Consistent Inconsistency

The Role of Tension in Explaining Change in Interorganizational Relationships

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Abstract

This thesis commences with the notion that interorganizational exchange relationships are dynamic to an unprecedented degree. It is argued that, global production networks have integrated firms into interdependent structures that blur traditional geographical and organizational boundaries. It is also true that the same networks bring together companies with diverse socio-cultural and economic backgrounds. Thus, the thesis focuses on the complexity of the contemporary international business landscape. The purpose of the work performed was to understand the process of change in interorganizational relationships under these complexities.

Through a qualitative study of two main cases and a pilot study, the thesis investigates the networking behavior and the relationship dynamics between multinational companies from Sweden and Turkey, operating in Turkish and Swedish markets, respectively. By examining how firms create, maintain, dissolve and reconstruct their relationships, the thesis contributes to problematizing some of the assumptions that are commonly taken for granted, but which underpin several studies of interorganizational relationship dynamics. The findings illustrate that as recent trends such as cross-border acquisitions frequently perturb the contexts within which firms are embedded, the impact might be favorable for some actors, while others might push for new and different ‘directions’, finding the existing relational arrangements and resource structures counter to their future goals. Yet, the actions of parties are constrained by the structural position in which they find themselves. Thus, the development of an exchange relationship involves multiple processes, often inconsistent with one another, thereby disturbing the stability of the relationship.

Through the aggregation of each paper’s contribution, the “Thesis Summary” offers a wide perspective of the relationship dynamics. By incorporating both teleological and dialectical views, the framework proposed captures both the actions undertaken by individual firms to make change, and the structural forces both promoting and opposing change. Ultimately, the thesis offers a framework for investigating the impact of complexity on change in interorganizational relationships, opening doors to an improved understanding of the significance divergent perspectives and disruptive experiences have on relationship change.

Keywords: Process of change, interorganizational relationship dynamics, business networks, dialectics, contradictions, tensions

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In loving memory of my grandfather
List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.


II  Alimadadi, S., A network view of the cross-border pre-acquisition evaluation process. To be submitted to *International Marketing Review*.


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It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way.

— Charles Dickens: A Tale of Two Cities (1859)
Introduction

A Background Story

Vargön, meaning Wolf Island, a small town in the southwest of Sweden, is home to Vargön Alloys AB, one of the largest ferrochrome producers in Europe. Standing on the bank of the river Göta for over a century, the company’s age-old walls made of brick, wood and concrete hardly seem man-made, but rather, surrounded by old silver birch and pine trees, they appear to be a natural part of their surroundings. The company has survived for more than a hundred years just by adapting itself, in every possible respect, to its local European customers. With some relationships having endured over decades, the existing customized products and exchange routines and arrangements are what the customers valued the most.

Thousands of kilometers away, the head office of the business group, Yıldırım, is situated in Maslak, one of Istanbul’s central business districts. It occupies a striking modern skyscraper with facades of royal blue reflective glass making a striking image against the sky. The newfangled building—with an interior in every respect in keeping with the general character of such places—makes a stark contrast to the historic charm of the Bosphorus waterway which is within view, yet is nevertheless an appropriate portrayal of its owners. It was at the beginning of the millennium in which, thanks to the Turkish government’s liberalization and privatization policies, the Group’s business had flourished. Only a decade later, Yıldırım was to become one of the fastest growing and most successful Turkish MNCs.

In 2008, Vargön Alloys was acquired by Yıldırım as the Group’s first international expansion activity. “There is a need for change,” was a message from the new owners during the first visit to the plant; very clear and very direct. After years, everyone at Vargön Alloys said that they could still remember it as if it were yesterday. The acquisition was part of the Group’s larger strategic plan to establish its position as a global producer of ferrochrome alloys. With this in mind, the company put forward new strategies in terms of target markets, product range and prices, responding to recent trends in the global market. After all, the company now owned its high-quality supply-base in Turkey and had increased its combined production capacity dramatically.

After two to three months of negotiations between the “new” company, Vargön Alloys, and its “old” customers, the tension mounted. Nearly every
customer wanted to maintain the status quo, while Vargön Alloys wanted changes to the exchange agreements. One side considered that the history of the relationships should be overriding and claimed that the changes suggested ignored the established arrangements. The other side argued on the basis of the firm’s future goals, finding the existing exchange arrangements a hindrance to the firm’s flexibility and responsiveness to the global market. Ultimately, the company and its customers began to take increasingly strong and opposing views of the exchange arrangements. It was clear that radical changes were required in the relationship.

The Problem of Relationship Dynamics

The story recounted serves as an illustrative point from which to start this thesis, telling, as it does, the story of a situation in which once relatively stable relationships are now on the verge of radical change. What makes this situation noteworthy? The typical flow of an established relationship was interrupted by a critical event (an acquisition) that disturbed the balance of the relationship. Subsequent to this change, the actor who did not find the existing arrangements for the relationship satisfactory determined to bring about the changes that its company desired. However, when confronted, the customers resisted the changes the firm was imposing on them, and the situation was building up into a serious conflict. That relationships are dynamic is hardly debatable. Yet, the increasing complexity of the business landscape perturbs the relative stability of the relationships more frequently by imposing contradictory demands on the actors involved—new versus old, flexibility versus adaptation, control versus constraints, and short- versus long-term. Contemporary relationships are, therefore, dynamic to an unprecedented degree.

Through the years, the study of interorganizational exchange has been guided by a succession of economic and behavioral theories (see Johanson & Mattsson, 1987; Hadjikhani & LaPlaca, 2013). As a reaction against methodological individualism and the atomistic view of firms intrinsic to the economic perspective (i.e. Transaction Cost Economics), a relational view of markets argues that business actors are embedded in a larger network of actors (e.g. Granovetter, 1985). That is to say, companies are related to, and dependent on, various types of actors in the market (Halinen & Törnroos, 1998). The former perspective emphasizes the actions and strategies of agents based on the idea of discretion, rooted in interest. The latter, however, puts forward a more balanced account wherein an exchange relationship is a description of a long-term interaction between two companies where both parties are actively involved in recurrent exchange rather than in discrete transactions (Johanson & Mattsson, 1987). The latter view is also shared in this thesis.
Relational exchange transpires over time as the sequence of events unfolds and interactions take place between the actors shaping and modifying the interorganizational relationship (Ring & Van de Ven, 1994). This implies that relationships are in a constant state of flux, characterized by ongoing interactions, joint operations, adaptati ons and resource flows among interdependent entities (Johanson & Mattsson, 1987; Ring & Van de Ven, 1992). Despite this dynamic, interorganizational relationships are quasi-organizational structures with distinctive structural features of their own that are neither market nor hierarchy (Powell, 1990). Therefore relationships can be seen as a coordination mechanism that creates a certain degree of stability and certain dynamics in terms of actors’ behavior and the flow of structured resources (Mattsson & Johanson, 1992). Thus, the positions of actors relative to others constrain or enable their actions (Nohria, 1992; Anderson, Havila, Andersen, & Halinen, 1998).

