

START MAKING SENSE AGAIN – BUSINESS RELATIONSHIP RESTORATION AFTER SEVERE NORM VIOLATION EPISODES

Competitive paper

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Abstract

Relational norms provide behavioural guidelines for individual actors interacting in business relationships. Frequently, norms are violated and the involved actors initiate a normalization process to restore exchange order. However, in rare instances violations occur with a severity where the exchange cannot be normalized by the means available in the interpersonal relationship. Furthermore, dissolution is not an option due to high perceived dependence. In this paper, we report on an investigation of three such severe norm violation episodes. We identify the violated norm sets and violating behaviours of core actors along with emotional reactions and effects on the business exchange. In addition, we map the processes of violation and normalization. We find evidence of serial norm violations, causing the interpersonal relationship to enter a state of suspension. Furthermore, cross case analysis shows that exchange was normalised through an organizational level process of alternative actor channel activation and executive intervention.

Introduction

Relational norms are in play every time business marketers and purchasers interact. Actors evaluate the behaviours of other actors they interact with continuously, determining if they comply with existing relational norms (Kauffman & Stern, 1988). Hence, relational norms play an important role in the management of buyer-seller relationships (Dwyer, Schurr, & Oh, 1987; Wilson, 1995). Sometimes, established norm sets are violated, triggering various types of normalization or restoration processes, and/or potential relationship termination (Tahtinen & Halinen, 2002; Vaaland, 2006). This article concerns relationship restoration following severe perceived violations of relational norms. We initially conceptualize severe norm violations as interaction behaviours that 1) violate relational norms to a large extent, 2) cause considerable negative emotional responses from the offended actor(s), and 3) damage the relational norm structure, thereby removing actors' basis for making sense of interaction. Severe norm violations are infrequent in buyer-seller interaction, but they have profound effects on the exchange. These types of violations reduce exchange performance, problem solving efficiency, and damages relationships between buying and selling companies. Hence, knowledge on severe norm violations is required to enable buying and selling company actors to act and interact within established norms sets and avoid the damages following severe norm violations.

The literature on violation of relational norms in buyer-seller exchange has focused on either mild to moderate levels of violation, or severe levels of violation causing dissolution. In this article, we report on three buyer-seller relationships episodes where the norm violations are severe, but where the offended actors perceive that dissolution is not viable due to high perceived switching costs and/or pressure to stay with the other party from colleagues and executives in other parts of the offended actor's organization. Hence, the involved actors and organizations are forced to restore the relationship. In addition, research on the restoration and normalization of business relationships has only to a limited extent focused on how actors cope with situations, where relationship norms are breached to an extent where they cease to make sense for the involved key actors. In these cases, taken for granted practices that have previously guided interaction are brought into question by the affected actors.

In this article, we generate knowledge on the character of the specific severe norm violations and on the processes of violation and restoration, employing a qualitative methodology. The following research question forms the basis for our inquiry: How are buyer-seller exchange relationships restored following severe relational norm violations? We take departure in the interpersonal level of analysis, as violating behaviour and perceptions of norm violation are ultimately individual actor phenomena (see (Blois, 2002) for a discussion of interpersonal versus interorganizational perspectives on norms). The paper is structured as follows: First we review the literature on norm violation. Following a discussion of our methodological approach, we present three case studies on episodes of severe exchange norm violation and the following process of restoration. Cross case analysis leads to the identification of a preferred restoration process among the case companies. Finally, we discuss and conclude on the findings.

Relationship Norms and Expectations

A relationship norm can be defined as a belief held by someone that guides this person's expectations about what is most likely to happen in a specific future event in a relationship. In the literature on buyer-seller relationships, norms are usually defined as expectations about behaviour, shared by a group of members in a social unit (Campbell, 1997; Dwyer, Schurr, & Oh, 1987; Spekman, Salmond, & Lambe, 1997). Gibbs (1981) contends that a norm is a belief shared by members of a social unit as to what conduct ought to take place in particular exchange situations. As such, norms represent a social construct for enacting sense and providing a sense of guidelines for interaction in a specific social setting. Hence, norms represent a social structure, often referred to as a form of governance (relational) that complements contractual governance (Cannon, Achrol, & Gundlach, 2003) Norms precondition the habituated action patterns, which forms the set of interlocked routines among individual actors, that makes coordination possible in organized settings such as business relationships (Westley, 1990). Relationship norms form over time, as actors interact and routinize behavioural patterns. Hence, an actor's past interaction experiences come to provide the foundation for present interaction (Medlin, 2001). The norm patterns take an almost concrete and objective existence as they become part of the shared typification of reality for a minimal organization such as a group (Berger & Luckmann, 1967). They become the fabric of informal beliefs and institutionalizations that individuals new to the relationship are socialized into, or at least are expected to behave in accordance with. In this sense, norms and expectations presents a dimension of what has been addressed as predictable orders enacted for reasons of legitimacy in a social context such as a business relationship (Meyer & Scott, 1983). A major part of the contributions to the literature on relational norms in buyer-seller relationships have relied on some or all of Macneil's (1980; 1983) ten defined general relational norms (Blois & Ivens, 2006). Another large group of studies have focussed specifically on norms regarding the distribution of

costs and benefits and the effects of breaching these, discussing constructs such as fairness, equity, and distributive justice (see for instance (Jap, 2001) and (Scheer, Kumar, & Stenkamp, 2003)).

