota 1995), where the development of inter-firm relationships and the functions of interpersonal relations therein have mostly been investigated. The network view emphasizes the various actor bonds, activity links, and resource ties that connect business relationships to each other and the embeddedness of relationships in both inter-firm and interpersonal networks. Further research has been called for to better understand the impact of personal relations and interpersonal interaction on the dynamics and management of business relationships (Axelsson 2010, Mainela and Ulkuniemi 2013, Guercini *et al.* 2014, Koporcic and Halinen 2018). Our key interest lies at the dyadic level of relationships, but we acknowledge that each dyad is also connected to other dyads and thus to broader networks, which creates a source of continuous change in business relationships (Brass *et al.* 2004, Halinen *et al.* 1999).

With a focus on the functions of interpersonal relations, we primarily discuss recent studies on relationship dynamics (e.g., on initiation, crises, dissolution, recovery, and reactivation of relationships) and the role of personal relations therein. Personal relations refer here to relations between two individuals that are established or maintained for business purposes. Our review covers investigations that use the Halinen and Salmi framework but also other studies that focus on personal contacts in business relationships. The term personal contact is used interchangeably with (inter)personal relations. Furthermore, recent investigations on sensemaking have led us to note cognition-related functions in addition to the previously stressed action-related functions of personal relations. Our study contributes to B2B marketing theory and practice by updating and complementing the earlier descriptive framework. This study also makes suggestions on how future research could upgrade our understanding of the functions that personal contacts fulfil in business relationships.

The chapter proceeds as follows. It begins by reviewing Halinen and Salmi's (2001) framework, which describes the functions of interpersonal contacts in enabling and changing business relationships, together with the positive and negative effects of such contacts. Relevant additions to the framework are then discussed in light of recent studies. The dyadic function of personal relations and their embeddedness in both business and personal networks are further explained. The dynamics of business relationships are also reexamined, given scholarly knowledge of the reactivation of relationships and the potential of interpersonal sensemaking for creating an understanding of relationship dynamics. The concluding discussion focuses on suggestions for further research.

### **The original framework: Functions of personal relations in business relationships**

The argument that business is embedded in interpersonal relations (Granovetter 1985) is well established in business studies and business marketing research. Personal relations have also attracted attention within the Business Network Approach (Håkansson and Snehota 1995). In a business relationship, social bonds (i.e., personal relations) are typically viewed as one distinctive type of bond (e.g., Håkansson [ed.] 1982). For instance, Cunningham and Turnbull (1982) argued early on that contacts *between* people are at the heart of interorganizational interaction, and according to Håkansson and Snehota (1995, p. 192), "It is individuals who endow business networks with life [...] who bring into the relationships their intentions and interpretations upon which they act."

One source of inspiration for network scholars has been the paper by Halinen and Salmi (2001), which offered an analytical framework for identifying how interpersonal relations affect the existence and development of business relationships. This conceptual paper was built on secondary case data, which were used inductively as a source of ideas and empirical evidence. The data consisted of case studies conducted in different industries and national contexts and concerned different kinds of business relationships, all several years long.

The framework (Halinen and Salmi 2001) notes that interpersonal relations may either promote or inhibit the maintenance and development of business relationships. Three basic functions of personal contacts that are necessary for any business relationship to exist and develop are distinguished: 'exchange of information', 'assessment', and 'negotiation and adaptation'. These functions reflect findings from earlier literature (Turnbull 1979). In various business services, especially in knowledge-intensive and professional services, personal contacts also play an important role in producing and delivering services. Such services are largely co-created in interpersonal interactions. Thus, one additional basic function, 'production and transfer of service', was defined.

The study by Halinen and Salmi (2001) examined everyday business interaction in which the basic functions of personal relations in enabling and maintaining business relationships become manifest. In addition, it scrutinized the functions of personal contacts as forces of

relational change, concentrating on the critical phases of business relationships. Six dynamic functions were separated: the role of ‘a door opener’ and ‘a gatekeeper’ (in business relationship initiation), the role of ‘a door closer’ and ‘a door slammer/terminator’ (in ending of a business relationship), and the role of ‘a peacemaker’ or ‘troublemaker’ (in relationship crises). Both the positive and negative effects of personal relations were examined, which was a new approach at the time. The key contribution was thus to provide an analytical framework that put forward a balanced view of the role that personal contacts may play in the different development phases of a business relationship. Furthermore, the authors discuss managerial implications related to the framework. The original framework (Halinen and Salmi 2001) is shown in Table 1.