The substantive processual tenet that underpins the relational view has laid the questions of how and why relationships change at the heart of this approach. Hence, to understand exchange relationships is to learn about their development and change. At the most general level, change, one type of event, is an empirical observation of difference in form, quality, or state over time in an interorganizational relationship (Van de Ven & Poole, 1995, p. 512). By definition, then, relationship development is a “change process” — the progression of change events that unfold during the duration of a relationship's existence (Van de Ven & Poole, 1995, p. 512). As mentioned, relationships are as much process as they are structure (Håkansson & Snehota, 1995), “being constantly shaped and reshaped by the actions of actors who are in turn constrained by the structural position in which they find themselves” (Nohria, 1992, p. 7). Therefore, addressing this theoretical paradox while discounting neither the active role of purposeful actors nor the embeddedness of the interests and the structural constraints seems to be one of the central issues in the studies of relationship dynamics (Johanson & Mattsson, 1987; Poole & Van de Ven, 1989; Anderson, Havila, Andersen, & Halinen, 1998; Sydow & Windeler, 1998).

The intentions at the firm level ‘encounter’ the arrangements in place at the relationship and network level. Yet, often, actors confront a problem through joint-problem solving and adaptation, and as such a relationship develops in an incremental, adaptive and evolutionary manner (Johanson & Mattsson, 1987; Håkansson & Snehota, 1995). Nonetheless, now, perhaps more than ever, firms are experiencing several circumstances in which the stability of the ongoing flow is interrupted. Yildirim Group is not alone. In fact, the growth in foreign outward investment over the last two decades by multinational companies based in emerging markets is dramatic. The importance of emerging and transition economies is evident from their roles as
acquirers\(^1\). In such circumstances, where the interruption in the configuration of the established relational arrangements is frequent and significant, firms may have to re-evaluate and re-negotiate their relationships frequently—building new relationships and serving the old ones (Alimadadi & Pahlberg, 2014).

The embeddedness of actors in the context by which their actions, intentions, and rationality are all conditioned, however, leads to a more significant dilemma once firms from diverse backgrounds encounter one another. The global production networks have integrated firms into interdependent structures that blur traditional geographical and organizational boundaries (Dicken, 2015). Nonetheless the specific characteristics of these firms embedded in the diverse socio-cultural contexts, with asymmetric positions in the corresponding networks in which they are embedded still play a significant role in the firms’ behavior. In other words, the challenges of doing business across borders are daunting and a considerable distance still exists where cultural, political, and economic practices among firms from different networks and/or countries are concerned (Johanson & Vahlne, 2009; Ghemawat & Altman, 2014).

The present business landscape is characterized by complexity and is more dynamic than in the past: a greater number of business actors with diverse behavior interact in a greater variety of ways than before because of their multifaceted interdependencies. Paradoxically, Zander (2000; 2011) pictures the combined result as both a “more integrated”, and yet, an increasingly “multipolar” world, consisting of locally homogenous islands of lifestyles, rather than a homogenous global society. As these trends frequently perturb the contexts within which firms are embedded, the impact varies from firm to firm. Thus, existing arrangements might be favourable for some actors, while others might push for new and different ‘directions’, finding the existing relational arrangements and resource structures counter to their future goals. Then, an exchange relationship is engaged in multiple processes, often inconsistent with one another, thereby disturbing the stability of the relationship. The development and change of exchange relationships in this context is an intricate process driven by contradictory forces and conflicts being consistently inconsistent, that is in a permanent state of misalignment.

Several aspects of relationship change and of relationship dynamics remain unexplained since the “stability first” perspectives of the relationship dynamics is ill-suited to explain them. For example, there is little known about the conditions under which there is a likelihood of relationship change, particularly a revolutionary change, or about how actors go about construct-

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\(^1\) By 2014, cross-border mergers and acquisitions by emerging market multinational companies rose by 36 per cent to $186 billion, accounting for 53 per cent of global cross-border M&As. Furthermore, in just the first three months of 2015, acquisitions by MNCs from developing economies in developed economies rose to 47 per cent of total cross-border M&A purchases (UNCTAD, World Investment Report, 2014; 2015).
ing an alternative arrangement, and the extent to which these processes are enhanced or restricted by the existing arrangements. In this context, contradictions play an important role in explaining interorganizational relationship change and in theory building about relationships (Cameron & Quinn, 1988; Poole & Van de Ven, 1989). “Phenomena are seen as contradictory when opposing processes and principles coexist and each taken separately would have an opposite effect.” (Ford & Backoff, 1988, cited in Ford & Ford, 1994, p. 763) In interorganizational relationships, for example, new exchange practices develop (e.g., informal problem-solving routines), which are incompatible with existing arrangements (e.g., formal control mechanism), thereby generating tensions as established arrangements impede actions. Through the adoption of this perspective, this thesis aims to contribute to our understanding of interorganizational relationship change.

The above discussion clarifies the overriding aim of this thesis, guiding the research process of different papers from different angles. Nonetheless, in the present summary, the intrinsic contributions of the four papers join to form a wider conceptual framework. One perspective put forward in this thesis provides a fresh view of relationship change, with important implications at conceptual and managerial levels. The problems discussed here are only discussed from my subjective perspective of the findings reflected in the four papers constituting this body of work; other perspectives could, of course, have been adopted. Nevertheless, it is argued that this logic offers some insights on how researchers and practitioners alike can understand the dynamics of interorganizational relationships in a multipolar and dynamic world that increasingly imposes contradictory demands on firms. Ultimately, the thesis offers a suitable framework for investigating the impact of complexity on interorganizational relationships, opening doors to an understanding of the significance of divergent perspectives and disruptive experiences of relationship change.

The Research Question

It comes as no surprise that the dynamics of interorganizational relationships have received considerable attention from the business network scholars over the years² (e.g. Gadde & Mattsson, 1987; Naudé & Turnbull, 1998; Anderson, Havila, Andersen, & Halinen, 1998; Halinen, Salmi, & Havila, 1999; Chou & Zolkiewski, 2012; Bizzi & Langley, 2012). Investigating relationship and networking processes, business network scholars have developed compelling evidence of stability in interorganizational and industrial relationships and networks. In fact, as Halinen et al., (1999, p. 785) assert,

² For a more extensive review see Paper IV.
the business network approach has emerged from an empirical notion of the stability of industrial market structures. As such, attention has mainly been placed on the mutual orientation of two firms’ cooperative behavior, and incrementality as the locus of relationship change (e.g. Håkansson & Johanson, 1993; Håkansson & Snehota, 1995). For instance, Håkansson & Snehota (1995) stress the inseparable, yet contradictory features of relationships (agency and embeddedness, stability and change) underlining the “dialectical” nature of the network dynamics (p. 270). Yet they argue for incremental evolution as the main mode of relationship change, by means of continuous networking processes (Håkansson & Snehota, 1995, p. 272):

For we know that individuals and thereby actors in business networks try to be as ‘rational’ as possible when interacting with others. The problem is that the heterogeneity of resources and the interdependencies of activities offer so many possible paths of development that the only possible (rational) resolution is an incremental development in a continuous interaction with others.