Relational Norms: Variations and Violations

Although norms and expectations have an important deterministic role in predicting organized action, they are also breached by actors who do not follow them. Norms may be violated either intentionally because actors believe this will favour their pursuit of specific goals, or unintentionally as actors are incapable of deciphering what is expected of them or simply unable to follow the norms established in the relationship. Violation of relationship norms and expectations is not a novel theme in inter-organizational research. Studies frequently take dissatisfaction, or some other first order change, as their departure for discussing violations (see for instance (Smith & Bolton, 2002)). The service marketing literature has discussed this, particularly in relation to dissatisfactions resulting from service encounters (Bhandari, Tsarenko, & Polonsky, 2007; Bitner, Booms, & Tetreault, 1990; Holmlund & Strandvik, 2005; Parasuraman, Zeithaml, & Berry, 1994). Here variation is understandable (although regrettable and dissatisfactory) within some known dimension. Here the violation represents simply a variation in usual exchange and can be dealt with within the existing relational structure. Actors in relationships may cope with some or even a large degree of variation and host a broad spectrum of possible scripts for interaction, which may violate relationship norms, but within acceptable limits, which calls for no adaptation of norms and expectation. For instance, Miles & Snow (1992) describe dynamic networks as organizational settings catering for fast and even disruptive changes in business environments. Moreover, in business relationships, even critical events can emerge and be dealt with within the established set of norms (Halinen, 1994). This type of violation is depicted to the left in figure 1 below.

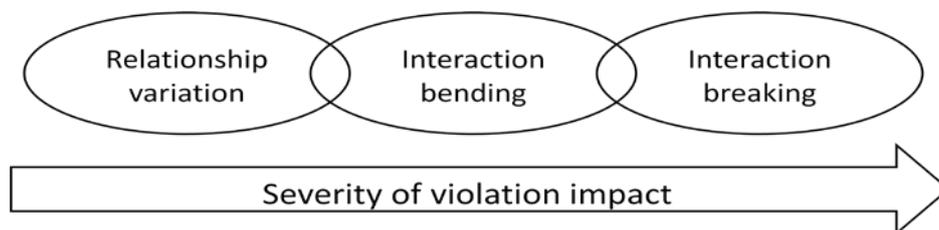


Figure 1: Three levels of severity of relational norm violation impact.

In this investigation, we are concerned with what may be labelled second-order variations, where norms are violated on a more fundamental level of cognition. Such a violation occurs when norms are breached to an extent where corrections are not immediately possible, because core needs are not met (Ren & Gray, 2009). These situations are associated with negative emotions such as anger and frustration (Andersen & Kumar, 2006). In the most extreme cases, violations cause relationship termination (Alajoutsijarvi, Moller, & Tahtinen, 2000; Halinen & Tahtinen, 2002; Havila & Wilkinson, 2002) – elicited behaviour is interaction breaking (right side of figure 1). On this extreme, violations of norms are so devastating to actors' belief structures that they are incompatible with their willingness to engage in future collaboration, because they cannot be aligned with the organization's own goals or with maintaining a firm's identity in other relationships. In this extreme, we also find studies of phenomena such as customer revenge (Gregoire, Laufer, & Tripp, 2010) and retaliation (Bougie, Pieters, & Zeelenberg, 2003).

However, relationship termination may not be the best option or even an option at all (Tahtinen & Vaaland, 2006). A select group of papers within the business marketing literature discusses relationship recovery (Salo, Tahtinen, & Ulkuniemi, 2009; Tahtinen & Vaaland, 2006). Moreover,

the sizeable literature on conflict resolution in buyer-seller relationships is concerned mainly with such processes (Dant & Schul, 1992; Kaufmann & Stern, 1988). The concept of restoration has also generated attention (Ren & Gray, 2009; Tathinen & Vaaland, 2006). Using a framework developed by Goffman (1967), Ren & Gray (2009) suggest that the restoration of a violated relationship concerns two relational dimensions: control and identity. Relationship restoration, involves both interpersonal conflict and link this to wider expectations, in the form of “the expressive order”, representing asset of shared rules that specifies the responsibilities of interactants and the flow of events in interaction (Goffman, 1967; Ren & Gray, 2009). Concomitant with these rules are position and privileges of individuals. Thus, interpersonal conflict arises when the expressive order wittingly or unwittingly is violated by an offender so that it challenges the sense of social worth of another person. This person is staged as the offended actor in Goffman’s (1967) dramaturgical framework, which leads to a four-stage model for resolving conflicts and restoring relationships: 1) Challenge, which concerns the acknowledgment of the offense by the offender, 2) Offering, in which action is taken by the offender (in the form of accounts, apologies, demonstration of concern, and penance) as an attempt to restore the expressive order, 3) Acceptance and forgiveness by the offended, and 4) Gratitude by the offender. Ren & Gray (2009) criticize and expand on this model in some respects, by introducing different types of violation and taking the environment into account, suggesting that the linkage between restoration mechanisms and effectiveness of restoration is contingent on violation type and the culturally based expectations of the person feeling offended.

The conceptual work by Ren & Gray (2009) provides an important leap forward in our understanding of the processes that may lead to the restoration of violated relationship expectations. In particular, groups of actors which are highly interdependent may experience that the centrality of other actors and their actions reproducing predictable order is *sine qua non* for the relationship. However, from a sensemaking perspective, we construct sense on an ongoing basis, based on sensory impressions and in the process we draw on our existing mental frames to rationalize our own behaviour as well as our expectations of others in a specific relationship (Weick, 1995). Hence, on three accounts, additional critique than the one already offered by Ren & Gray (2009) can be raised to the relationship restoration literature due to its reification of rules and rationalistic, schematic framing of conflicts and restoration processes: 1) To begin with, the concept of conflict may be less clear for those participating in it than what is offered here. Violations to an expressed order may differ in degree and in kind across interpersonal relationships and may change over time, reflecting for instance changes in broader societal norms (Volkema, Farquhar, & Bergmann, 1996), 2) What offends one actor may not be noticed by others and this may not reflect any part of established rules. Hence, an actors’ communication may not come across as intended, and 3) In the process of making sense of how a specific utterance or interaction should be understood, actors may draw on their structural hinterland in shape of the wider network of their own organization and beyond. These interactions may help in escalating or downplaying a sense of conflict as well as the notion of offering, acceptance, and gratitude (Andersen & Kumar, 2006).

