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# A SOCIO-MATERIAL APPROACH ON BUSINESS RELATIONHIP DEVELOPMENT: BREAKDOWNS AS A CHANGE-ORIENTED PROCESS

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#### **ABSTRACT**

The aim of the paper is to explore how relationships develop through different kinds of practice breakdowns. While most prior IMP research focus on either cognition or resources in explaining relationship development, our work focuses on relationship development resulting from the difference in the way actors experience resources and their interfaces mediated by practice breakdowns. To do so we use an phenomenological lens. The study investigates a long standing buyer seller relationship that engages in a new joint activity in commercial aviation. In relying on a participant observation study of eight months at both partners, we observed that different degrees of breakdowns ranging from mild to complete, stipulates different ways through which actors experience resources and the way they interact with other resources. A key finding is that actors emphasize the usefulness of resource and interfaces developed within relationships when confronted to malfunctions or minor disturbances. Adjusting resource and interfaces occur when minor disturbances cannot be resolved and thereby leading into a total breakdown, preceded by problematizing resource and interfaces through de-contextualization which is conceived as a critical process. Our study has relevance for understanding stability and change in business relationship through the entwinement of resources and cognitions.

Keywords: breakdowns, experience of resource and interfaces, relationship development

Competitive paper

#### INTRODUCTION

To understand change and development in business relationships we need to know how the past affect change in business relationships (Håkansson and Lundgren 1995). Within the business network approach, relationships are seen to develop over time from combining existing resources and activities with new resources and activities (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009). This implies that both structure and process are present in business relationship development (Raesfeld, Geurts, Jansen, 2012), change without some stability will lead to chaos. On the other hand the interrelationship between structure and process creates tensions that can work out towards relationship development but can finally also lead to a termination of a business relationship. In this paper we delve deeper into the influence of the tension between the established structure in a relationship and the process of doing something new by investigating how a business relationship develops from breakdowns that change the way actors experience existing resources from objects in use to subjects of concern (Håkansson et al., 2009). We do so by developing a socio-material approach on business relationships which is rooted in Heidegger's phenomenology and his notion of pratice breakdowns (Heidegger, 1972).

IMP researchers investigated relationship development from two separate angles: the event based approach (Corsaro & Snehota, 2012; Halinen, Medlin, & Törnroos, 2012; Medlin, 2004; Tidström & Hagberg-Andersson, 2012) and the resource interaction approach (Baraldi et al., 2011; Chou & Zolkiewski, 2012; Gadde, Hjelmgren, & Skarp, 2011). Event-based approaches show how business relationships evolve through a sequence of events, rather than through pre-determined developmental stages (Ford & Rosson, 1982). With its central focus on the human actor in change processes, event-based approaches explain business relationship development through varying perceptions of change, time, and timing often in response to critical events. Event-based approaches are therefore useful to understand change as a flow of occurrences happened in and over time with the potentially to break the deepstructure of a business relationship (Halinen, Salmi, & Havila, 1999). Yet, despite its focus on change processes, event-based approaches tend to focus away from the resource dimensions involved in business relationship development suggesting that change is a matter of cognitive application only. The resource interaction approach on the other hand, explains network or relationship development by the different configurations of resource dimensions and interfaces developed over time. This appraoch develops a framework to understand resources as products, production facilities, business units and business relationships constituting resources-entities connected by interfaces developed through interaction (Baraldi et al., 2011; Baraldi & Strömsten, 2008). Resources and interfaces share economic, technical, and social aspects and its development is to a certain extend path dependent (Hakansson & Waluszewski, 2002). The resource interaction approach thus focuses on the development of resource combinations and interfaces in networks and business relationships through interaction rather than focusing on resources a static things and its individual value. In other words, value provided to resources is dependent on its connections to other resources and must be understood as contextual and embedded while its meaning varies over time and is shaped through interaction (Håkansson, et al., 2009). However, due to the focus on structural aspects of change, the role of human agency, cognition, and power in the development of resource combinations and interfaces is under examined. Or as Baraldi et al. (2011) states; "focusing solely on the resource structure may leave out important aspects an attributes of resources that derive from how actors perceive and interpret resources" (p 274).

There are however, some studies that examine the combined relationship between perceptions and resources and how that leads to the development of new resource combinations (Cantù, Corsaro, and Snehota ,2012). Because resources and the way actors experience resources both matter in explaining business relationship development, we combine the two in our social-material approach. We base our approach on Heidegger's phenomenology and his notion of practice breakdowns to reveal what otherwise remains hidden (Heidegger, 1972). Heidegger's phenomenological analysis is rooted in the practice turn on organizational phenomena (Chia & Holt, 2006; Lok & de Rond, 2012; Sandberg & Dall'Alba, 2009; Sandberg & Tsoukas, 2011; Schatzki, 2006; Yanow & Tsoukas, 2009). Instead of seeing humans as subject knowing objects, Heidegger was more interested in what humans do in practice with things. Heidegger's view on practices is thus one that emphasize social, practice, and material aspects as matters in everyday life (Yanow & Tsoukas, 2009). His notion of breakdowns is important to understand how humans experience objects differently when confronted with different degrees of breakdowns in the execution of everyday practices. While event-based approaches already shift focus to the cognitive structure breaking character of critical events in explaining the business relationship development (Halinen, Salmi, & Havila, 1999; Halinen & Tähtinen, 2002; Tidström & Hagberg-Andersson, 2012), a Heideggerian perspective allows us to see how the sociomaterial practice of a business relationship is revealed and changed in relation to and because of different experiences that actors develop about resources when confronted with practice breakdowns. Therefore, we consider practice breakdowns as a change-oriented process. The research question guiding our effort is: how are socio-material practices developed in business relationships through practice breakdowns and how does this contribute to business relationship development?