A number of studies have proposed an alternative conceptualization of the dyadic and network change by including revolutionary change in their discussions (e.g. Easton & Araujo, 1994; Salmi, 1995; cf. Halinen et al., 1999). Building on the punctuated equilibrium (Gersick, 1991), Halinen et al. (1999) suggest that evolution of business networks involves both incremental and radical change and they include both critical events and inertia in their conceptual model of the dynamics of business relationships. The model combines the incremental and competitive selection of evolutionary views of change processes and the purposeful enactment of teleological ones (Van de Ven & Poole, 1995). It notes that systems evolve through the alternation of periods of equilibrium, in which persistent underlying “deep structures” permit only incremental change, and periods of revolution, in which these underlying structures are fundamentally altered. The analysis highlights the crucial role of actors, their intentions and actions, while it also explains how change may spread and transfer from a dyad to a network and vice versa. In addition, these significant contributions have generated new puzzles. For example, several aspects have remained largely unexplained, such as: what the sources of relational tensions are; the conditions under which what was once a salient and stabilized structure comes to be perceived as being less than inevitable; or the conditions under which actors decide to get engaged in struggles and conflicts; and finally, how the contradictory forces enable and restrict relationship change.

I argue that the increasing global intertwinement and plurality of the actors complicate business markets and make them dynamic to a previously unprecedented degree. Nowadays, they are constantly subjected to inconsistencies and interruptions. These conditions lead to a new type of dynamics in which tensions and conflicts are critical driving forces of relationship
change. Thus, I claim that an adequate theoretical treatment of these relational contradictions – as the underlying source of tensions – and how they change and transform the relationships has yet to be proposed. This is what the present thesis wants to deliver. Therefore, I propose the research question:

How would we develop our understanding of interorganizational relationship change, if more attention was granted to the contradictory nature of the relationships?

Analytic Framework and Positioning

The rigor of a business network approach (Johanson & Mattsson, 1989; Håkansson & Snehota, 1995) lies in recognizing both the structures (relationship & network) and the interactive agents (the actors) by putting an interactionist perspective at the core of its theorem (Anderson et al., 1998). For a business network approach, interdependency provides a vantage point for a relational alternative to the orthodox economic approaches (i.e. Transaction Cost Economics). In this view, unlike “unwanted” dependence, resource interdependence between the embedded firms is not a problem to be solved or reduced, but rather the warp and woof of the industrial market that needs to be jointly managed. This view is also shared in this thesis. Yet it is argued that the emphasis on the stability in the extant network studies has hindered investigations into the explanations of the emergence, dissolution and reconstruction of the established orders and arrangements. At the same time, these bodies of literature provide a theoretical ground, upon which I draw the foundations of this work. Thus, while the underlying logic permeating this thesis relies on the theoretical foundations of a business network approach, it adds to the existing literature on the relationship change and dynamics by paying some attention to the contradictory nature of the interorganizational relationship.

For an analytic framework to be able to explain relationship change, it has to capture the actions undertaken by individual firms to make change, without discounting the structural forces both promoting and opposing change. I take up the challenge to broaden the existing literature on interorganizational relationship dynamics by applying both teleological and dialectical views to the analytic framework (Van de Ven & Poole, 1995). These views provide indispensable analytical tools that challenge the, often unchallenged, assumptions of stability, as they typically underlie many studies within the network literature. The analysis is, therefore, built upon four main facets which, together constitute the analytic framework for the thesis at hand: purposeful actors, the interaction process, the embeddedness of actors, and relational contradictions.
In the business network context, the teleological process highlights the role of purposeful actors and interaction processes as a mechanism for generating change. It is assumed that the process of change is driven by business actors trying to achieve their goals (i.e. economic returns, development and survival). Consistent with Snehota (1990) and Håkansson & Snehota (1995), it is also assumed that the actors are purposeful, rational and self-aware. According to teleology, development of an interorganizational relationship proceeds towards a goal. It is assumed that the firm, in interaction with others, constructs an “envisioned end state”, and takes actions to reach it (Van de Ven & Poole, 1995, p. 516). As such, interorganizational relationships are constructed through interactions between the parties, as firms make decisions – sometimes deliberately and strategically – about the firms with which they are going to develop relationships, what they are going to exchange, and how they are going to do it. In this vein, relationships are being constructed and developed as a repetitive sequence of goal formulation, implementation, evaluation, and adaptation based on what was learned through interaction processes. Interaction in this vein is conceptualized as follows (Ford et al., 2008, p. 12):

Interaction is the substantive process that occurs between business actors through which all of the aspects of business: material, financial and human and all of the elements of business: actors, activities and resources take their form, are changed and are transformed.

However, a network approach reminds us that theories that solely rely on the goal-seeking behavior oversimplify the process of relationship development and change (Johanson & Mattsson, 1987; Snehota, 1990). Over time and through interaction processes, relational arrangements are continually constructed and reconstructed by interactions between various purposeful actors with diverse goals and differing motivations. Through networking activities, the resource structures gradually deepen as routines and processes get established. An interorganizational relationship, then, is the depiction of long-term interactions between two companies that have become significant and acquired some quasi-organizational features (Ford et al., 2008). This leads us to the long-made claim that networks can be seen as structures comprised of exchange relationships between interdependent actors who are both resource-holders and resource-users (Snehota, 1990).

Consequently, the construction of the relationship between actors is not a wholly rational-purposeful process. The interaction itself is guided and constrained by the context within which firms are embedded. By deciding that they are going to commit to a particular relationship, they preclude other primary exchange partners who could provide similar benefits. Consequently, by developing trust and committing resources, they also make themselves vulnerable to their counterparts, simultaneously, by gaining some control of
the resources and capabilities of others, they need to relinquish some control themselves. And finally, it takes commitment to build up a relationship, and the benefits tend to lie at some point in the future. Firms need to consider this time horizon (Dwyer et al., 1987; Powell, 1990; Häkansson & Snehota, 1995; Uzzi, 1997; Häkansson & Ford, 2002). Thus, the firm’s relationships are the outcomes of the implementation of its strategy and its actions. While each actor carves its identity through its interactions with its counterparts, forms are dependent on and constrained by the larger structure of business relationships in which they are embedded (Häkansson & Ford, 2002). Actors and relationships are, therefore, related to each other in a dualistic manner.

These prominent structural features imply that the organization is constrained in the exercise of its discretion. As such, these contradictory forces create relational tensions—between embeddedness and agency, between the attractiveness of stability and desire for change—that form the background to the interaction processes. These ongoing processes at multiple contextual levels stretch over time, producing a complex array of interdependent, yet often inconsistent and contradictory arrangements because actors have diverse intents and different goals. In this research, consistent with Sydow & Windeler (1998), it is argued that in the face of dynamic, plural and complex contexts, the ever-present tensions should be brought to the fore when analyzing interorganizational practices. This mechanism for driving change is dialectical (Van de Ven & Poole, 1995). The dialectic perspective, drawn from the Hegel-Marx tradition, predicts the collision of coexisting, but contradictory, relational forces to produce new order. In dialectical thinking, stability and change are explained by referring to the balance of power between opposing forces. Benson (1977, p. 3) describes a dialectical view as follows:

A dialectical view is fundamentally committed to the concept of process. The social world is in a continuous state of becoming — social arrangements which seem fixed and permanent are temporary, arbitrary patterns and any observable social pattern is regarded as one among many possibilities. Theoretical attention is focused upon the transformation through which one set of arrangements gives way to another.