We suggest that in addition to these important concerns, it is also important to address the role and restoration of sensemaking in a business relationship that has been violated. As pointed out by Weick (1993), the set of norms of a minimal group of people, such as the one consisting of actors on both sides of a buyer-seller relationship, are vulnerable. When norms of actors are severely violated, the institutionalized enactments of a situation and the procedures for interacting in this situation stop making sense to the involved actors. This may lead to what has been described as the collapse of the collective sensemaking in an organized setting and confusion or even panic may replace orderliness of interlocking routines. In such situations, the orderliness of reality as

constituted and maintained by relationship norms are questioned by the participating actors. In the following, we explore relationship violation and restoration in three such interaction episodes in buyer-seller relationships.

Methodology

For various reasons, the investigation of severe norm violations poses a challenge to researchers. First, the frequency of occurrences of these extreme types is very low. Actors rarely experience norm violation episodes with the characteristics described below, which makes it difficult to time the data gathering process. Moreover, key actors may be reluctant to account for these very personal and emotional encounters, on one hand because it may involve personal social costs, and on the other because they may fear the reactions of other actors, be it suppliers, customers or colleagues. Hence, a study requires that the researcher has built some level of social capital with the involved actors. In this study, we collected qualitative data on three severe norm violation episodes in three buyer-supplier relationships on the industrial market.

The data were gathered between 2007 and 2009. We collected data on both sides of the dyads, allowing us to capture more complete representations of perceived norm sets and violating behaviours (Spekman, Salmond, & Lambe, 1997). We first targeted the core actors involved in the episodes. We refer to the *core* actor relationship as the interpersonal relationship between the two dedicated and assigned employees - one on each side of the organizational dyad. These employees are the ones that have been assigned responsibility by their management for managing the particular parts of the exchange that concerns the issues at stake in the cases. An example in case C is the quality engineer on the buying side and the service engineer at the supplier side, responsible for solving the described issue regarding quality and service. These actors are not the only ones interacting on this issue, but represent the main link between the two organizations on this matter and they are the ones mainly instrumental in producing the violating behaviour and being offended by the behaviour, respectively. Hence, the dyad between these actors is the main communication channel when matters concern their area of responsibility. Only one core actor refused to be interviewed, despite several persistent attempts at arranging this. However, retrieving data from other key actors meant that we were able to establish a valid representation of this episode. We interviewed several other actors on both sides of the dyad, who had participated in encounters, had been involved in, or was in a position to provide us with knowledge on the episodes. Other interviewed actors had entered the exchange afterwards, and were thereby in positions to provide valuable information on the episodes. Executives, Key Account Managers, Service Employees (technical and non-technical), and Manufacturing Employees were interviewed on the supplier side, while Executives, Category Managers, Purchasers, Quality Employees, and Manufacturing Employees were interviewed on the buyer side. Gathering data on both sides of the dyads, as well as broadly into each dyad organization from multiple informants, we established a valid representation of norms, events, behaviours, and reactions.

The 20 interviews were taped and lasted approximately 74 minutes on average. The rich data allowed us to establish a precise representation of the norm violation episodes. The episodes were triggered by issues regarding quality, delivery, and service, which occurred in the exchange relationships between buyers and suppliers and had vital importance to both parties. To allow comparison and cross case analysis we set the time boundaries for the processes similarly. The starting point was decided to be the interactive event where the parties first discussed the specific issue leading to the violation. The end boundary was determined as the point in time where the parties had established “normal” exchange interaction again. With normal exchange we mean when

the (new) core actor relationship is functioning again and communication and coordination takes place in regular intervals. We sought to map out this entire process, but with a particular focus on the specific norm violation series.

In addition to shedding light on the sequence and content of the critical events, we needed to illuminate the key actors' perceptions of behaviours, norm sets, and reactions to the norm violations. Operationalisation and measurement of norms has been a key theme in the interorganizational norm literature (Blois & Ivens, 2006) and guidance on this procedure of norm research has been scarce and characterized by lack of agreement among researchers (Blois, 2002). The primary challenge was to get informants to a) account for the opponent's behaviours in the interactive encounters with this specific opponent, b) account for their norm sets guiding exchange behaviour, and c) provide the basis for keying these together in comparison to provide evidence for the norm violation. To achieve this we asked informants to elaborate further on their initial accounts – in other words explain not just what happened and when, but also how they felt about it and why. A critical requirement was to surface the subjective interpretations of events (Spekman, Salmond, & Lambe, 1997). The inquiry tactic was aimed at trying to assist them uncover their generalised norm set regarding buyer-seller exchange behaviour. These norms were specific to exchange behaviour in buyer-seller relationships (Steward et al., 2010) and had been generated through the specific actors' past experience with buyer-seller exchange. These norms are brought into exchange from other similar types of exchange experienced by actors in the past (Bettenhausen & Murnighan, 1991; Feldman, 1984) - in these instances the past exchange with other customers and suppliers. They had emerged over time as the core actors interacted with a range of suppliers and customers, hereby routinizing behavioural patterns. Being asked about this they would respond for example with: *“you cannot do this – this is not appropriate behaviour for a customer”* or *“other suppliers behave like this – this is normal behaviour – but this supplier was not respecting it”*. This cognitive process is described well in the framework developed in the seminal work by (Kaufmann & Stern, 1988, p. 539), where observed conflict behaviour of the other party is compared to the exchange normative structure leading to a determination of fair or unfair behaviour, which finally affects hostility towards the other party. Unlike the majority of past BtoB studies, we were not looking for specific predefined norms, such as those developed in MacNeil's (1980; 1983) influential framework. Realizing that *“norms can differ greatly in their content and orientation from one setting to another”* (Gundlach & Achrol, 1993, p. 144), we aimed at identifying the specific norm sets employed by the actors in these specific exchanges, and more precisely the ones being violated.