Table 1. The roles of personal contacts in the development of business relationships (Source: Halinen and Salmi, 2001, p. 14–15)

	Positive effect on business relationships	Negative effect on business relationships
<b>Basic functions</b>		
Personal relationships enable the business relationship through <ul style="list-style-type: none"> <li>▪ Information exchange</li> <li>▪ Assessment</li> <li>▪ Negotiation &amp; adaptation</li> <li>▪ Production &amp; transfer of service</li> </ul>	<b>+ PROMOTER:</b> fostering the maintenance and development of a business relationship	<b>– INHIBITOR:</b> hindering the maintenance and development of a business relationship
<b>Dynamic functions</b>		
Initiation of a business relationship	<b>+ DOOR OPENER:</b> allowing entrance	<b>– GATEKEEPER:</b> blocking entrance
Crisis/problems in a business relationship	<b>+ PEACE MAKER:</b> managing a crisis	<b>– TROUBLE MAKER:</b> causing a crisis
Ending of a business relationship	<b>+ DOOR CLOSER:</b> supporting a beautiful exit	<b>– DOOR-SLAMMER*:</b> causing an awkward exit

\*The first version of the paper used the term ‘terminator’

The framework (Halinen and Salmi 2001) has been used in several studies since, and the ideas have been developed further. For instance, Mainela (2007) analyzed the functions and types of personal relations in the context of an international joint venture. Based on this empirical study, she suggested a variety of functions for personal relations and stressed that these functions are resorted to by different individuals and in different situations. Her analysis showed that the dichotomic division of relations into, for instance, strong and weak ties, following Granovetter’s (1985) original idea, is not sufficient. Consequently, Mainela (2007) defined four ideal types (levels) of social relationships used in organizing business: reporting relationships, organizational contacts (that is, formal relationships needed for the fulfillment of organizational tasks), personal relationships, and friendship relationships. She found that any business relationship can include all four types of individual-level relationships or only some of them.

A somewhat similar categorization stressing the quality of personal contacts as strictly business, business friends, or highly personal has been proposed by Haytko (2004). In his study of advertising agency–client relationships, Haytko (2004) further qualifies personal contacts based on the extent of involvement in the client’s business as either vendor, partner, or surrogate relation—the last representing the closest possible personal contact that an agency can have with the client. In Wong and Ellis’s (2002) empirical study, the bridging social ties that connected potential joint venture parties were based on business (e.g., supplier, customer, employee, business associates), family, or friendship ties (*ibid.*, p. 280).

Accordingly, a manager can have different types of contact with different representatives of the partner organization, and since several individuals are typically involved in a business relationship on both sides, various types of interpersonal relations may also be maintained. These studies explicate the need to qualify the nature of interpersonal relations and to consider several simultaneously existing interpersonal relations in a business relationship (Haytko 2004, Mainela 2007).

Mainela (2007) further elaborated on the connection of the interpersonal relationship type to different functions—that is, their use for different business purposes. Accordingly, “one relationship between two managers may include all four levels and which one is activated depends on the situation and the issue at hand” (Mainela 2007, p. 95). This is a valuable addition to the Halinen and Salmi (2001) framework, which concentrated on key changes in a business relationship (initiation, crisis, ending) and did not discuss developments over time in a more detailed, situation-based fashion.

Another investigation relying on Halinen and Salmi’s (2001) framework is the study by Gedeon *et al.* (2009) concerning the role of personal relations in business relationship dissolution. Their study showed the relevance of the initial notions but added empirical evidence and more nuanced examples of the importance of non-business criteria and interpersonal liking for business relationship evolution. The authors note, for instance, how complex and multifaced the interplay between business and people can be and illustrate “how negative feelings arise from business issues and what can happen on the basis of negative feelings and the way people sometimes behave irrationally, which can have direct consequences for suppliers” (*ibid.*, p. 223). Importantly, Gedeon *et al.* (2009) also point out that there are limits to how much business is based on interpersonal relations, since “in the final analysis, personal relationships count for little if the supplier fails to deliver commercial value for the customer” (*ibid.*, p. 223).