I apply this analytic framework to construct my argument explaining relationship change throughout this summary. I claim that, under certain circumstances, change in the context might perturb a stable situation with actors becoming conscious of the existing relational arrangements. Consequently, the embedded actors re-evaluate their relationships. If, for example, an actor finds the existing arrangement obstructive or directly counter to attaining its goals— the tensions will surface and become obvious to the actors. Purposeful actors might turn to agents of change in an attempt to transform existing relational arrangements. The possibility of the actors doing so, however,
depends entirely on the available alternatives and on the actors’ ability to mobilize resources in the direction desired. This framework introduces greater explanatory power for relationship development and change because it depicts the processual and contextual development of tensions in relationships — as a result of contradiction between purposeful actions and structural constraints — while it highlights the role of actors as the mediating mechanism between the embeddedness and relationship change (Cule & Robey, 2004). The influence Benson’s (1977) description of a dialectical view of organizations and the work of Zeitz’ (1980) on interorganizational dialectics have had on my thinking should also be obvious.

The unit of analysis is the process through which a relationship between a pair of actors is constructed, maintained, dissolved and reconstructed. A shift from a relationship to the pairs of actors that comprise the relationship opens up the possibility of incorporating diverse types of behavior and the intentions of the parties involved.

This summary is structured as follows. First, in the next section, I consider the tensions existing within the relationship, discussing how interaction processes construct relational tensions through various networking activities through time and space. Framing these tensions is the essential step in understanding the process of change. Once such ground has been established, I turn to the issues of stability and the change in relationships faced with inconsistencies and complexities. The section that follows offers an overview of the impact of considering tensions when attempting to comprehend relationship change. Furthermore, the paradoxical nature of interorganizational relationships is discussed as an additional complementary perspective that focuses on the individuals’, and particularly the senior managers’, frames of mind, and attitudes towards tensions. Thereafter, I describe the research design and the research process. The findings of the individual papers are also discussed, clarifying how each article has contributed to the analytic framework of the thesis. Finally, the concluding remarks are discussed wherein the overall contributions of the thesis and the suggestions for future studies are presented.
The Interaction Process, Established Arrangements, and Relational Tensions

The purposeful actors construct and reconstruct orderly relationships by means of an interaction process. As interactions take place, relationships are constructed and either consolidated or reexamined and revised. The reification of the relationship as a quasi-organizational structure constraining actors is contradictory to the ongoing process of construction. Intrinsic to the “process” associated with the use of resources and performance of activities within relationships is the change to the companies involved (Ford et al., 2008, p. 3). Yet, the actors' interests are shaped and channeled by the forces of established arrangements, such as resource structures, mundane routines, and habituated action patterns (Mattsson & Johanson, 1992; Mattsson, Corsaro, & Ramos, 2015). Thus, the relationship constitutes an element of tension. The ongoing process of relationship development is rife with tension because of the contradiction between interorganizational activities and the need for the relationships to cohere as a collective system.

Initiatives embarked upon at the firm level are, therefore, simultaneously encountered by the arrangements at the relationship and network level. This dichotomy between the intentions of the firm and the established arrangements denotes a duality inherent in relationships that creates permanent tensions within and between relationships (Parsons, 1951; Anderson et al., 1998). Dualities refer to “polar opposites that often work against one another” (Seo, Putnam, & Bartunek, 2004, p. 74). The contradictions coexist and persist over time (Gadde & Snehota, 2000). These dualities vary in degrees and are not necessarily contradictions that are mutually exclusive (Seo et al., 2004). Figure 1 depicts the interplay between the interaction process and established arrangements that together constitute a relationship.

The tensions within the relationships can be perceived to be the driving force that leads to a change in and transformation of the relationships, the fuel for relationship dynamics. In other words, a relationship gains its dynamics from the tension between the existing arrangements (between those that are directly involved and those acting more widely across the network) and the goals and ambitions of the actors.
Figure 1. The interplay of established arrangements and interaction process: inherent elements of a relationship

From an actor perspective, “seeking (economic) gain” is one of the principle reasons for firms to exist. The relationship in which a firm engages are, therefore, the means by which firms take advantage of the economic world to transfer, combine and utilize resources across their boundaries to achieve their intended goals (Dyer & Singh, 1998). The organizations in the network are heterogeneous in terms of their resources and operational process, each with their own particular goals and intentions. There is no reason to assume that the intentions of each actor are aligned with the existing arrangements in terms of the relationships.

These tensions manifest themselves in the form of problems experienced by an actor. By solving these problems through adjusting and exploiting changes, and also by controlling and coordinating activities, an actor is able to gain benefits from its relationships (Snehota, 1990). Such benefits are achieved by improving the actor’s bargaining position with a specific counterpart in an individual dyadic relationship, but also by changing its network position (Johanson & Mattsson, 1985; Johanson & Vahlne, 2011). Furthermore, high-involvement of firms in relationships, due to strong interdependencies, gives rise to lock-in effects. Such effects are the result of “the development of relationship-specific assets and activity adaptations that narrow a firm's field of vision and potential to develop alternative relationships” (Gadde, Huemer, & Håkansson, 2003, p. 359). Although being locked-in to a relationship could be a restriction for the actors, given that the foundation of relationships is constantly changing, the effect could equally well create opportunities and give rise to new knowledge, and new ways to utilize resources, innovations, and new values.

Therefore, the responsiveness and capability of the actors to enact opportunities and solve problems is the main driver of interaction processes and the source of relational gains. These benefits are completely subjective, actor and context specific (Snehota, 1990; Ford et al., 2008). A firm’s relationships can, therefore, be seen as an inimitable resource (Gulati, Nohria, and Zaheer, 2000). Nevertheless, the relationship always entails considerable costs for each actor involved. As suggested by power dependence theory (Cook & Emerson, 1978) and resource dependence theory (Pfeffer and Salancik, 1978) firms gain some control over others, while at the same time
losing some sovereignty. Thus, tensions exist and conflict and cooperation are mutually interdependent in a given relationship (Zeitz, 1980). The interaction process transforms and changes resources and it is possible that it dilutes tensions within relationships as it provides the actors with the new opportunities and the possibilities for future collaborations, but it also carries within it the seeds of future conflicts. In a “normal” situation, the benefits of relationships will seem to exceed the costs; however when the constraints imposed by the need for mutual adaptation begin to lag behind the intentions, effectiveness decreases, and latent tensions can arise (Snehota, 1990, p. 166; Wieck & Quinn, 1999).