We analysed the data first by making a basic coding whereby the data regarding the core issues, the violation and normalization episodes, as well as the data on behaviours, norm sets, perceptions, and reactions were sorted out producing a text for further detailed analysis. Second, we carried out more detailed within case analysis, first identifying the perceived behaviours and next the explicated norm sets used for judging these, hereby confirming the norm violations. This led to the identification of a series of norm violations for each of the three cases (shown by figures in the case reports below). We also identified the reactions to each of these violations. Third, we carried out cross-case analysis to look for common patterns across the three processes.

The Norm Sets Being Violated

Each of the cases produced a distinctive series of norm violations. These violations occurred during multiple encounters between the actors on each side of the relationship. The series of norm violations are described below starting with the first confrontation. The identities of both companies and employees have been left out to respect confidentiality.

Case A

This norm violation episode was incited by a delivery capability issue in the exchange between a producer of industrial systems and a key supplier of components. A Key Account Manager on the supplier side and a purchaser on the customer side constituted the core actor relationship. The companies had just signed a three year contract in the beginning of 2006, where the supplier had lowered prices in return for stable high volumes during the three year contract period. Watching how the promised volumes had not been fulfilled by the customer in the first quarter, the newly appointed KAM decided to engage in a series of confrontational behaviours.

The purchaser perceived two major norm violations already at the first meeting. First, the KAM contemplated that since the customer had not used nearly as many components as promised in the first quarter, there was no reason to believe that they would do that in the following quarters. As a result, he claimed that he would cut down on the assigned capacity on the supplier factory. The purchaser, backed by a category manager on the customer side, responded that demand would pick up and appealed to the KAM not to enforce this drastic decision. However, the appeals seemed futile: *“They did not believe us! I told them already in March: “This will be a great year – whatever you do don’t reduce the capacity for us...” - ...they said directly that they did not believe us”* Hence, the first norm breach regards lacking willingness to believe and have confidence in the other party in communication. In addition, the KAM violated a more fundamental norm, associated with personal respect for the other actor. The purchaser argued: *“he clearly showed us that the two women of us on this side of the table – we did not know what we were talking about – and he knew better”* The category manager recollected: *“We had a fierce fight – it was not nice”* During and in between a subsequent series of meetings, the customer actors realized that the KAM had actually effectuated his threat, as demand had increased as projected, but the supplier had eliminated more than half of the dedicated capacity, resulting in an inability to deliver. Hereby another norm had been violated, because the supplier had now demonstrated lacking contractual solidarity. In addition, the KAM had undertaken various acts to conceal the capacity reduction, breaking a norm of honesty in the relationship. This experience triggered several encounters, where the fight became even worse, ending up with the KAM admitting that he could do nothing to solve the problem. Realising the magnitude of the difficulties they have been placed in, the buying company actors left the meeting in despair.

In an effort to set things straight, the purchaser and category manager reported the problems to executive level, which resulted in a major crisis meeting being arranged, between multiple executives and managers from both organizations. Upon hearing the buyer’s accusations and demands for action, the KAM, backed up by a somewhat disoriented logistics manager, tried to provide arguments for the whole issue being caused by the customer’s lacking willingness to provide forecasts. The buying company actors perceived this as an attempt to blame irrelevant factors for the issue, in order to avoid taking responsibility. The purchasing VP noted: *“it was not right that they were using the inadequate forecasts as an excuse for not serving us, because they knew exactly what we were needing - they served us for many years”* In addition to producing a series of further breaches of interpersonal respect, such as laughing arrogantly and shaking his head, the KAM at some point directly accused the purchaser of lying, taking the meeting to a point where the atmosphere erupted, with several customer executives displaying their disbelief across the table. The category manager recalls: *“he was very, very nasty – he was incredibly impudent and rude – our VP got hold of him and said: “I will not tolerate this”...”* Instead of sorting out the difficulties, this meeting ended up being a negative climax, producing severe emotional reactions. The parties

were incapable of reaching any solution and the relationship moved into a state of suspension. Figure 2 shows the key norms being violated in the first case.

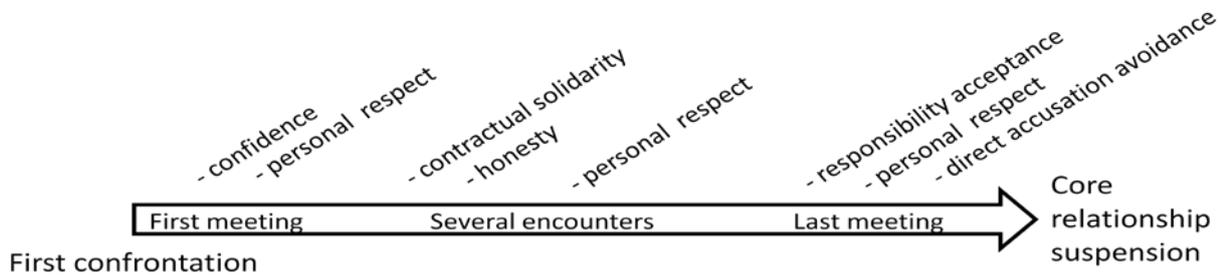


Figure 2: The norms violated in case A.