Investigating project business, Mainela and Ulkuniemi (2013) examine the functions of interpersonal contacts in relationship management on the one hand and in project management on the other. They found that “at the relationship level, the personal interaction is the means of initial idea selling, distance reduction over the project planning and implementation and maintenance of the relationship at the sleeping phase” (*ibid.*, p. 105). Hence, the effect of personal relations on the dynamics of business relationships is clearly more complex than the simple division into initiation, crisis, and dissolution would suggest.

When reflecting on Halinen and Salmi's (2001) original framework in light of later studies, the following key questions emerge: first, how well the framework conveys the idea of an interpersonal relationship and relationship functions; second, which other elements of the dynamics of business relationships (phases and situations) need to be considered; and finally, how personal relations may serve in making sense of changing situations in business relationships. These questions will be discussed in the following sections.

### **The dyadic function of interpersonal relations**

According to Halinen and Salmi's (2001) framework, personal relations are *dyadic*; they are developed in interactions between two persons and cannot be 'possessed' or managed by any individual or organization alone. Conceptually, the framework thus builds on the scholarly work within the business network approach, which examines dyads as key building blocks of business relationships and networks (Håkansson [ed.] 1982, Håkansson and Snehota 1995).

This analytical definition is critical but has at times been given less attention in scholarly writings. Sometimes, the function of the relationship is related to an individual rather than a dyad. For instance, when applying Halinen and Salmi's (2001) framework, the following interpretation is possible: "...the door opening and closing, which means that a third *person* who knows both of two possible business partners may help in or even be necessary for or inhibit the creation of a business relationship" (Mainela 2007, p. 90, our emphasis). One reason for such confusion may lie in the labeling of the functions of interpersonal relationships in the framework. While appealing, the labels overlap with those typically used for individuals or organizations. For example, Poblete *et al.* (2022, p. 256), who analyze the reactivation of business relationships, refer to *organizations* as actors and find that "prior counterparts can act as gatekeepers, promoters, and facilitators" when resuming business operations. Similarly, Walter (1999) noted the key role of some *individuals* as promoters of business relationships. It is important to make a difference between actors who play a role and relations that have a function.

To better explicate the function of personal relations in business relationship dynamics, we propose a visualization of the framework in Figure 1. In keeping with the network view of business markets, the framework examines the functions that personal relations have in business relationship development and not the role that single actors may play in the networks. In addition, to denote the activity that personal relations engender in business relationships, we propose a new terminology using gerund forms of functions (such as door opening and peacemaking).

*<Insert Figure Here>*

**Figure 1** [Functions of personal relations in business relationship development—our visualization of the Halinen and Salmi (2001) framework]

(Source: authors' own work)

Research on the role of third actors in business relationship initiation further clarifies the function of personal relations. Both individual people and firms have been identified as promoters in the initiation process (Aaboen and Aarikka-Stenroos 2017, Aarikka-Stenroos *et al.* 2018). However, the contributor role of a third actor is ultimately not a function of the actor but of the relationships that the actor has, or has previously had, with the two parties starting a relationship (Aarikka-Stenroos and Halinen 2007). An individual, as a third actor, shares experiential and often confidential information about business actors and mediates contacts, serving in multiple value-creating roles in the initiation—for example, in scouting and evaluating potential buyers and sellers and in building awareness, expectations, and trust (Aaboen and Aarikka-Stenroos 2017). Through its relationships, a third actor may influence the development of a dyadic personal and/or business relationship. The focus on such impacts shows the embeddedness of dyadic relations and shifts the analysis from dyads into triads (Salo *et al.* 2009, Vedel *et al.* 2016).