We present findings based on a participatory-observation research (Czarniawska, 2004; Van Maanen, 1982) conducted in a long-standing buyer and seller business relationship between two leather tanneries, one located in the US, and the other in the Netherlands. Because of our 8 months full time involvement in this relationship, we took advantage of ethnographic data collection techniques (Lok & de Rond, 2012) enabling us to focus on the micro-process of change and breakdowns as they happen in practice. Our focus was on the development of a new joint activity in the commercial aviation industry. For purpose of this research, we fleshed out the moments in which this otherwise unproblematic and effective relationship ran into trouble during the implementation of this new activity. We examine how the relationship develops through different degrees of breakdowns that actors encounter in their attempt to bring the new activity to life. We report how each kind of breakdown stipulates different kind of actor experiences of resources, the way actors interact, and how this relates to change. In analyzing the data, we identified three related actor responses that contribute to relationship development: emphasizing, problematizing, and adjusting resources and their interfaces to continue the relationship practice.

With this paper we contribute to, first, business relationship development literature especially the event-based perspective by combining the role of resources and cognitions in change. Second, we contribute to the resource interaction approach by posing an approach that link resources as objects in use to subject of concern. Third, our work contributes to prior work interested in adaptive change and critical interaction episodes of change by offering the notion of breakdowns as a reflexive process constituting engines of change.

We structured the paper as follows. We first introduce our phenomenological perspective and argue how we can conceptually understand resources and interfaces as experienced by business actors. After that, we apply our perspective by first introducing case setting and methods for data collection and analysis. In the final sections, we present findings

and discuss results in comparison to other perspectives on resource and business relationship development. In the final section we conclude and suggest directions for future research.

# A PHENOMENOLOGICAL APPROACH TO BUSINESS RELATIONSHIP DEVELOPMENT

Phenomenology, in its original Husserlian form, is interested in the processes through which a phenomenon appear to conscious awareness (Husserl & Moran, 2001) - "the way one's mind is intentionally directed towards objects" (Yanow & Tsoukas, 2009 p 1324). In contrast, a Heideggerian phenomenological account appreciates the embeddeness of cognition in everyday activities, and is mediated by tools (Yanow & Tsoukas, 2009). Consequently, his approach is useful because it brings resources and interfaces to the fore by surprise or practice breakdowns that otherwise remain hidden. For Heidegger, breakdowns are unexpected everyday phenomenon resulting from a confrontation of plans and goals with practical circumstances(Chia & Holt, 2006; Dreyfus, 1991; Lok & de Rond, 2012; Patriotta, 2003; Sandberg &Tsoukas, 2011). Heidegger was interested in how humans relate to things and others in practical situations and how a practice breakdown in this relationship changes the way people experience things and others as important. For him, bare perception can never be our basic access to the world. In doing so, he was making his point against the Cartesian tradition that holds that humans are subjects knowing objects. For Heidegger, people do not usually encounter things as objects with isolable properties but instead, unreflectively appreciate its function and purpose in everyday use. He thus holds that people are doing subjects among things and others rather than knowing subjects separate from objects. As such, people cope with things and others, also indicated as absorbed coping or dwelling, which indicate the primary way of being-in-the-world (Chia & Holt, 2006; Dreyfus, 1991). Absorbed coping implies that actors respond spontaneously and purposive to unfolding situations not mediated by mental representations. This is because an actors' understanding of the world is primary based on entwinement with things and others in a world that is already discovered and being made intelligible (Dreyfus, 1991; Koschmann et al., 1998).

Heidegger gives an example of a carpenter to illustrate this point. A carpenter does not need to recite what he is doing, by which means, and for what reason each time he hits the hammer on a nail. The carpenter unconsciously appreciates resources for its functional use and its availability as *ready-at-hand* means to achieve certain ends by manipulation, that is, "the things at hand to get something done" (Dreyfus, 1991 p 62). Because of this unreflective appreciation, the availability of resources becomes transparent as we take no longer notice of they being there (Dreyfus, 1991). Not having inner representations does not imply that actors are submitted to inertial forces or to what Chia and Holt (2006) contends, "a blind obedience to orthodoxy, or conformity to internalized structural forces" (p 645). Orientations towards ends are, in what (Schatzki, 2002) calls, embodied in the teleological structure of a social practice in which resources (tools, materials, appliances, etc. and its reference to other resources as contextually depended) are already made intelligible for those using them. As example, the carpenter uses the hammer along with other resources like nails and wood for some purpose in a situation already understood.

However, whenever a practice is disrupted, people's stance toward a situation shift to a more deliberate one which implies that people experience resources and their relationship to other resources in a different way. There are basically three kinds of disruptions with each having distinct consequences for the way people experiences resources: malfunction,

temporary breakdown (mild, persistent) and a total breakdown (Dreyfus, 1991; Sandberg & Tsoukas, 2011; Yanow & Tsoukas, 2009). Below we discuss each of them separately.

<u>Malfunction</u>: people become for a short period become aware of resources when there is a small interruption in the carrying out of an activity by malfunction. For instance, the carpenter might not immediately find his hammer on the usual place when entering the workplace. When a malfunction is encountered, people momentarily experience resources as unavailable and expect to resolve the problem soon by shifting attention to possible common sense solutions. Therefore, malfunctions resemble an everyday part of peoples' engagement in every day practices. As such, it is considered as a only modified form of absorbed coping for a short time, labeled as "reconstituted absorbed coping" (Yanow and Tsoukas, 2009 p.1352)

Mild temporary breakdown: when the character of the malfunction is more persistent, people have to pay deliberate attention. In other words, the unavailability obtrudes people's consciousness as problematic. As a consequence, resources are experienced as present-at-hand, instead of ready-at-hand because people now must pay deliberation attention to the task. For instance, the carpenter cannot find the hammer at the workplace at all. Present-at-hand does not only count for resources as missing, but can also mean broken or stand in the way as obstructive. The point is that actors encounter resources as no longer transparent in its use. In other words, what was previously considered as transparent now becomes explicitly manifest and stipulates deliberate coping. This implies that the carpenter is still concerned and acts deliberately because he is strived to "get going again" (Dreyfus, 1991 p.125). Or, as (Sandberg & Tsoukas, 2011, p.344) note "our deliberate attention to what has become unavailable remains dependent on the practical activity in which the temporary breakdown has occurred". This temporary breakdown is considered as mild when the situation can be soon smooth over, that is, when the carpenter finds the hammer somewhere else and can continue his task.