Network scholars have been aware of these issues. The dualities inherent in interorganizational relationships are well-recognized in industrial marketing (Håkansson & Ford, 2002; Mohr & Sengupta, 2002; Gadde, Huemer, & Håkansson, 2003; Medlin & Törnroos, 2015), organization and strategic management studies (Uzzi, 1997; Sydow & Windeler, 1998; Sydow, 1998; Vlaar, Van Den Bosch, & Volberda, 2007; Im & Rai, 2008), as well as interorganizational communication studies (Lewis, Isbell, & Koschmann, 2010). Yet, to date, the theoretical and empirical attention of network theorists, on balance, has been directed towards the cooperation within interorganizational relationships. It is less often recognized that, for the actors involved in the relationships, these dualities are the main sources of tensions and crisis which enhance possibilities for relationship reconstruction (Benson, 1977). Therefore, here relational tensions are brought to the forefront of the analysis, aiming to explain the dynamic of change in interorganizational relationships under complexity.

Sources of Relational Tensions

Before proceeding further to consider the process of change, in the remainder of this section I discuss some of the underlying conditions and mechanisms that counteracting forces, namely networking activities (i.e. coordination and control plus adaptation and learning) and structural constraints create and which give rise to tensions within relationships. These contribute to the constitution of interorganizational relationships. My aim is not to present a comprehensive taxonomy of relational tensions since such a classification would require a substantial and systematic review of the literature, but rather, to illustrate an overall view of the main activities relating to relationship development.

Coordination and Control

The role exchange relationships play as quasi-organizational structures is to provide relative stability and make it possible to coordinate the resources
controlled by another for the attainment of goals pursued (Snehota, 1990; Johanson & Mattsson, 1994). Therefore, on one hand, actors refer to these structures in their relational activities—as a means of controlling and coordinating resources—and reproduce them recursively (Sydow & Windeler, 1998). On the other hand, in and through their activities, actors reproduce the conditions that make these activities possible. Therefore, the contradiction resides in the fact that relationships are consequences of an actor’s actions, and likewise an actor’s actions are the outcome of its relationships (Håkansson & Ford, 2002, p. 136). In this view, firms are not separated from the relationships, but they are recursively reproduced by the networking activities of the participants themselves. Therefore relationships (and networks) “are not brought into being by social actors but continually recreated by them via the very means whereby they express themselves as actors” (Giddens 1984, p. 2, cf. Sydow & Windeler, 1998, p. 270). This view accords relationships a formative position in exchange, but also recognizes the actors’ freedom within the relationships’ structure, a freedom to modify the structure. Nohria (1992, p. 7) explains this recursive interplay between the actors and the network as: "... networks are as much process as they are structure, being continually shaped and reshaped by the actions of actors who are in turn constrained by the structural positions in which they find themselves”.

As such, the relationships reinforce a particular type of interaction. In other words, dominant structural tendencies and current patterning of resources encourage a basic legitimate pattern of interaction (Zeitz, 1980; Sydow & Windeler, 1998). Zeitz (1980) argues that when this is consistent with the actor’s goals and intentions, the actor reproduces the pattern and therefore the interactions are highly predictable. Nevertheless, despite being latent, tension exists between the intentions of actors and the existing structure of resources. The tensions arise when structural requirements tend to alter organizational actions. Here the intentions of actors to control and achieve their goals are frequently opposed to the goals supported by the structure of resources and activities. To achieve control refers to the desire “to change what would otherwise have happened” (White, 1992, p. 94). Such moments of control are not separable from moments of constraint; both situations are inherent to a dynamic relationship.

The position-role conceptualization of the network dynamics is particularly useful in developing an understanding of how the relational contradictions are constructed by the participants themselves. Applying this view, Anderson et al. (1998) propose the interplay between the roles and the positions of the actors as a basis for understanding the dynamics of actor-relationship (network) interconnections. “Position” is used to understand the stable dimension in a network that locates the actor in the relationship system relative to other actors’ expectations (Parsons, 1951). “Role” on the other hand, is a concept that is used to address the focal actor’s intentions and what the actor
does in connection to other actors. The concept of role represents the dynamic and processual dimension in a network. The concepts of role and position are inseparable from each other—there are no positions without roles and no roles without positions—and the concepts have to be defined in relation to each other (Anderson et al., 1998, p. 171). In this vein, relational tensions might arise as an actor attempts to initiate the goals it has set, yet its subsequent activities are influenced by what is supported by the existing structure. And needless to say, because the heterogeneity and diversity of network ties, actors interpret their position and that of others differently at any given time and space (Abrahamsen, Henneberg, & Naudé, 2012). It is, therefore, the interplay between the role and position that creates change in the relationships and networks.

The core premise of tensions discussed above is, thus, a fundamental misalignment between the particular structures that shape actions and the interests of the various actors whose actions construct the very same structures (Zeitz, 1980); that is, the interplay between the fact that each actor is an object of orientation for other actors contrasts with the fact that each actor is also oriented towards other actors through expectations and obligations (Sydow & Windeler, 1998).

Adaptation and Learning

A significant part of a company’s accessible resource-base is located beyond its boundaries (Dyer & Singh, 1998). If a business relationship is to emerge and thrive, a high level of adaptation is necessary at the heart of the organizational growth and development (Johanson & Mattsson, 1987; Gadde & Snehota, 2000). In this manner, relationships are composed of complex and interwoven ties of technology, knowledge, social relations, administrative routines, systems and legal ties between them (Håkansson & Snehota, 1995). In terms of, for instance, volume purchased, percentage of total purchase cost, quality of the materials, as well as processes such as product development, there is continuous need for a company to reconsider how to position and prioritize within and among different counterparts (Kraljic, 1983). But more importantly for our discussion, it is essential for the company to change within each relationship to obtain the relational benefits (Håkansson & Snehota, 1995; Gadde et al., 2003).

The constant need for change reveals the inherent tensions within relationships, as actors’ scarce resources and capabilities bond them into their current ways of operating and restrict their capacity to change. As such, the relationships are, for a company, both the impulse to development and the cage that tie the company to its existing relational arrangements (Gadde & Snehota, 2000; Gadde et al., 2003). Uzzi (1997, p.57) explains this paradox as follows: “The same processes by which embeddedness creates a requisite
fit with the current environment can paradoxically reduce an organization's ability to adapt.”