The relational functions of personal contacts point to the fact that business relationships are nested in various network structures in both networks of business relationships and in networks of various types of personal contacts. For instance, Hurmelinna (2018), who analyzes the reactivation of business relationships, discusses topics at four levels: individual, organizational, relationship, and network. She also refers to individual-to-individual relations, although this is not the core analytic focus. Another analysis of individuals in a business network (Agndal and Axelsson 2002) defines five dimensions that characterize their personal networks: the origin of the relationship, its importance, structure, availability, and reach. Together, these form what the authors call ‘the relationship sediment’, a social foundation for potential business operations. However, this frame places the individual, rather than the relationship, at the center of analysis. Mattsson and Salmi (2013) take a network perspective and discuss overlaps and overlapping between personal and business networks, noting that these overlaps “exist to the extent that there are personal relations (mutual knowledge of each other and interaction of different kinds, including activities related to business life) between individuals in companies that have business connections (also including competitors). Therefore, overlaps exist if persons representing connected business firms interact with each other in business life” (*ibid.* p. 195). Their argument is that the overlapping of these two networks brings about dynamics in business relationships.

The choice by Halinen and Salmi (2001) to build the framework on dyads at two levels—an interpersonal relationship (individual-to-individual) and a business relationship (organization-to-organization)—is clear but necessarily simplifying, as it does not take notice of the personal networks and business networks where the studied business relationship is embedded. The dynamics that network embeddedness potentially brings to the focal business relationship are thus mostly ignored.

Another aspect that may call for clarification is the question of which dyadic interpersonal relations the analysis concerns. The findings by Wong and Ellis (2002), Haytko (2004), and Mainela (2007) on several co-existing relationship types and functions were presented previously. Thus, there is a need to understand that each interpersonal relationship is only one

element of a business relationship and that there may be several such relationships, each being different in character and having different functions. Extending knowledge of interpersonal networks in the creation of corporate identity and reputation, Koporcic and Halinen (2018) distinguished three types of interpersonal interactions: internal, external, and boundary spanning. In small- and medium-sized enterprises, identity is created through interpersonal networks inside the company, while reputation is built outside of the organization in external personal networks. Boundary spanning interactions occur at the borderline of the company and its network environment, where the persons act on behalf of their organizations, influencing the development of business relationships. This is also the focus of the Halinen and Salmi framework (Figure 1). Overall, recent research has shown that the dynamics of business relationships depend on a variety of personal relations and personal networks in which business relationships are unavoidably embedded.

### **The complexity of relationship dynamics**

The treatment of relationship dynamics is another aspect in which Halinen and Salmi's (2001) framework can be further advanced. Although discussing the development of business relationships and the role of personal relations, the framework is essentially static by nature and describes only chosen generic situations in a business relationship. While specifying six different dynamic functions of personal relations, the framework is satisfied with outlining business relationship dynamics through three relationship phases: initiation, ending, and crisis situations. Such a general approach may give an impression of the analysis of snapshots, rather than processes and flows in development.

While recent literature on relationship initiation, ending, and crises has produced more detailed knowledge of the role of personal contacts in the major development phases (e.g., Aarikka-Stenroos *et al.* 2018, Gedeon *et al.* 2009, Zafari *et al.* 2020), other studies have extended this view discussing, for example, inactive business relationships (Polonsky *et al.* 2010), reactivation (Poblete *et al.* 2022) or recovery of business relationships (Fleming *et al.* 2022), and dormant interpersonal ties (Levin *et al.* 2011). These studies provide reasons to reflect more on the relationship dynamics caused by different developments in interpersonal relations.

Instead of dissolving, business relationships may become inactive, still maintaining potential value for the future (Polonsky *et al.* 2010). Dissolving relationships leave behind the relationship energy that has formed in previous interactions in strong social bonds, and it can later be used to reactivate business relationships and either promote or hinder the initiation of new ones (Havila and Wilkinson 2002). In the Chinese business context, Pressey and Qiu (2007) found it common for relationships to have transferable "energy" after dissolution due to the *guanxi* (personal contacts) that existed between individuals prior to dissolution. In analyzing dormant interpersonal ties, Levin *et al.* (2011) showed the value of reconnecting: "reconnecting previously strong ties led to all of the four benefits that are usually associated