<u>Persistent temporary breakdown</u>: if the disturbance persists, for instance, the carpenter cannot find the hammer; deliberation intensifies and thereby stipulates another more thoughtful reflection on the situation. Though still concerned to continue, the carpenter must stand back and consider how to continue. In other words, one becomes aware of "what is going on and plans what to do, all in the context of involved activity" (Dreyfus, 1991 p.72). At the same time, resources not broken, absent or obstructive will also lose the character of unavailableness because their significance in relation to the malfunctioned resource is disturbed. In other words, the whole practice including the resources in relation to other resources via interfaces is temporarily brought into view (Sandberg & Tsoukas, 2011).

Total breakdown: the practice is completely interrupted when involved deliberation is no longer tenable. In such situations, people, shift to a detached analytical stance which involves thematic intentionality (Yanow & Tsoukas, 2009). Thematic intentionality stipulates that resources and their interfaces are encountered in an entirely theoretical way and examined by its context-less properties. In other words, resources are encountered entirely as occurrent Dreyfus (1991) because it has lost the character of context dependent unavailableness. For instance, the carpenter cannot continue his work once confronted with a broken hammer and sees the wooden shaft apart from the metal case. In this case, the carpenter is detached from its hammer and must shift to a theoretical reflection in defining the causes and must also come to terms regarding the specific properties when ordering a new hammer about weight, length, purpose, etc., in relation to the context and interrelation with other resources were the hammer is going to be used. In other words "Once our work is permanently interrupted, we can either

stare helplessly at the remaining objects or take the new detached theoretical stance toward things and try to explain their underlying causal properties" Dreyfus (1991 p 79). It follows that the hammer has become an 'object' as it presents itself differently than in its ordinary use, namely in a de-contextualized form which characteristics can be studied and related to other resources. As a consequence, a total breakdown opens an important opportunity for change because "[a] new view may be obtained that was not previously available: patterns are noted, connections established, and mechanism postulated" (Yanow & Tsoukas, 2009 p.1353)

The difference between the types of breakdowns is a matter of degree. The three previous forms (malfunction, mild and persistent breakdown), presuppose that people are immersed in practices and strived to get going by an enhanced reflection in which resources and their interfaces are momentarily experienced as unavailable. A total breakdown in turn, allows people to become reflective and detached examiners of objects and features in relation to others. However, as we have noted earlier, absorbed coping and reconstituted absorbed coping reflects business as usual and thus represents the common practice. Interruptions or breakdowns thus can only present a moment in which the situation is only shortly lit up for circumspection (Sandberg & Tsoukas, 2011). This is what Koschmann et al. (1998 p.28) call, a "transient state of affairs". A transient state of affairs implies that it is only during breakdowns that an activity, related things, and others can be submitted for further inquiry because people are forced to it by the mounting problems at hand, which is especially the case when there is persistent or total breakdown. In other words, the ability to de-contextualize resources from their interfaces from everyday activity, modifying them through recontextualization, and develop alternative combinations is only a transitory one given by the intensity of breakdowns people encounter in the execution of every day practices.

In table 1 we summarized the different types of breakdowns, type of experience and responses, and the way resources are encountered.

Character of the practice					
	Ongoing	Malfunction	Temporary breakdown		Total breakdown
	practice		Mild	Persistent	
Type of experience and responses	Absorbed coping.	Reconstituted absorbed coping.	Deliberate coping.	Involved deliberation.	Thematic awareness.
	Unreflective appreciation of resources use to attain ends	Shift to a new way of absorbed coping	Attention to the task in order to get going again	Reflective planning in order to get going again	Analytical/theoretical reflection De-contextualization, patterns are noted, new connections established.
Resources encountered as	Available	Momentary unavailable	Unavailable	Unavailable	Occurrent

Table 1: type of experience, responses and the way resources are encountered (modified from Yanow and Tsoukas, 2009

In summary, the resource interaction approach identifies social and physical resources consisting of social, economic, and technical features which are always developed in relation to other resources via interfaces Furthermore, resources range from products, facilities (like production or R&D), and units like departments and human actors, the knowledge of these

actors, and business relationship themselves as both a medium and product of ongoing interaction. A phenomenological approach extends this view by saying that actors in business relationship for most of the time, and especially in existing business relationships, unreflectively appreciate these resources and interfaces as they are already functionally deployed for the task in a particular business relationship. Practicing a business relationship implies that one has background knowledge of which resources matter and how these should work in any given relationship via interfaces. Being involved in a business relationship implies that actors for most of the time improvise and respond to emergent situations which are already in some way experienced in the history of a business relationship Whenever there is a disturbance (facilities hamper, incorrect product produced, or actors start behaving in an unexpected way), resources and their relations to other resources are shortly brought into view because the attention of actors is drawn to it. When the disturbance is eliminated, actors shift back to business as usual because this is the primary mode of being in a business relationship. Shifting back implies that the resources previously revealed as unavailable, become back available again. However, when the disturbance cannot be eliminated, actor switch to involved deliberation which is necessary for reflective planning but are still bound to context, that is, actors are still concerned to get going again. When reflective planning is to no avail, actors become detached from practice, start de-contextualizing resources and uncover, reestablish, or develop new connections among them which were previously not into view. Decontextualization thus enables actors to single out the properties of resources and become specific about their technical, economic or social features in relation to other resources. For instance, in a breakdown situation, actors point to the qualities of products in relation to the properties of a production facility, which are otherwise tacitly taken-for-granted. Decontextualization may also lead to relationship ending as actors can no longer envision a future together and thus chose not to re-contextualize matters and continue in a new way of absorbed coping.