Case B

Case B concerns a relationship between a furniture producer and a small supplier of wood components. The main issue triggering this series of norm violations is the quality of the delivered components. The violations occurred during several meetings and encounters over a period of several years, where the parties discussed perceived insufficient quality of delivered components and the future efforts to improve quality. The core actor relationship was between the purchaser and the supplier CEO. The first confrontation appeared when the newly instated purchaser called the CEO and complained about the quality of a delivered batch. The CEO drove to the customer factory to take a look at the components.

The primary norm violation in this first meeting, and reoccurring in all later meetings, concerned quality standards. The new purchaser set very high quality standards – standards that were deemed unreasonable and unfair by the supplier CEO. *“He called and said everything was wrong - when we drove out there to take a look at the components there was really nothing wrong - perhaps there could be one pin with a flaw - sometimes we couldn’t even find a flaw! Complaining was his style!”* Hence, the supplier had developed a quality standard, which had earlier, before the arrival of the new purchaser, been accepted by this customer, as well as other customers. This quality norm was violated by the new purchaser, to the surprise and agony of the supplier CEO. The CEO was certain that the grounds for these demands were based on lacking knowledge of wood manufacturing and the inherent limitations of this material. CEO: *“It is a problem if the purchaser lacks the knowledge – and this purchaser had no knowledge of the things he was talking about”*. Unwillingly, the CEO accepted to make quality improvements, including final inspections and raw material sorting. However, he was distressed because of the perceived unfair demands. Following more problematic deliveries, the purchaser resorted to more radical behaviour. Discovering perceived defects during personal inspection of the following batch, he returned the entire batch to the supplier factory and demanded a credit note. The supplier was severely angered by this behaviour, expecting a collaborative and dialogue based resolution approach from the customer.

Experiencing multiple faulty deliveries, the purchaser decided to apply pressure for quality improvements by demanding various types of quality control by the supplier. Dictating procedures for the supplier and lecturing about quality and the particularly perfect quality demanded by the customer organization, he came to demean the CEO, who felt insulted. The CEO, who was also the owner of the family company, had built an identity for the company as a quality focussed company. *“What we are known for in this company is that we make good quality - our people are taught to make something that works - we are tuned into a mode where... when the components leave the*

factory they work” Continuously taking blame for bad quality severely hurt his honour. He clearly felt that the purchaser was lacking respect for what he stood for and that made him furious. The increasing demands were placing the supplier in a situation where they had serious difficulties making a business from this customer. The CEO felt that the purchaser lacked understanding of this issue. The purchaser steadily applied increasing pressure without considering the effects on the supplier side, hereby violating a norm of empathy in the exchange. The CEO recalled: *“he was impossible – we were close to cutting the bonds at that time - we could not afford to deliver to them”* The purchaser that later came in as a substitution explained: *“It has to do with that little word empathy – you cannot demand something from a company that they are not capable of living up to – you can make demands – and have a business school background – but that is not always what is the reality... you have to see things from both sides – and then it may be that you don’t always like what you see – it is about creating a win-win situation”* Finally, the supplier CEO regarded a strong personal relationship as a fundamental norm for customer relations: *“We deliver to many different customers – and through interaction we develop a strong personal relationship to them over time – then we draw on each others’ experience and knowledge – there is a mutual trust between us and these people we do business with... - with this purchaser we had no good relationship”* Experiencing the purchaser’s behaviour in the many negative encounters, the CEO had become convinced that the purchaser was not supportive of a strong social relationship. Coming to a point where the core relationship could not support a sound business, the CEO started considering the possibilities of excluding this specific customer of his portfolio.

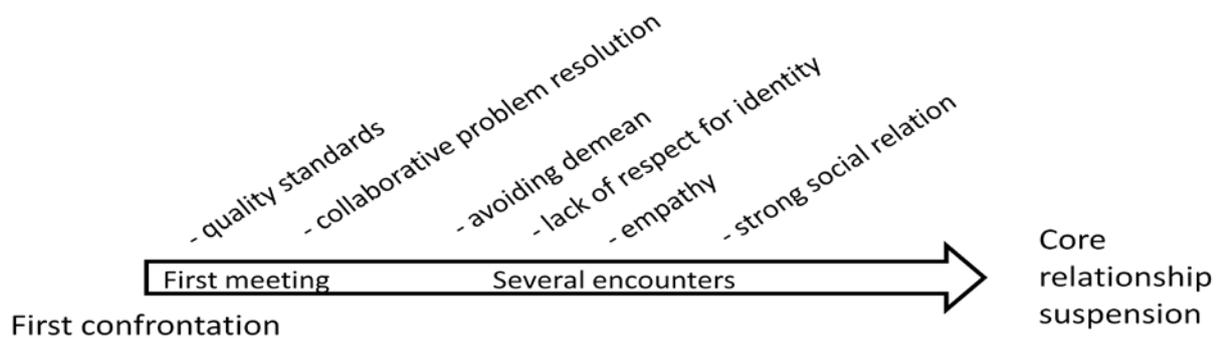


Figure 3: The norms violated in case B.

Case C

A producer in the energy sector and a key supplier of components faced several complex and costly quality and guarantee issues. Procedures and behaviours connected to complaints, claims, and responsibility became the centre of attention. The core relationship was between a service engineer on the supplier side and a quality engineer on the customer side. The quality engineer, who had recently been assigned more responsibility in this exchange, had become dissatisfied with the supplier’s willingness, speed, and ability to admit the mistakes, take responsibility, and solve the quality issues. Consequently, he altered his behaviours in interaction to apply pressure on the supplier to conform.