with either weak ties (efficiency and novelty) or strong ties (trust and shared perspective)” (ibid, p. 923). The authors raise the value of dormant relations, which they consider overlooked or underutilized, as a “source of knowledge and social capital” (Levin *et al.* 2011, p. 923). Dormant or only occasionally activated interpersonal relationships play an important role, for instance, in turbulent business environments (Zafari *et al.* 2020) and in project businesses, which are sporadic in nature. Mainela and Ulkuniemi (2013) note that, thanks to the individuals representing a project business firm, the interpersonal connection can “be present when required both during and in between projects” (ibid., p. 108). Such presence is necessary for a project firm to be close to the customer and is actualized in interpersonal interaction both at the level of the project and the business relationship.

According to Poblete *et al.* (2022), who investigate the reactivation of business relationships, interpersonal relations are not always central for reconnections, but relationship memory can concern business operations in general. Alternatively, the individual may have changed into a different role in the organizational hierarchy or in business operations, creating an individual-to-company relationship. Thus, the original interpersonal relationship may have vanished, but the business relationship is reactivated because of previous interactions between certain individuals. Illustrating an opposite case while analyzing the exit and post-exit situations after relationship termination, Hurmelinna (2018) found that refraining from further business interaction may be caused by negative views that have emerged at an individual level. Negative emotions in boundary relations result in problems in relationships rather than in their resolution, and emotions may also stay in the memory of individuals for a long time, having an effect on the relationship later on (Tähtinen and Blois 2011). These views point to the importance of negative perceptions, which may turn interpersonal relations into gatekeepers, precluding the reactivation of a business dyad. The recent evidence thus suggests that interpersonal sediments may maintain both a reactivating and a hampering function, whether it is a question of a dormant or a dissolved business relationship.

Adding to our understanding of dynamics in business relationships, Mainela (2007) points to the changing situations and consequent different needs of ‘using’ personal relations. Mason and Leek (2012) shed further light on interactions by exploring how communication practices shape new business relationships over time. They analyze communication structures and practices at the individual actor level, organizational level, and business relationship level, showing that judgments of the fit between communication tasks (e.g., work-in-progress reports or technical data) and communication media (e.g., email or face-to-face) in a business relationship change over time. It is also assumed that interactions with virtual assistants will influence the interpretations at both the guest and host organization of the activity patterns, resource constellation, and actor web between companies and will change contact patterns between the parties over time (Kot and Leszczyński 2020). Such situational or communication issues were not considered in Halinen and Salmi’s (2001) framework. These studies indicate that the basic functions of interpersonal relations may themselves suggest dynamics that were given less attention in the original paper.

Furthermore, the industry setting and business context might influence the role that personal relations can or need to play. Whether the exchanged product is a highly intangible service or

a heavy investment product, or whether the company seeking new business is a start-up or an established player in the markets, may determine different functions for personal relations (e.g., Aarikka-Stenroos *et al.* 2018, Aaboen and Aarikka-Stenroos 2017, Haytko 2004). Additionally, turbulent versus stable and slowly changing business environments or developed versus less developed economies and different cultural surroundings may have an effect (e.g., Claro *et al.* 2023, Mattsson and Salmi 2013, Zafari *et al.* 2020). Such contextual issues, while not the focus of the framework, need to be understood while investigating personal relations empirically.

The studies that have been previously discussed on business relationship dynamics give us reason to rethink the effect of interpersonal relations on business relationships in a variety of situations. Traditionally, scholars and managers have stressed the positive role of personal contact in initiating business relationships and protecting them from potential break-ups. Halinen and Salmi (2001) added to this by noting personal contacts' potential negative effects and including the ending of relationships as a relevant phase. These additions, however, still build on the lifecycle view of business relationship development (Hurmelinna 2018, Polonsky *et al.* 2010) and do not account for other changes in business relationships, of which dormant or even reactivated relationships are examples. Previously, Agndal and Axelsson (2002), discussing the individual's network of personal contacts, noted that the relationship sediments appear to be crucial for identifying opportunities, interpreting, and enacting the context. While business relationships do not have similar sediments (they are not agents and do not have a memory), and only some aspects of their history can be preserved formally (e.g., in documents), recalling the history informally through the individuals' memories becomes pronounced. The question then becomes how past and present interpersonal relations influence situational sensemaking in business relationships.