Beside the lock-in effect that is caused by the development of relationship-specific assets and activity adaptation (Anderson, Håkansson, & Johanson, 1994), the paradoxical nature of relationships reveals itself through the process of learning and knowledge sharing. When undergoing change, all actors are engaged in a learning process as they struggle to come to terms with new procedures and frames of reference (Jarzabkowski, Lê, & Van de Ven, 2013). The innate duality resides in contradictions between the two forms of learning, exploitation and exploration (March, 1991). The source of tensions is between old and new, between the need firms have to use and refine their existing knowledge and to pursue new knowledge and opportunities — a matter of arriving at a compromise between “building upon and destroying the past to create the future.” (Smith & Lewis, 2011, p. 383) By investing in relationships, companies develop a common knowledge and understanding between them and establish norms, routines and values, which essentially guide the actors’ behaviour and facilitate joint learning (Kaplan & Tripsas, 2008; Mattsson et al., 2015). However, this is both a strength and an impediment to change (Håkansson & Ford, 2002). Based on the ex-post rationalization of their interaction history and past experiences, which constitute the organization’s learning, the parties establish the stable frameworks that are essential to any effective exchange relationship (Weick, 1969; Mintzberg, 1987); in contrast, exploration requires different routines and cognitive schemes (Im & Rai, 2008). Hence, tensions in the learning processes primarily arise when the need for new frames to be constructed to seize new opportunities clashes with existing modes of knowing.

The abovementioned discussion highlights the opposing yet inter-related elements (contradictions) nested within relational activities and processes across different relational activities and practices. While the discussion above has mainly been focused on the dyadic relationship, we know that relationships are embedded in a larger network composed of multiple actors operating at a number of different levels over time. This is the topic of the following subsections.

**Temporal and Spatial Dimensions of Interaction: A Dialectical View**

Interorganizational relationships are embedded in their context, over time and space, and can only be understood and explained within it. Given the processual nature of relationship, the problem of time and space of interaction is central in network research (Halinen & Törnroos, 2005). Neverthe-
Temporal Dimension of Interaction

Interactions take place over time. Relationships change and develop depending on the value that they create for the actors involved as problems are solved over time; therefore the way in which research on relationship development conceive time has a fundamental effect on the perceptions of business reality (Halinen, 1998; Halinen & Törnroos, 2005). With regard to the role of time, at the basic level, all interactions should be understood in relation to the past, present and future. Conceptualizing the characteristics of the interaction process, researchers have mostly treated time in three different ways.

The first, and perhaps the easiest, way to cope with the issue of time is to eliminate considerations of time by treating interactions as a series of independent and discrete transactions (i.e. the studies that have applied a transaction costs view). The second way – one of the most commonly applied ones in business network studies – is to see the relationship development as a life-cycle. In this approach, time is treated in a linear fashion. It is assumed that relationships develop under an underlying logic that regulates the process of change (see, for example, Ford, 1980; Dwyer et al., 1987). Time is used as a proxy variable for the developmental stage of a relationship (Van de Ven & Poole, 1995; Halinen, 1998). Another dominant alternative in interorganizational relationship studies (Halinen, 1998) is evolutionary theory. In this view, time has a recurrent, cumulative, and probabilistic effect on the relationship development. The studies that have applied this approach focus on the variation, selection, and retention that are determined by competition for scarce resources (Van de Ven & Poole, 1995).

In her review of the temporality in the studies of relationship development, Halinen (1998) concludes that the use of process theory in business network studies has been excessively one-sided and too narrow with its emphasis on the life-cycle and evolutionary theories (p. 133). These approaches fall short of capturing the dynamic of interorganizational relationships based on the inherent tensions and contradictions. This thesis, instead, focuses attention on the relational contradictions and the actors’ responses to these contradictory tensions. The multidimensional nature of time incorporated into the tension perspective on interaction could be captured by using teleological and dialectical processes of change (Van de Ven & Poole, 1995).

Assuming business actors to be purposeful, profit-seeking organizations, and the innate dualities and contradictions of relationships, combinations of teleological and dialectic theory should prove to be valid for explaining rela-
tionship development (Halinen, 1998, p. 120). In this vein, the process of interaction concerns the production, the reproduction, and the destruction of particular interorganizational forms (Benson, 1977). The attention is, therefore, focused upon the transformation through which one set of relational arrangements gives way to another. Interestingly and more importantly, any new relational arrangement and structure carry with them the elements of tensions and contradictions that sow the seeds of relationship change. Eventually, any established relationships “sow their own seeds of decay” (Greiner, 1972, p. 40), giving rise to another period of change. Nevertheless, to understand and explain the change, the role of purposeful actors should be taken into account. Here the teleological view proves to be helpful. Teleological theory emphasizes the present state of purposeful actors in relation to and conditioned by the past (i.e. the learning) and by the future (i.e. intentions and expectations). The adaptive activities of the actors involved are reliant on the histories and expectations of the individual actors with respect to the structure of the exchange (Medlin, 2004). In its interactions with other actors, each actor consciously assesses and re-assesses the costs and benefits of its relationships (Ford et al., 2008). The nature of the actor’s response to each salient relational tension determines whether a relationship will move forward or not.

It is important to note that these two forces of change (dialectical and teleological) operate at different levels. A teleological view of time and of the interaction process occurs through an individual actor exhibiting goal-seeking behaviour, while a dialectical one occurs as a result of tensions and conflict between an individual actor and the relationship’s inertia and persistence of structures. The nested tensions surface when different forces contradict rather than complement one another over time, such as “the development of one process tends to impede the development of other processes” (Zeitz, 1980, p. 81; Van de Ven & Poole, 1995; Weick & Quinn, 1999).

Spatial Dimension of Interaction
To gain a more concrete and coherent understanding of the proposed view on the interaction process and the relational tensions, we must bring the spatial dimension of the interaction process into the picture. As Pettigrew (1997, p. 338) argues, a processual analysis concerns a sequence of individual and collective events, actions, and activities unfolding over time in context. As mentioned earlier in this section, the importance of context from the dialectical perspective lies in the duality of structure; the fact that the constitution of an actor and a relationship/network is embedded in the recurrent process of interaction within and across levels. In this view, the processes through which such conventional boundaries and structures are produced and sustained must be taken into account. In so doing, relative power and the dominant forces that are in favor of or against certain relational activities and
goals, and also how these forces affect the shift of the power are in focus, as this could lead to subsequent relationship change (Benson, 1977; Zeitz, 1980).

Different levels of the context and of network embeddedness have been discussed by network scholars. For instance, distinctions have been made between the business unit, firm and industry and between the local, regional and global levels (Halinen & Törnroos, 2005). Möller and Halinen (1999) proposed four levels of analysis: industry, focal network, relationship portfolio, and exchange relationships. Forces such as globalization of competition, technological change, and economic and socio-political features of the environment are captured at the industry level. However, the effects of such macro forces on actors are mediated through the focal network: customers and their customers, suppliers and other members of the network of the firm. The relationship portfolio level considers the firm as a nexus of resources and puts the emphasis on the different types of requirement of or imposed on the different customers/suppliers of a firm. And finally, the last domain concerns the dyadic exchange relationship.