The first confrontation occurred when the quality engineer contacted the service engineer regarding malfunctioning systems discovered by the customer’s customer. The defects had been located in the supplier’s components and the quality engineer quickly assigned responsibility to the supplier. Spurred by many years of working in this business, the supplier had developed guidelines for treating complaints along with a set of norms for behaving in these complaint situations. The quality

engineer was clearly breaching these norms, since responsibility was being assigned before investigating the problem thoroughly. In the eyes of the service engineer, component defects should be reported, investigated, and documented thoroughly before the supplier could be judged guilty. The purchasing director later explained: *“We couldn’t have this – it is about how you communicate to the suppliers that there is a quality problem – one should make sure to make a normal practical investigation before requiring service employees sent out from north and south... – they have a certain procedure for handling these things – they sit down and say: “what is this quality issue really about?”*” In addition to the perceived unfounded claims, the key customer actor violated several other norms in this encounter. First, he failed to maintain a proper tone and attitude in the communication. The supplier was blamed through an emotional stream of harsh language. The purchasing director explained: *“Personality played a large role – getting angry fast was an issue”* Second, the quality engineer was making unrealistic demands for quick response. A supplier product engineer argued: *“they expect a fast response and are quick to get back if it doesn’t come – then they complain saying: “it is damn bad that you are not answering us in ½ hour” – even we have limited resources and a large business – there are other customers than them and they need to understand that”* Third, the core customer actor failed to take the supplier’s costs into account when demanding action. *“They don’t respect what it costs to have a service employee out for a call”* (service engineer). The KAM reasoned: *“we have some service people that move around in this customer segment – we don’t charge the customers anything for them – but they need salary every day – this customer covers an disproportionally large part of these costs – we have shown them that and they know”* The supplier actors speculated that these strict demands were a result of the customer’s dominant customer making unreasonable demands, which they passed on to the supplier. Instead of challenging the demands of this customer they automatically accepted them and passed them on to the supplier. The quality engineer account seemed to support this view: *“The customer is not required to make these investigations – we will do that”* In retrospect, the purchasing director supported the supplier: *“they should not just say: “it is our fault” – it has been much: “everything for the customer no matter what”* The combination of these norm violations quickly made the exchange atmosphere negative.

This communication pattern repeated itself in several meetings, gradually worsening the relationship. Unhappy about the development, the quality engineer made a drastic decision to get the company lawyer involved: *“I got our lawyer involved – that went really bad – a mistake – he contacted their sales director – then it was all close to going to hell”* A core rule in exchange with customers for the supplier actors was to never involve lawyers. The supplier actors perceived this as a very serious issue and acted highly emotional. However, this time the two companies actually managed to find a compromise at a couple of meetings, although all involved actors were becoming negatively affected. Soon a second similar quality issue happened and this time the core relationship was doomed. A series of events similar to the one described above, but marked by more extremeness, took place (except for the lawyer involvement). The quality engineer increased the roughness of complaining, thereby violating the relational norms more severely. The purchasing director recalled: *“he was saying to their service engineer: “now you just get someone over there damn it – the situation is burning and the customer has been shouting and yelling at me”*” With the earlier events in mind the supplier actors were now determined to stand firmly against the behaviour and refused to react, unless their procedures were followed and the services paid for. When the following investigation showed that the supplier was not responsible for the defect, the supplier actors’ goodwill suffered even more. A last norm violation finally suspended the core relationship completely. The quality engineer would not accept the results of the investigation and sought other proof of the supplier’s guilt. He arranged further investigations and demanded the supplier’s

attention and resources in this process, despite the fact that most actors on both sides were accepting the explanation for the produced defect. Purchasing director: *“he said he was not content – he wanted a defect system taken down and shipped back here – he wanted complete clarity – he thought there was a serial mistake from the supplier – he saw ghosts in this – so the customer, supplier and our people got together again”* The investigations did not produce any further evidence for alternative failure reasons. The effect was a completely alienated supplier. From this point, the core actor relationship was incapable of effectively supporting the exchange. Figure 4 shows the norm violations in case C. Some violations, such as that of accepting response time, occur in several instances in the process, but are only depicted once.

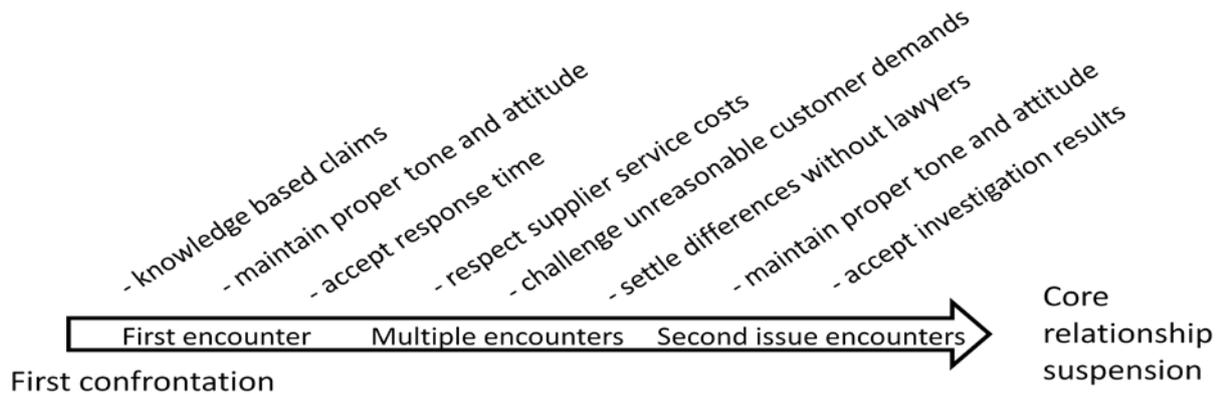


Figure 4: The norms violated in case C.