### **Personal relations in making sense of relationship situations**

The development of a business relationship and its outcomes depends largely on interpersonal interaction, how individuals make sense of the business context, the various situations in their relationships, and what kinds of heuristics they use while facing uncertainty related to the future (Guercini *et al.* 2014). People play a crucial role in assessing the other party (Cunningham and Turnbull 1982), evaluating change in the business relationship (Corsaro and Snehota 2012), making sense of the complex business landscape (Möller 2010), and choosing proper action vis-à-vis business partners (Henneberg *et al.* 2010). Therefore, individual perceptions and sensemaking must be considered if an extended understanding of the role of interpersonal relations in business relationship dynamics is to be attained.

The sensemaking perspective is considered valuable for analyzing business network strategizing at an individual level. Laari-Salmela *et al.* (2015) showed how small-firm managers make sense of change in industrial networks and reflect it in the firm's strategic activities. The study by Penttilä *et al.* (2020) investigates individual-level sensemaking in a transforming business ecosystem. Their study explored how managers make sense of the business context, assuming that what they perceive has important implications for strategic

action. Abrahamsen et al. (2023) used the sensemaking perspective to study how managers envision future network developments. In their conceptual model, visioning forms an important step between reflection (retrospective sensemaking) and networking (strategizing action). However, while managerial sensemaking offers a suitable approach to investigate expectation building in business interactions (Andersen et al. 2017), there is still little understanding of collaborative foresight, not to mention *interpersonal* visioning in business relationships (Halinen *et al.* 2023). With a focus on individuals and business networks, these studies also ignore the sensemaking of business relationship dyads and, furthermore, the function of interpersonal relations in this sensemaking.

Some studies have stressed individual managers' sensemaking of networks at a dyadic relationship level—for instance, in generating network pictures of a newly initiated industrial supplier relationship (Leek and Mason 2010) or in creating an MNC's view of a customer relationship (Pernu *et al.* 2015). In contrast to these studies, Corsaro and Snehota (2012) examined how managers on both sides of the dyad interpret and reinterpret change in the business relationship. Their findings show major discrepancies in how managers make sense of relationship development. Both their perceptions of the surrounding network space (network pictures) and their temporal orientations differ, creating idiosyncratic perceptions of major events and changes in relationships. Their findings further point to the importance of actors' desires, intentions, and goals as a basis for their interpretations, instead of past events and interactions (*ibid.*). Misalignment of the parties' interests and goals with existing relationship arrangements may create struggles between the parties and cause major changes in a business relationship (Alimadadi *et al.* 2019). In addition to coordination, negotiation, and problem solving, a personal relation between key people of a business relationship may function as a platform for joint sensemaking, opening the parties' eyes to mutually beneficial relationship arrangements (Alimadadi *et al.* 2019, Corsaro and Snehota 2012).

The abovementioned investigations on managerial sensemaking give reason to rethink the role of interpersonal relations in business relationship dynamics. Interpersonal relations between companies may be valuable arenas for sensemaking when socioeconomic trends, disruptions, and network interdependencies trigger change, either challenging existing relationships or providing opportunities for future development. The business network view assumes that network insights are created through interactions with other business actors (Mouzas *et al.* 2008). Making sense of change in intercompany relationships and networks, together with managers representing the other end of the relationship, could assist companies in both managing change and visioning potential futures.