In the next sections we illustrate and analyze in a case study how breakdowns provide an opportunity for actors and experience resources and interfaces through mild, persistent and a total breakdown in the context of a long standing-business relationship as they happen.

#### RESEARCH SETTINGS AND METHODS

We studied a business relationship of two family-owned leather tanneries. One is located in the United States (New York), 120 employees with a position in the private aviation industry. The other is located in the Netherlands, 140 employees with a position in the furniture industry as their primary home market. In 1981, the relationship started with a single activity in which the Dutch partner produces and delivers semi-manufactured leader hides (called crust) to the US partner and developed into a strategically important buyer-seller relationship. In September 2006, the partners decided to enter the commercial aviation industry together by marketing certified leather and repair services for seat covers in aircraft. Because of US leathers limited production scale, it was necessary that the Dutch partner developed and produced the aviation leather that could meet the quality standards set by the aviation industry. However, the Dutch partner was unfamiliar with the development and production of aviation leather. Aviation leather has specific quality requirements regarding burn, smoke, and toxic qualities, set by the Federal Aviation Regulations and Airbus standards. These requirements are totally different from furniture leather. Meeting these requirements demands special production methods in terms of special chemical treatments and additional milling time. Upfront, the Dutch partner invested 300.000 Euro's in a new laboratory, equipment, and a milling drum (Euro 300.000). In addition, the Dutch partner hired a new employee to help develop aviation leather and standardize production methods.

Both partners expected to have the first aviation leather sample ready within two months whilst working on the marketing of their joint activity. In this paper, we particularly highlight the development of aviation leather and the problems that arose during product development efforts. To assure confidentiality, we use pseudonyms for both companies: US Leather and Ned Leather.

Our research involvement took seven months (June 2006 – February 2007) and draws on a participant-observation study (Czarniawska-Joerges, 1998; Czarniawska, 2004; Van Maanen, 1982). According to Czarniawska (2004), participant observation implies that "the researcher assumes the role of an organizational member (or the other way around—an employee becomes a researcher)" (p 785). This approach allowed us to theorize from the "logic of practice", (Czarniawska, 2009; Sandberg & Tsoukas, 2011) from a privileged access position by focusing on the way actors experience resources and their responses in their business relationship. The first author was involved as marketing manager for this new activity as well as researcher interested in business relationship development. His presence in the business relationship started a few months before both partners engaged in the new activity and collected data in an eight months period. This brief introduction period allowed the first author to familiarize himself with this particular business relationship and socialize with colleagues in their daily routines in the leather production plant and offices while leaving sufficient room for a, what Bruyn (1966) calls, detached involvement. Throughout a period of eight months, he collected data at both companies by taking notes from several planned and ad-hoc meetings particularly organized around marketing and product development issues including their follow ups after the meetings. In addition, he studied minutes of the meetings and e-mails exchanges between both partners related to product development and the new activity in a broader sense. Furthermore, he took several formal interviews and had many work related encounters with his colleague employees at both sites. Additionally, he collected data from market actors to understand the context in which the new activity between both partners is about to develop. He visited and interviewed purchasing staff members from Lufthansa Technik in Hamburg, Germany; purchase managers and designers at Airbus and ATR in Toulouse, France. Furthermore, he interviewed several engineers and purchasers working for European airlines such as German Lufthansa, Hungarian Maley, and Polish LOT. Finally, he visited cutting and stitching shops responsible for processing leather into seat covers for aircraft.

We followed Miles & Huberman (1994) suggestions for data analysis following a iterative processes. Furthermore, we draw on Sandberg and Tsoukas (2011) ideas to explore practitioners' responses to practice breakdowns and to understand how actors in both partner firms sustain and transform their relationship practice. With the central focus on breakdowns, we documented the way actors experienced resources by language (kowski, 2007) and how they respond by action. For us it was especially important to find consensus about what constitutes a disturbance or breakdown from our point, but more importantly, from the view point of the key actors involved. We organized several meetings with fellow researchers (coauthors) to establish consensus during our active research involvement in this business relationships.

We follow Cantu, Corsaro, and Snehota (2011) methodological identification of capturing different meanings of actors about resources over time. Our understanding of resources and interfaces follows the 4R framework as offered by (Baraldi et al., 2011; Hakansson & Waluszewski, 2002; Håkansson & Waluszewski, 2002).

### RESOURCES EXPERIENCED IN PRACTICE: A CASE STUDY

In this section, we first describe the business relationship in a situation in which resources are for most of the time considered as available. Than we proceed by fleshing out the moments to illustrate how several minor and persistent breakdowns stipulates a total breakdown during the development of the new product in a chronological order. Than we, describe the transient state of affairs in which actors engaged in developing and reestablishing resource combinations.

# Absorbed coping in a business relationship

US leather is a typically customer oriented company focusing on the specific needs of customers in the private aviation industry. US leather produces small amounts of leather hides to meet specific needs of customers. US leather, collaborate with designers and network partners such as cut-and sew shops, to co-design aircraft interiors according to the highest standards. In doing this, US leather expects a flexible and pro-active work attitude of their workers. To assure flexibility, workers are trained on the job to improve the development of multiple skills. In general, the production of aviation leather involves tacit knowledge and requires many iterations and improvisations during its production.