If the process of relationship change is the phenomenon of interest in this thesis, the spatial dimension of the process of change, which shapes the “flow of events and is in turn shaped by them” should be taken into account throughout the investigation (Pettigrew, 1997, p. 340). Therefore, I have divided the spatial factors into two general categories, which I refer to as endogenous and exogenous factors; any change in these factors can affect the process of relationship change. The exogenous factors refer to all the factors that lie beyond a dyadic relationship, but could have an impact on the relationship. The factors at the macro level, such as socio-political instability (Alimadadi & Pahlberg, 2014), technological change (Bengtson, Ljung, & Hadjikhani, 2013), and the general institutional features of markets (Salmi, 2000; Jansson, Johanson, & Ramström, 2007) could affect the behavior of firms. Moreover, the focal firms’ network of customers, customers’ customers and suppliers could impact the dyadic relationships and vice versa (Halinen et al., 1999). The endogenous factors, on the other hand, refer to the spatial domain that encompasses the characteristics of each of the actors. Change in any business aspect of any of the parties, such as material, human or financial resources and capabilities, as well as a firm’s strategy, structure, and technological development could affect the relationships. Thus, as Pettigrew (1997), among others, argues explanation of the change in a relationship should be linked to both higher and lower levels of analysis.

To summarize this section, an interaction process between two business actors is embedded in a multilevel setting spread over time. At each spatial level, the development is dependent on the events of the past, on the present situation and on the future. The network structure constrains the firm’s activities, but also provides new possibilities and opportunities to achieve desired
goals. These preexisting resource structures affect the resource availability and the ability of actors to mobilize resources and pursue their desired goals (McCarthy & Zald, 1977; Zeitz, 1980). Given the variation in the network context, each actor brings a different perspective of the future and experience from the past to the interaction. The consequence is the linkage of multiple routines, conflicting demands, and incompatible resource structures within and between the different levels of the context that construct contradictions. As a result the fabric of interorganizational relationships is rife with tensions cascading across levels, growing out of the unevenness, diversity and heterogeneity of the counterparts. Each actor is different in that it senses, interprets and adjusts to its context in its own way.
Up to this point, I have argued for the innate duality of interorganizational relationships and claimed that these relationships are rife with tensions that stem from the relational contradictions. These tensions exist over time. Furthermore, it is argued that a relationship always constitutes a context which influences the process of change. This section focuses on the interruption in the existing relational arrangements and the subsequent process of relationship change.

Through interaction processes, two organizations adapt, formalize, and establish routines for the patterns of their activities and resources. The advantage of such habituated action patterns (Glynn, Barr, & Dacin, 2000), cognitive frame (Mattsson, Corsaro, & Ramos, 2015), network theories (Mattsson & Johanson, 1992), or mundane routines (Ford et al., 2008) is that they help actors to deal with the complexity and uncertainty inherent in the context in which they are embedded. These mundane routines and established resource structures constitute relational arrangements. Drawing on a teleological view, the thesis asserts that throughout the interaction processes, actors are engaged in the sequence of goal formulation, implementation, evaluation, and adaptations. The perceived value of the relationships for any individual actor is linked and limited to the actor’s position in a larger context at any given point in time and space (Snehota, 1990, p. 166).

It is argued that any change in endogenous or exogenous factors to the relationship that can interrupt the existing arrangements, instigates a relationship (re-)evaluation by the two involved parties with respect to the relational arrangements. Under certain conditions, the latent tensions surface and become experienced by the actors when an actor’s interests are not met by the existing relationship arrangements. On such occasions, the actors whose intentions are not sufficiently fulfilled might actively try to change the existing order. Finally, the nature of an actor’s subsequent response determines the direction of the change. This framework guides the discussion throughout this section (see Figure 2).
Interruptions in Interaction Process

Any change in the endogenous or exogenous factors can potentially interrupt the stability of the relationship. The interruption of an ongoing flow, in turn constructs occasions for interpretation, sensemaking and re-evaluation of the interaction process (Weick, 1995) as it might provide the parties with new opportunities or impose new restrictions on them. Interruption refers to “any event, external or internal to the individual that prevents completion of some action, thought sequences, plan, or processing structure” (Mandler, 1982, p. 92). This view has also been applied to interfirm relationships (see for example Möller, 2010; Abrahamsen, Henneberg, & Naudé, 2012; Mattsson et al., 2015). In the context of interorganizational relationships, interruption could be mainly caused by change in the factors endogenous or exogenous to the relationship. These two dimensions are theoretically distinct yet highly interrelated. The change in one has a direct impact on the other and vice versa (Halinen et al., 1999). No clean dividing line can be drawn between the contexts, and an actor. The actor constructs its context while it gains its identity from it (Snehota, 1990; Håkansson & Ford, 2002). Nonetheless, for the sake of clarity, I have separated these factors in the discussion.

The network approach shifted our focus from individual firms or an isolated exchange relationship to the intricate ties between firms and the larger context. Meyer & Rowan (1977, cf. Sue & Creed, 2002) argue that organizations are embedded in a pluralistic context that is often permeated with “sharply inconsistent prescriptions of action, all supported by rationalized
Due to the intertwined social, political, economic and technological trends such as the (re)emergence of emerging economies, the emergence of major economic disruptive technologies such as information technologies, biological sciences, material science and energy (McKinsey Global Institute, 2013), not to mention the recent economic and political crises, business relationships and networks are increasingly characterized as complex and dynamic (DiMaggio, 2001; Ford & Mouzas, 2010; Dicken, 2015). The resulting picture is one of multifaceted network relationships (Möller, 2011) embedded in multipolar contexts with heterogeneous culture, political and economic features (Zander, 2012; Ghemawat & Altman, 2014). Together these trends make it more challenging for managers to make sense of, and assess and reassess their relationships, but also inevitable that they will try (Möller, 2010; Mattsson et al, 2015).

The literature in international business and marketing is replete with studies that highlight the impact of recent changes on the firms’ networking activities (e.g. Birkinshaw, Crilly, Bouquet, & Lee, 2015). Meyer, Mudambi, & Narula (2011), for instance, draw attention to globalization and the challenges it imposes on MNCs as a result of the complex interdependencies within, and between, multiple host locations. At the global level, firms have to interact more frequently with other actors who operate in quite different local contexts, and who have different goals and objectives. For example, examining the behavior of a Swedish MNC in the Turkish market, in work performed for this thesis, we found that the perceived value of the firm’s ties is contingent on and the benefits are conditional on the socio-political context (see Paper I). As such, rapid changes in the socio-political features, as well as multiplicity of business and industrial actors with multifaceted connections to various powerful non-business actors led to change in the characteristics of the relationships. For instance, in the face of radical regime change, relationships that were valuable at one stage because of their affiliation and closeness to the powerful actors can become a “handicap” or even a liability depending on the direction and nature of the change (also see Hadjikhani & Håkansson, 1996).

Likewise, besides exogenous factors, any radical and dramatic change in the factors endogenous to a relationship could, by definition, interrupt an ongoing flow and construct occasions for reaction and re-evaluation. Radical events such as mergers and acquisitions and bankruptcies may be identified as potential critical events for a relationship (Halinen et al., 1999; Havila & Salmi, 2000). In the case of acquisitions, in particular, the changes may be critical with regard to the balance of material, financial and human resources and the balanced arrangements between the acquired party and existing counterparts as well as the motive and intention of the “new” firm (acquired). This, in turn, disturbs the current relational arrangements, and forces actors to make sense of and reassess their company's situation in the light of the new changes (Öberg, 2012). Furthermore, in the face of radical changes,
for instance, in the managerial team, the actors’ experience, cultural back-
grounds and subsequent repository of knowledge can highlight boundaries
that could bring about changes in the relationships (Möller, 2010).