The sensemaking perspective is particularly relevant when unexpected changes occur in business relationships and their surroundings and trigger cognitive processes in managers' minds (Maitlis and Christianson 2014). The Halinen and Salmi (2001) framework covers cases where internal relationship disputes or conflicts occur or relationships go through critical times, "a period of time of stress and raised sensitivity" as Edvardsson and Strandvik (2009, p. 339) put it, but the contextually driven crises or pressures for change are not explicitly included. However, recent research shows that the role of individuals and strong social bonds accentuates in environmental disruptions and turbulent times where uncertainty

about the future and perceived vulnerability are high, and the actors feel pressure to act quickly to respond to the events (Zafari *et al.* 2020). During a crisis, several people will communicate with each other both within and in between companies, enhancing possibilities for value co-creation via reciprocal ties (Cortez and Johnston 2020, Zafari *et al.* 2020). As an example, the COVID-19 crisis, which affected individuals in an unforeseen manner, called for more flexible and dynamic communication between buyers and sellers. This was mostly achieved by digital channels but also by decentralizing decision-making power to lower organizational levels (Cortez and Johnston 2020). All these changes strengthened the role of interpersonal interaction and personal relations. The crucial crisis management tasks—to think quickly and in an allocentric way to make a proper analysis of the situation and respond effectively (Pedersen *et al.* 2020)—are likely to benefit from existing personal relations.

To understand the function of personal relations in change situations, the viewpoints of both parties (that is, individuals involved in the interpersonal relationship, representing two organizations) need to be explored and their joint sensemaking understood. From a sensemaking perspective, Halinen and Salmi's (2001) framework should thus be augmented by the functions that sensemaking in interpersonal relations fulfil in the development of business relationships.

### **A revised framework**

The ideas from the latest literature are integrated into the revised framework in Table 2. This framework highlights the dynamic functions of personal relations, leaving the basic functions (promoting and hindering) untouched. The revised framework provides a more fine-tuned and situation-based analysis of relationship dynamics. It also extends the examination of personal contacts to include both action-related and cognition-related functions. Furthermore, to avoid confusion between the functions of a relationship and those of an actor, we use the gerund forms of the verbs (for instance, door opening function, instead of a door opener).

Table 2. Revised framework of the dynamic functions of personal relations in business relationships (Source: authors' own work)

<b>Dynamic functions</b>		
	Positive effect on business relationship	Negative effect on business relationship
Initiation of a business relationship	+ DOOR OPENING: allowing entrance	– GATEKEEPING: blocking entrance
Crisis or problem in a business relationship	+ PEACE MAKING: managing a crisis, buffering	– TROUBLE MAKING: causing a crisis
Ending of a business relationship	+ DOOR CLOSING: supporting a beautiful exit	– DOOR SLAMMING: causing an awkward exit
Dormant or inactive business relationship	+ REACTIVATING: energizing a new start	– HAMPERING: precluding a new start
Externally driven crisis in a business relationship	+ EYE OPENING SENSEMAKING: allowing reflection and visioning together	– VIEW BLOCKING SENSEMAKING: creating tunnel vision, limiting heuristics used

In particular, we have updated the framework by adopting a more detailed view on relationship development, using the concept to refer “to any progress and change in a relationship or interactions between partners” (Zafari *et al.* 2020, p. 2). Therefore, in addition to initiation, ending, and crisis situations, relationship development may include dormant or inactive phases, which we added to the framework.

Recent research also shows the need to separate dyadic problems and conflicts from network-driven or externally-driven crises that were not covered in the original framework. Hence, we added externally driven crises to pay attention to the variety of critical situations in business relationships. Dyadic crises and problems refer to internally manageable crises or conflict situations that may lead to some dialectic fluctuation in a business relationship (Alimadadi *et al.* 2019), weakening or strengthening of the relationship, or simply maintaining it as before (Edvardsson and Strandvik 2009). In critical times, personal relations built at different organizational levels can be used to solve the problem or to protect the relationship from

turning into a more severe crisis and eventual dissolution. Sometimes, a personal relationship may cause a problem, and the business relationship can be recovered by changing the key contact people in both organizations (Salo *et al.* 2009).

The framework from 2001 already covers the situations described above, where personal relations have either positive or negative functions but typically lead only to incremental changes in the business relationship (Halinen *et al.* 1999). The update of the framework concerns externally driven crises, where interpersonal relations may function as a valuable arena for eye-opening sensemaking of the issue at hand. Facing unexpected crises or pressure from socioeconomic trends, parties in the relationship may benefit from joint sensemaking and action vis-à-vis other actors and networks. Alternatively, strong personal relations may block envisioning by narrow, established ways of seeing the relationship and its potential. Research indicates that tight networks of business and personal networks entail a risk of tunnel vision (Abrahamsen *et al.* 2023) and that the heuristics, or “adaptive toolbox,” used in interpersonal interaction to cope with different situations may limit upcoming action (Guercini *et al.* 2014). Thus, interpersonal relationships function as sources or arenas of action that advance or halt relationship development and as platforms for thinking and for creating a proper understanding of the situation, which then instructs future action.