Ned leather on the other hand, is a midsize tannery and produces leather hides in large batches for the European furniture industry. For most of the customers in the furniture industry, it is important that there is a consistent quality of each delivery because customers produce catalog-based furniture. Ned leather's production plant is considered as an excellent state-of-the art tannery capable of processing finished leather from raw hides in an environmental friendly way. In contrast to US leather, Ned leather processes finished leather from their own raw hide processing which gives them a rather unique position but also economies of scope. Ned leather relies on a centralized organizational structure and their workers are usually specialized to execute their task. Due to a large degree of standardization and procedures, Ned leather is capable of producing high-end leather in an efficient way, giving them a competitive advantage.

The relationship between Ned leather and US leather is based on the delivery of crust (a semi-manufactured leather product with a basic dye) to US leather, which they use for further processing into finished aviation leather. Over time, the companies have developed a solid business relationship and both parties consider this relationship strategically important. Thirty percent of US leather's annual demand for crust is purchased from Ned leather, and volumes are increasing because Ned leather has proved to be a reliable partner, able to deliver stable quality, mostly on time, in the exact amount against an acceptable price.

There are basically two departments involved in the daily practice of this business relationship. The sales department of Ned leather is responsible for all the communication with US leather. People within this department communicate with the people from the purchase department of US leather but occasionally also with their sales department. These people ensure that the relationship interests are taken care of within both organizations. At the operational level, at Ned leather there is a back-office employee who takes care of delivery schedules, shipping and invoicing. She communicates with US leather's purchase manager, sometimes by telephone but in most cases by e-mail because of the six-hour time difference between the partners. These people normally rely on a one-day response time, which is considered acceptable for keeping processes running or solving problems. Price agreements are made on quarterly bases and are negotiated by Ned leather's commercial manager and US leather's operational or purchase manager. Sometimes partners negotiate prices during visits to the Netherlands or the US, but in most cases, they settle by telephone. People directly

involved in the business relationship, as well as some other people indirectly involved in both organizations, meet at least twice a year for two days. These meetings are considered to be of importance because they ensure that a good atmosphere is maintained and latest developments exchanged. The visits follow a certain pattern. First, they catch up on current issues, followed by discussions of market developments, competition, and customers. Each meeting normally closes with a social event where people cherish the good atmosphere and recall exciting memories of their business relationship. Sometimes, the owners are present during such meetings but they rather prefer a background role.

The business relationship seems to continue in an unproblematic way. During out presence, people at both sites gave the impression that this relationship was valuable to them.

As the operational manager of US leather told us:

"Ned leather is one of the most efficient and reliant leather suppliers we know of, and as far as I remember, they never let us down" (Operational Manager, US leather)

Another manifestation that illustrates the good atmosphere in this business relationship is expressed by the production leader of US leather, who told us during one of our visits that:

"It feels sometimes like a family and there is much that we [US leather & Ned leather] have in common." (Production leader, US leather)

However, in the everyday practice of the business relationship the partners sometimes encountered difficulties. Yet, these difficulties are a part of everyday relationship matters and can therefore fall in the range of malfunctions which we have labeled a reconstituted absorbed coping. Such malfunctions are mild occurrences that actors in this business relationship are already familiar with. For example, we asked at each partner firm how they cope with problems and if they could mention examples of recent or past problems. These problems concentrate on planning, quality or production issues. Whenever such problems arise, actors know how to respond and it is only seldom that solutions cannot be found. Yet, leather production is difficult to stabilize because of its reliance on raw hides with a variety in quality. The commercial manager of Ned Leather provides an example of how such issues are resolved.

"We cannot always avoid these quality problems, because they are caused by the irregular quality of the raw hide, as a product of nature including the seasonal effects. These effects appear once the hides are produced and we cannot check all the hides microscopically. What matters is how soon we respond to US leather when such problems arise." (Commercial Manager, Ned leather)

Thus it seems that actors in this relationship know what to do when issues arise. An important value in this relationship practice is that they inform each other immediately after the occurrence so that they can anticipate alternative actions.

In analyzing this description in terms of resources, it seems that products (semi-manufactured materials) are delivered in an unproblematic way. Some sub-units are directly involved in the business relationship, for instance sales and purchase. Actors within these sub-units developed a sufficient communication structure by reliance on telephone conversation (depending on the time difference), e-mails, and occasionally site visits. Actors who are personally involved, feel responsible for a good working of the relationship. Production

facilities at both sites are aligned but this requires careful planning and adjustments. It is important that production and delivery schedules are respected and changes made to the schedules are discussed immediately to avoid problems or unexpected surprises. Despite that, malfunctions occur like a machine breakdown, a planning mistake, or bad quality of fresh hides). Whenever they occur, actors know how to respond and usually soon find a solution in and shift to a new way of absorbed coping. Both companies appreciate each other's differences and commonalties in a situation where resources and interfaces function without serious problems and thus are unreflectively appreciated and absorbed in the practice of this relationship.

# A problematic start of the new activity

In September 2006, both partners negotiated to start with a new activity in the commercial aviation industry. For that it was important that Ned leather develops a product that could meet aviation standards before taking larger orders from airlines.

Before issuing the first trial order, US leather visited Dutch leather several times to assure that they understood the methods and procedures of making aviation leather. During the first so called kick-off meeting, US leather offered product development people of Dutch leather a handbook that documented the chemicals, their suppliers, and milling cycle times, but also how to use test equipment. On this basis, partners expected to evaluate the first trial order after eight weeks.

### Things run into trouble: temporary breakdown

After eight weeks, Ned leather had to inform US leather that the first trial order had not passed the burn and toxic test. US leather responded that they did not expect this result because they believed they had discussed this thoroughly during the kick-off meeting.