Cross Case Analysis - Patterns of Violation and Restoration

Cross case analysis of the three processes revealed a common pattern of norm violation and resolution. Figure 5 shows the identified pattern of norm violation and restoration across the three case companies.

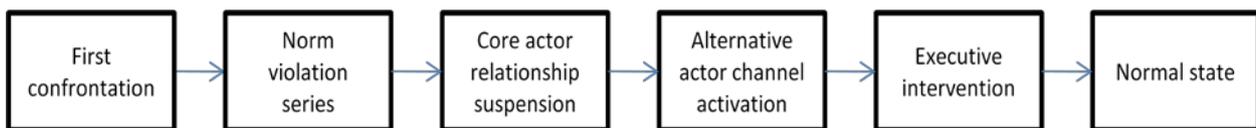


Figure 5: The identified norm violation and restoration process.

The first confrontation happens when the two core actors are confronted with an exchange issue that has vital ramifications for the exchange and coordination between the two organizations is required. In these core episodes, the norm structures of the parties play a critical role. Confrontation is caused because one party feels that one or more exchange norms have been violated by the other party and decides to do something about it in a confrontational manner. Consequently, this actor decides to engage in behaviour that is threatening and enforcing to various degrees, hereby hoping to enforce behaviour change. Ironically, this reaction to the perceived norm violation provokes a norm violation perceived by the other party. Across the cases, it is apparent that already in this first encounter, the two core actors operate with different exchange norm sets to some extent. In addition, the perceptions of the norms by each actor differ to a large extent. This norm gap surfaces because the behaviour changing actor is being put in a new position in the exchange – a position with main responsibility to manage the exchange. In two cases, the gap appears due to new individuals being introduced into the relationship. In the remaining case, the gap surfaces when an

employee manages to actively take a core position in the exchange. Already in this first encounter, the parties become emotionally aroused and the negative effects are apparent. In the following series of encounters regarding the issue at stake, the offending actor effectuates more radical behaviour triggering a series of norm violations. These additional behaviours are effectuated because of a perceived lack of competencies or willingness by the other party to make the required changes. In this process, the offended party on one hand tries to meet the demands, and on the other resists the demands because of the perceived norm violations. The violations become increasingly severe, in some instances violating fundamental social norms. Chauvinism and foul references to personal skills and competencies, among other things, can be found in one or more of the cases. These serial encounters erode the remaining norm structure and remove the foundation for coordinating between the parties. Encounters develop to highly emotional wars on words, blame, and insults. Eventually, realising that the encounters are not effective, the core actors resort to guarded behaviour in interaction, searching for a different set of norms to make sense. They reduce interaction to a minimum as the efforts at solving the issue are not successful. Finally, the core actor relationship moves into a vacuum. Considering the magnitude of the stress incurred, the actors simply want to avoid interaction with the counterparty, despite the issue at stake, which is now even more critical to the exchange because of the unsuccessful attempts at solving the issue. Suspension of the core relationship means that exchange performance, such as delivery time and capability, is severely reduced.

Realising that the core actor relationship is suspended and is not a viable coordination channel, actors on the offended side attempt to go through alternative actor channels. These channels are activated partly to solve the issue at stake, and partly to understand and correct the norm violations to allow restoration. These alternative channels consist of known past boundary spanners, managers, executives, technicians etc. on the other side. These connections are actors with whom past exchange has been coordinated in a successful way and with whom trust and good-will have been built. The aim here is to utilise other relational capital in an attempt to understand the violating actor, the unfolding events, and the possibilities for re-establishing the core relationship. Another aim is to influence these connections to facilitate changes and apply pressure in the other organization. Eventually all three cases end up with an organizational change, where the violating actor is removed from the core relationship. The offended party succeeds in influencing executives in the other organization, who removes the violating actor from the core relationship. In two cases, the violating actor is substituted with a new employee fulfilling the same position. In the third case, a purchasing director assigns responsibility for the exchange to himself as a temporary solution. Normal state (figure 5) means that the core exchange relationship is reactivated and becomes the normal main channel for coordination again. The new core actor in each of the three cases is chosen specifically to be more receptive and open to the other party's norm set and at the same time to be less confrontational. This way the core actors have time and good will to solve the issue at stake and reconnect. Obviously, the new constellation means that the core relationship must be built from scratch with the parties lacking knowledge of each other, as well as an established norm set. Aware of the recent conflict, the new actor carefully enacts new behaviours and tries out various ways of coordination.

Discussion

The data seems to lend evidence to support that norm violations frequently do occur in series, rather than individual instances of norm breaching, which has been the main focus of the norm literature. In addition, the violations are dependent to some extent. Some of them occur because of reactions to earlier violations in interactions regarding the same issue. Hence, one perceives a norm breach by

the other party, and instead of initiating a normalization routine using other established norms, decides to enact a new confrontational behaviour aimed at enforcing the other party to comply. However, these behaviours actually violate other norms of the opposite party and thereby damages the exchange and the relationship further. That way the relationship moves into a vicious circle of serial norms violations, rather than a normalizing routine, as described by Goffman and others. The three cases also showed an increase in intensity and severity of violation during the norm violation series, understood here as the degree to which the norms were violated. These serial violations eventually eroded the norm structure of the core actor relationship. In the words of Weick (1993; 1995), the exchange stopped making sense to the core actors. The parties were left with a relationship, where the atmosphere was so polluted that effective interaction became impossible – referred to here as relationship suspension. At this point the core actors could not by themselves normalize the relationship, but on the other hand could not dissolve the relationship either, because of perceived dependency. At this point the normalization process switched from the interpersonal to the interorganizational level. Hence, normalization did not happen by the means available in the interpersonal relationship, but rather through mechanisms playing out in the interorganizational level. First, alternative actor channels were activated to enact a change agenda, which then at some point triggered an executive intervention whereby the offending actor was removed and substituted with another individual, thereby creating a new core relationship. Hence, normalizing became an organizational exercise rather than an interpersonal undertaking. A new actor, employing less radical behaviours and with a norm set more compatible with the opposite party, was placed into the core relationship.