## Conclusion

Our framework is descriptive and managerially driven. It highlights the functions that personal relations, according to extant research evidence, are likely to perform in business relationship dynamics. The proposed revision of the framework is based on the last 20 years of research, which have mainly supported the original view of the positive and negative functions of personal relations but also challenged the previous view on relationship dynamics. Our key contribution is the revised framework of the dynamic functions that personal relations fulfil in business relationships, which is presented in Table 2. Based on our analysis of the literature, the following conclusions can be drawn.

The original framework looked at the interplay between a single personal relation and a single business relationship, and thus provided a simplified view of the dynamics created by personal relations. It is notable, however, that each interpersonal relationship is only one element of a business relationship. In practice, there may be *several* such relationships, each being different in character and having different functions. This led us to stress a *situation-based* analysis of the functions that personal contacts may perform.

The dynamics of business relationships depend on a variety of personal relations and networks in which business relationships are inevitably *embedded*. The embeddedness of business relationships in interpersonal networks is an important source of business relationship dynamics, and this is conveyed by the identified functions of personal relations in the revised framework.

Resorting to the most recent research on *relationship dynamics*, it seems evident that relationships may enter into inactive stages and be reactivated from such dormant phases, even repeatedly. Personal relations play a key role in providing the energy needed to reactivate dormant or dissolved business relationships. Alternatively, the remaining personal relationship sediments may possess negative energy and preclude a new start.

Recent global crises have prompted research on crisis management and the resilience of businesses, including the resilience of business relationships in turbulent times. We find *externally driven crises* to be a relevant situation for identifying further functions for personal relations. While personal contacts may be resorted to in conflict situations and in solving problems, they may also be effectively used while making sense of unexpected external crises and their potential consequences for both parties and their relationships. We suggest the *sensemaking perspective* as a relevant approach to studying the role of personal relations in situations of major change.

This revision puts forward ideas about how the framework may be used in further studies of business relationship dynamics. Our suggestions for future research are as follows:

- When analyzing the impact of interpersonal relations on business relationships, adopting a dyad as an analytical lens and basis of dynamic functions is central. Further studies that follow a dyadic focus instead of an actor are needed to understand the various network effects on business relationships.
- The framework describes the functions of personal relations in business relationship dynamics. In the other direction, the effect of business relationships on personal relations was not covered. Indeed, it would be useful to analyze the role that the organizational setting plays in influencing an interpersonal relation: for instance, what is the power relationship between the supplier and the customer, and how can it affect personal relations? What kind of expectations does the home organization place on the individual with regard to interaction behavior?
- The reactivation of business relationships forms a different phase of business relationship development when compared to the traditional initiation, crisis, and ending phases, and it deserves more attention when the impact of personal relations on business relationships is investigated.
- To better understand the dynamics caused by interpersonal relations, it is important to pay attention to the past – that is, to personal bonds created in earlier interactions – but also to the future desires, expectations, and goals that individuals generate in interpersonal interaction. Future research should be directed to sensemaking in interpersonal relations and to sensemaking in both interpersonal and business relationships rather than only business networks.
- Digitalization is dramatically changing communication practices in business relationships. How the increasing use of digital channels in business interactions is potentially transforming, replacing, or further stressing the role of personal relations in business relationship development is a relevant question to be posed in future research.

- Extant research offers insights into how different business contexts and settings may influence the role of personal relations. In the future, research should move to seek more prescriptive knowledge besides descriptive understanding and corroboration to qualitatively produced findings regarding the effects of business context on the importance and functions of personal relations in business relationship dynamics.

We believe that further empirical studies on the functions of personal relations along these lines would contribute to a better understanding of relationship dynamics in business markets and engender valuable managerial advice for practicing managers.

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