"Did you follow the procedures in the handbook?" was one of the questions raised by the operations manager of US leather.

US leather offered support and proposed to visit Ned leather with a technical assistant to analyze what had happened. Ned leather's R&D and production manager ignored this offer because they wanted to find out for themselves what happened and did not like to problematize the issue with US leather. For Ned leather, this was a minor setback which is typical for any product development projects. The owner of Ned Leather took notice of the failure too and was referring to their product development procedures that apparently were not sufficiently followed up according to him. As a consequence, Ned leather was spending some special attention to task in the sense that a different method was tried in the production system, without drastic changes and without the help offered by US leather. This occurrence was considered as a mild breakdown because it required some extra attention.

In response to the failure, Ned leather informed US leather that the next trial concerns an improved version of the recipe, which surely would lead to a good and testable piece of aviation leather.

The ways both partner were dealing with the failed samples illustrates that they both experienced it as some form of a breakdown. Yet, Ned Leather experienced the failure as a mild temporary breakdown because there was only a short moment that attention was driven to what has become unavailable because they expected to resolve the problem soon. The

failed sample, procedures, and the production facilities where momentarily brought into view as temporarily unavailable. Although actors at Ned Leather pay attention to the failed sample, they emphasize the good functioning of their resources, at least did not questioning their use. In illustrating this point, the research and development manager told us shortly after the second misfire:

We can do it ourselves, and one misfire does not say anything. We first have to find out what happened anyway" (R&D Manager, Ned leather)

Shortly after the misfire we visited US leather. Actors from US leather immediately expressed that they were quite disappointed in Ned leathers response of reporting the failure, rather than the failure itself. US leather emphasized that the development of aviation leather requires special skills and careful thought and they would be willing to share this with Ned Leather. For US leather, this situation was a problem because they could not see how Ned leather handles the problem and this was worsened by their experience that Ned leather did not respond to their questions as they used to do which was a real surprise. The operational manager of US leather expresses his concern by a skeptical remark:

"I noticed earlier that Ned leather is quite efficiency-and profit-driven and does not take time to explore a problem and find solutions" (operational manager, US leather)

Although US leather wanted to make sure that Ned leather spends sufficient attention to the problem, they were not comfortable with the situation. While still concerned to continue the activity, US leather experienced that this breakdown might persist if it does not get serious reflection and involved deliberation. While Ned Leathers was mainly dealing with the problem a short unavailability of resources that soon can be overcome, US leather started to experience the unavailability of resources not broken or obstructing by questioning their functioning, like Ned leather as an organizational unit.

In waiting for the results of the second trial, the relationship proceeds as usual for raw material deliveries. Meanwhile, actors were busy with developing marketing activities but there is not much communication about the product development of aviation leather.

#### Total breakdown

After eight weeks, Ned leather produced a sample that did not pass the tests again, and reported this accordingly to US leather. Almost at the same time, US leather reported that they encountered serious problems in processing the raw material delivered by Ned leather causing enormous problem in their production facilities. The two misfires, difficulties with processing raw material, and Ned leathers ignorance in accepting the help of US leather amounts into a total breakdown in the business relationship. Actors at both sides are now confronted with a serious problem that cannot be solved by attention or reflective planning now that the relational whole of resources and their interfaces is brought into view as problematic. In this breakdown situation, actors at Ned leather became thematically aware of the situation as they started to problematize their facilities (milling drum), products, (chemical treatments), test equipment of research and development (R&D) but also the functioning of people from other departments who are only partly involved in this new activity.

As a member of the product development department at Ned Leather remarks:

"Nobody at [Ned leather] knows how the testing equipment works, and also the handbook did not explain much, so the best thing we could have done was to talk with our partners and asked them for help earlier" (R&D employee)

This expression indicates that integration of this new R&D testing equipment together with the instructions in the handbook, and thus the development of interfaces between existing resources, never really had been taken place.

While actors ad Ned leather problematize their own facilities and people involved, at US leather, actors started to problematize the relationships itself. The relationship practices that were previously considered as unproblematic prior to the new activity, now were uncovered as problematic and largely questioned. As a member of US leather told us:

"If there are technical questions, I always have to communicate with the sales department" (Operational manager US leather)

US Leather's operational manager refers to past when he makes his remarks about the poor working communication structure. This indicates that he must have identified the potential problematic communication structure earlier but this never really was a problem in their business relationship so far, at least, in their traditional buyer-seller relationship.

While parts of the relationship where questioned and retrieved form the past, the Sales Manager of US leather was dealing with present concerns;

"If [Ned leather] is not willing to listen to us or is not capable of producing aviation leather according to our and FAR [Federal Aviation Regulation] standards right now, then we have to do it ourselves for the coming period as long they are not ready..... we cannot risk our good reputation" (Sales manager US Leather)

The Sales Manager of US Leather fears the reputation of his organization because they promised airlines to send them test-samples which of course, could not be delivered as long Ned leather was not capable producing them. Actors at Ned Leather encountered the situation as a persistent breakdown as actors could see that continuing the new activity and resolving the raw-material problems requires serious thought and deliberation. At the same time, actors at Ned leather could see how their counterparts of US leather raised their concerns up to a level of thematic awareness in terms of problematizing the qualities of their business relationship. At US Leather we observed that actors questioned the whole relationship and could exactly point to the sources of the problems that had occurred recently in their relationship. It was not only the product failure itself anymore but also the poor communication, underdeveloped skills from department members, and stubbornness of Ned leather that was lit up for members of US Leather and thus were de-contextualized from their usual context.

Actors at Ned Leather considered the response of US Leather as a serious threat for the relationship as a whole as they noticed that the interaction has stopped. What followed was that this business relationship turned into an occurrent situation, an unsettled state of affairs resulting from first a technical breakdown followed by a social breakdown because of mounting problems.