The severity of violations identified in this investigation is related to several of the phenomena described above. The serial nature of the violations obviously took a large toll on the relationship. The parties were trying to solve a complex issue with large consequences for the business and had to deal with not one but several violations, placing the core actors under distress. The near elimination of the norm structure supporting exchange was making the relationship inoperable. This cease of functioning, rather than just violations causing disturbances, adds a new dimension to the discussion on severity of conflicts in buyer-seller relationships. In addition to the fatal damages to the core relationship, the three interorganizational relationship exchanges also took severe damage. The companies may have been successful at solving the exchange issues and replacing actors to revive the core relationship, but the data produced evidence to support that this process came at a high cost to both the buying and supplying organizations. First of all, the task of solving the issue became unnecessarily timely and costly due to the many additional encounters required and the inefficiencies of these encounters, being used for different types of misbehaviour and fighting rather than problem solving. Second, the suspension state, which lasted for considerable periods of time in all three cases, prolonged the original process even more. Third, not just the core relationship, but the social relationships between several actors on both sides of the dyads, were severely damaged, reducing good-will, trust, and commitment among other things. Fourth, the cases produced evidence of an aftermath, where actors on both sides were critical and speculating negatively regarding the intentions of the other party. Moreover, in all three cases the offending actors were still working in the organization despite being removed from the buyer-seller relationship under study. For instance, the KAM in case A was instated into another customer relationship and was therefore still part of the sales/marketing organization. In the aftermath, this actor was spending time arguing his case and convincing colleagues of his innocence in the chain of events. Frequently, he even had some saying in matters concerning the business exchange of his former account. This presence in the organization clearly had a negative effect on the goodwill towards this supplier and thereby the revival processes. Finally, although the core relationship is renewed with actors willing to

strengthen the exchange interaction and the social bonds, it is, in all three cases, a completely new acquaintance suffering the drawbacks of having to start from scratch. The social bond must be built again, the procedures and routines of the opposite party must be learned, and the knowledge of the products and processes of the other party must be learned again, among other things.

Conclusion

Severe norm violations have a critical negative impact on buyer-seller relationships. Extant research have focussed either on more moderate types of violations, where the exchange can be normalized within the existing relational structures, or on severe violations leading to relationship dissolution. This investigation has attempted to shed light on the normalization process following severe violations, but where the parties wish to preserve the exchange. Processes of serial norm violation and subsequent restoration have been mapped. In addition, the specific norm sets being breached have been identified, including the offending behaviours, emotional reactions, resultant behaviours, and effects on the exchange.

From a managerial perspective, the findings point to implications that could help purchasing and marketing managers manage their key business relationships. Although the three cases showed some level of restoration by the case companies, achieved through the activation of alternative actor channels and executive intervention, it was also clear that the costs and relational damages incurred in these processes were very high on both sides of the dyads. Therefore, a conclusion must be that managerial efforts at avoiding severe norm violations must be superior to any crisis management type efforts subsequent to the violations, such as the efforts described in the cases. This point was raised earlier by Vaaland (2006), who discussed the need for improving communication strategies as a means of avoidance. Adding to these findings, we propose that boundary spanners must be more aware of operating norm sets, both with actors on the opposite side of the organizational dyad and among colleague boundary spanners. This awareness would enable managers to adapt their interaction tactics, enacting behaviours with less risk of violation. This awareness must be supported by increased monitoring and evaluation of encounters with key actors. Furthermore, purchasing and marketing executives must increase efforts to avoid that things go out of hand, as described in the three cases. Executives should have a feeling of the events and issues at hand in core buyer and supplier relationships. This way they can intervene before events escalate into severe violations. Furthermore, managers should be encouraged to seek advice and discuss key issues and events with colleagues. Basically, companies should take measures to avoid situations where individual boundary spanners make radical decisions and engage in severe behaviour on their own initiative without coordinating with the rest of the organization.

Looking at future research opportunities, the mechanisms and dynamics of business relationship normalization and restoration are clearly topical areas. They link with business marketing, management, and organizational theory. Moreover, we concur with Ren & Gray (2009), that they also constitute under researched areas of inquiry. The importance of theoretical frameworks for addressing normalization processes in business relationships is contingent with the increasing use of business networks as an organizing principle. Here, organizations that coordinate activities rely on mutual understanding and communication capabilities rather than managerial fiat for sorting out conflicts. Furthermore, we are convinced that Weick's sensemaking perspective may shed a new light on this area and help furthering our insights into the phenomenon. Sensemaking represents a new way of understanding the dynamics between relational norms and expectations. More research on sensemaking among actors in dyads and how this links with sensemaking in organizational departments and in the wider network, may help us improve understanding of restoration processes

and maintenance of inter-organizational stability. Improved knowledge on interpersonal processes would enable companies to avoid costly episodes such as the ones described in this paper, thereby optimizing the outcomes of buyer-seller business exchange.

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