From de-contextualization to re-contextualization and adjustment

In the following days, we observed how actors from Ned leather started to approach US leather to inform them open and exactly about the difficulties they encountered during product development including the recipes used for chemical treatment of the leather. After that, the parties organized several face-to-face meetings. US leather agreed with training two employees of Ned leather in their production site to make them familiar with producing and testing aviation leather for a time span of two weeks. Also, US Leather sent technical people to Ned leather to careful reconstruct the production processes, cycles, and testing facilities through which the test samples were produced. These visits were not only restricted to the development of aviation leather but also to solve the ongoing difficulties with the raw material production. In the past, such intensive face-to-face conversations were unusual in this relationship but now essentially contributed to a re-alignment of resources and interfaces because knowledge was created and applied on the spot, and thus helped to adjust the new activity in the relationship. Another observation was that actors were dominantly focused on discussing technical aspects of resources and interfaces, rather than discussing social issues as noticed by both partners during the preceding breakdowns. Yet, while avoiding discussing social issues, actors worked on an improvement of their social and communication structure just because of frequency of the face-to-face and follow up meetings. After issuing a third trial version, their efforts were rewarded by a sample batch that easily passed the aviation requirements test. Their relationship could continue, yet, in a modified way.

#### **DISCUSSION**

Our case highlights how actors experience resources and interfaces differently in the face of breakdowns and how this relates to relationship development. By taking the breakdown experience of both counterparts into account, our case illustrates how this relationship develops through several product failures that informs actors' way of experiencing resources as unreflectively appreciated to reflective problematizing. The total breakdown and following uprooted situation was apparently necessary to make appropriate adjustments not envisioned before. From our case analysis, we derived three actor responses which are important for business relationship development. These responses are: emphasizing, problematizing, and adjusting. When exposed to minor breakdowns in the case of malfunctions and mild breakdowns, actors (1) emphasize the functioning of existing resources and interfaces (how they ought to function and relate to other resources) and thereby close of change as actors are strived to get going again to attain pre-defined ends. When the possibility to change is closed off and the situation persist, than actor's start to (2) problematize resources but also their relationship to other resources and interfaces are questioned. This is a critical process because it involves de-contextualization of social, economic, and technical features of resources and is conflict laden. However, problematizing is important because interrelated resources and interfaces are lit up for circumspection and thereby create a space for (3), adjusting resources and interfaces because then actors are explicitly aware of the technical, social, and economical features of resources. This way of experiencing resources help actors to integrate resources or establish new connections between resources.

It is commonly accepted that actors derive value of resources from the way they are combined with other resources over time (Hakansson & Waluszewski, 2002). Furthermore, each counterpart in a business relationship may hold different views on the value of their business relationship, pointing to the double-face nature of resources (Håkansson et al., 2009; Corsaro & Snehota, 2010). Others showed indeed that actors can perceive resources and combinations differently and that developing new combinations require interaction amongst actors while holding on to different perceptions (Cantù, Corsaro, & Snehota, 2012). An

insight emerged from our study is that actors are not always explicitly aware of the values they have about resources or those hold by their counterparts. As a consequence, the possibility to envisage and negotiate new features and combinations is dependent on the actor's ability to be fully aware of the present value of resources. Consistent with our approach and case illustration, our study revealed that this ability is limited because actors unreflectively appreciate resources in its functional use, that is, as long everything proceeds in a customary way. This also leads to a paradox because business actors are usually oriented to avoid breakdowns, but this also limits their ability to develop new combinations because much remains hidden that can only be revealed by breakdowns which are necessary decontextualize resources from their interfaces properly in order to develop and integrate new combinations. Furthermore, from our analyses we observed that the degree of breakdowns, and thus the way resources and interfaces are experienced as problematic, can differ between partners. For example, not comfortable with Ned leather's weak response, US leather experienced the first sample failure as an occasion for reflective planning. This was also the case after the second failure. While actors of Ned leather where puzzled with the situation and especially focused on technical features or their own resources (facilities, equipment) and demanding some form of reflective planning, US leather was already thematically aware of the functioning of this business relationship as a whole, especially pointing to and questioning social resources (departments, organization) and thereby pushed the relationship in a total and alarming breakdown situation. This suggests that differences in the way partners experience the degree of a breakdown may lead to a further escalation of the problems at hand in a business relationship. Yet, our observation is also in line with scholars who have examined the functional role of conflicts in business relationships. For instance, Vaaland, (2004) and Vaaland & Håkansson (2003) argue that conflicts can be beneficial for relationship continuation especially when they occur at the beginning of a project. In other words, conflicts can help strengthen a relationship because they signal breakdowns, rather than something that should be avoided. To this end, we found that actors tend to focus on solving the technical problems and avoid the social ones like the skills and information sharing practices. The irony is that, while working on a resolution of technical problems, actors resolve unintentionally the social issues by intensive interaction at the same time.

Furthermore, scholars have argued that information sharing or communication practices are critical for relationship outcomes (Mason & Leek, 2012; Tidström & Hagberg-Andersson, 2012. The insights emerged from our case is that information sharing practices was indeed critical and may have avoided some problems if sufficiently developed. Yet, our case showed that there was no reason to change information sharing practices in advance of the new activity just because of the unproblematic functioning of these practices. It was only after the breakdowns that actors start to reflect on the way they shared information in their relationship and became subject of change.

We make some contributions to business relationship development literature. First, our study may enhance the idea how we can think of resources as objects in use or as subject of concern as discussed by (Abrahamsen et al., 2011; Baraldi, Gressetvold, & Harrison, 2012; Håkansson et al., 2009). The differences between objects in use or subject of concern can be linked to the way actors experience resources as unreflectively appreciated in case of the former and as problematic for the latter, rather than making a difference between cognition for the former and action for the latter as proposed by (Abrahamsen et al., 2011). This is because there are always interactions between actors, whether resources are experienced as objects in use or subject of concern. In other words, cognition and action are always entwined with resources but these cognitions and actions vary depending on the way resources are experienced in business relationships or networks.

Second, our approach on business relationship development contributes to event-based approaches (Corsaro & Snehota, 2012; Elo et al., 2010; Tidström & Hagberg-Andersson, 2012) in several ways. Our analyses reveal that substantiated dimensions are more difficult to change than perceptions. Indeed, perceptions in terms of abstract ideas, idea logics, or network pictures matter but they are more fluidly and easier to change than resources (Håkansson et al., 2009; Welch & Wilkinson, 2002; Henneberg, Mouzas, & Naudé, 2006) and in studying them, may yield different outcomes. Event-based approaches often implicitly assume the existence of resources and interfaces but its role in relation to change is under examined as we have argued earlier in this paper. We showed that both resource and actor dimension, including cognitions are mutually constitutive and that any cognition must derive from resources and the other way around. Corsaro and Snehota (2012) for instance, developed a framework consisting of two axes namely the perceived value of a relationship and time in terms of the past, present, and future or a relationship (relationship path picture, RPP) from both the customer and seller perspective. This framework is developed to map how actors interpret the value of a relationship over time based on the intensity of these perceptions, labeled as cognitive elaborations. In our case example, we witnessed how actors retrieved their experience of resources in the past in the face of present breakdowns ("If there are technical questions, I always have to communicate with the sales department "). Rather than recalling an intensity of perceptions developed from the past, this example show how actors make links to resource dimensions developed in the past. In other words, values that actors hold about resources are therefore not a property of the individual perceptions of each actor but is a property of a settled or unsettled situation in business relationships or networks (see also Gehman, Trevino & Garud, 2013). Thus, when studying business interaction, actors are always concerned about something or somebody and thus are directed to substantiated dimensions in some way.

Third, our approach parallels Medlin's (2004) conceptualization of exchange and adaptive interaction in business relationships. Exchange interaction deals with the present in which goods and services are exchanged. Adaptive interaction, on the other hand, concerns the adaptations of the exchange structure made by actors to enable future interaction (Brennan & Turnbull, 1999). Exchange interaction resembles a situation where resources are unreflectively appreciated by use and exchange, whilst adaptive interaction indicates an uprooted situation that always requires deliberate thought and reflective planning of actors. Some paralleling ideas are offered by Schurr et al. (2008) notion of normal and critical interaction episodes as engines of business relationship change. Our approach may inform the different behaviors of actors underlying each episode and its relation to relationship development.

# CONCLUSION AND FUTURE RESEARCH

The objective in this study was to understand how business relationships develop through breakdowns with a particular focus on the interfaces between resources and the way actors experience resources. Heidegger's phenomenological lens and his notion of practice breakdowns is applied to reveal what otherwise remains hidden. We studied the influence of practice breakdowns in a long standing business relationship in which resources and their interfaces where unproblematic available. We examined how several breakdowns troubled this relationship but also drove actors to change resources and interfaces by becoming explicit about them and thereby contributing to business relationship development. Thus, our study showed that breakdowns can be studied as a reflective process in business relationships rather than an outcome.

With our study, we do not imply to say all relationship development is due to breakdowns but neither is all development due too conscious planning. In line with Halinen (1998) conception of teleological and dialectal processes constituting relationship development, our case suggests that is apparently much that happens between emergence and planning that explains relationship development and that the role of every day disturbances and occasionally significant breakdowns is important because they point to the moments in which actors experience resources differently and this may entail business relationship development

So far, most practice based approaches tend to focus on practices within organizations. Our study shows that examining a business relationship practice pose a different challenge for researchers. This is because a business relationship practice is always separated in space, including task, activities, and of course resource combinations and interfaces. As a consequence, doing practice research or case studies in general in a business relationship, implies that it is difficult to capture all the responses and actions of actors during breakdowns as they happen, which is already a challenging in organizations (Patriotta, 2003). Nevertheless, we hoped to have contributed to enhance our understanding of how and why business relationships develop from a practice perspective and thereby contribute to the growing body of practice approaches to the studies of network and relationship development in the IMP community (Andersson, Aspenberg, & Kjellberg, 2008; Kjellberg & Helgesson, 2006; Kjellberg & Helgesson, 2007). As such, we believe that our framework allows for broader applications to examine change in business relationship and networks. For instance, recently scholars have opened an agenda for examining the stages through which relationship end (Halinen & Tähtinen, 2002; Tähtinen & Vaaland, 2006; Tidström & Åhman, 2006) or change from cooperative arrangements to competitors (Tidström and Hagberg-Andersson, 2012). Our phenomenological lens and notion of practice breakdowns may uncover the practices underlying relationship ending and particularly the role of resource dimensions in such processes.

The usefulness of our framework could also be explored in the context of resource development in startups or in new business relationships in general (Aaboen et al., 2012; Gadde et al., 2012). In contrast, to long standing business relationship with embedded resources, resource development in emerging business relationships may imply the occurrence of frequent breakdowns cycles through which actors develop and align their resource and interfaces.

Finally, although we have benefited from a participant-observation study, it remains a single case study and thereby complicating the generalizability (Yin, 2009). However, at the same time case studies provide a unique means for developing theory by utilizing in-depth insights of empirical phenomena (Dubois & Gadde, 2002). We therefore consider our work as explorative but grounded in practice and serving as a good starting point for further research. Based on our study and its empirical illustrations, we hoped to have inspired other researchers to use or extend our practice-based framework on different focus areas of relationship and network research.

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