What is important for our discussion here is that various, and often incon-
sistent changes in the context interrupt and disturb the stable structure,
changing the established balance between the actors, and setting off the re-
evaluation of the interaction process. In the light of those changes, the two
parties re-evaluate all aspects of their relationship including both the content
(what is offered and who represents the firm) (Öberg, 2008), and the charac-
teristics of the relationship (density, quality, authority) (Palmatier, 2008;
Öberg, 2014).

Re-evaluation, Misalignments, and Tensions

Crucial for our discussion, however, it is not the mere fact of interruption.
Rather, interruptions trigger reactions in the actors in the form of re-
evaluation of relationships (Gadde & Mattsson, 1987; Weick, 1995). Any
element of “newness” in the relationships caused by interruptions simultane-
ously restricts and expands the opportunities for both of the participants, as
well as others (Ford et al., 2008). One source of relational gains stems from
the expectancy of mutual gain (Snehota, 1990). Yet, the impacts of interrupt-
tive events vary on each of the participants owing to the diverse characteris-
tics of the actors. This unevenness results in a lack of coordination between
the interdependent actors, which subsequently increases the actors’ per-

To cope with the increased uncertainty and unpredictability, actors are
likely to exercise control and try to restructure the existing arrangements
based on what they perceive to be an appropriate course of action (Zeitz,
1980; Snehota, 1990). Nevertheless, the lack of certainty and stability make
it troublesome for the firms to elaborate the situation and make sense of the
potential outcomes of interaction in the light of the new changes (Ford et al.,
2008). As the situations—these being plurality, critical events, or any sort of
change in the context that is not expected—persist, actors tend to narrow and
focus their attentions on those aspects of the situation that they judge to be
the most important (Weick, 1995) (see Paper III).

The situation inevitably gives rise to some degree of tension between the
contradictory goals and the intentions of the actors and those perpetuated by
the existing arrangements. By whatever criteria it is measured, the perceived
value of relationships, and the subsequent actions taken by the actors in a
relationship, are dependent on the desires of specific counterparts at a specif-
ic point in time and in the given context (for more discussion on value see
Walter et al., 2001; Walter et al., 2003). Nonetheless, the tensions will not
necessarily lead to a conflictual situation. On the contrary, as discussed earlier, some degree of tension is essential for relationship dynamics and development as long as there is mutual consensus between the parties, in which case, the tensions would lead the participants to alter their interactions without any fundamental change in the character of their relationship. After all, the consensual value of an existing relationship tends to prevail over the costs (O'Malley, 2003; Reinartz, Thomas, & Kumar, 2005). However, as actors re-evaluate the circumstances, the unmet demands could make them embark on action to change the existing order (Seo & Creed, 2002).

The question, then, is under what conditions and through what mechanisms can relational tensions lead to actors becoming “agents of change” and how does this become possible? This question points to the role of context and the issue of relativity, and to the orientation of partially autonomous actors as agents of change. That is not to say that an actor is not connected to its network: actors are in fact continuously wrestling with interdependencies. In fact, actors are partially autonomous in the sense that they can become very purposeful on occasion with respect to a specific relationship, “trying to reach beyond the limits of their present situation” (Benson, 1977, p. 7). This focuses attention on how the context is perceived and evaluated by an actor and how it is translated into action (Snehota, 1990; Abrahamsen, Henneberg, & Naudé, 2012), but also how the actions are restricted and/or supported by the context.

The actions of actors are composed of the combination of temporal and contextual orientation. A contextual dimension directs attention to the notion of an actor’s position. It concerns the current patterning of resources and the accessibility and availability of alternatives (Pfeffer & Salancik, 1978; Ulaga & Eggert, 2006). Furthermore, the position determines the actors’ ability to mobilize the other actors and the resources required to achieve the change desired (McCarthy & Zald, 1977; Baraldi, Gressetvold, & Harrison, 2012). Beside the contextual dimension, the orientation of an actor is time dependent. As discussed earlier, a relationship should be understood in terms of its past, present, and future (Halinen & Törnroos, 1995). Consistent with the view of time in the business network approach, insights from Emirbayer & Mische (1998) help to elaborate on the role of time in the actions in a problematic situation. They argue that the capacity of the actors to critically shape their response to a new situation, is conceived as follows: (1) behavior directed by the past which refers to habitual behavior based on historical patterns of action, that give stability to social universes (interorganizational relationships and networks), playing role in reproduction of relationships; (2) future-oriented actions which are “projective” and enable actors to imagine alternative (relational) arrangements based on the knowledge of the existing structures; and (3) the present-oriented actions, which are evaluative; these enable “pragmatic judgment about the viability of imagined alternatives given present conditions” (Ibid, p. 971). In our discussion, the present-
oriented action is captured as the re-evaluation of the relationships, while the past and future provide temporal dimensions to the re-evaluation.

The degree of tension that arises from the contradiction between embeddedness and agency depends on the misalignment between the actors’ goals and the perceived value of the existing relationships. From a dialectical view, the likelihood of active attempts being made to change the current orders increases as contradictions within or/and across interorganizational relationships develop, deepen, and permeate actors’ relational gains. This is also in line with the arguments of Seo & Creed (2002) and Benson (1977), which suggest limits exist for the degree of contradiction which must be exceeded in order to transform an organization or to bring about institutional change.

Weak Degree to which Contradictions Exist and Incremental Change

The degree of contradiction influences the level of mutuality and consensus between the parties with respect to the change in the relationship. Gadde et al. (2003) define actor mutuality as a measure of “how much a company is prepared to refrain from its own individual goals or intentions in order to increase the positive outcomes of others and, through this, to ultimately increase its own well-being” (p. 362). It is argued here that if the interaction process and the established structure is not deeply embedded or is not highly divergent with the interests of an actor whose intents are not sufficiently well met by the existing arrangement, there is a likelihood that change in the relationship unfolds in a gradual and incremental manner. Depth “is proportional to the level of mutual adaptation and the amount invested in a specific resource combination.” (Baraldi et al., 2012, p. 267)

The case of Atlas Copco acquiring a local Turkish manufacturer is illustrative of this type of change (see Paper II). In 2012, after a presence in the Turkish market extending over half a century, Atlas Copco acquired Ekomak, a Turkish compressor manufacturer. The acquisition process, however, had started seven years earlier, when the company first decided to acquire a company in Turkey. During this period Atlas Copco had devoted a significant effort to evaluation of all the potential targets taking into consideration the networks within which the firms were embedded. More specifically, Atlas Copco was concerned with the dominant organizational forms and the processes by which activities were directed within the target firms’ network. Eventually, Ekomak was chosen because it had the most complementary resource structure (network of customers and suppliers) and compatible interaction processes in terms of the socio-political and cultural context (Möller, 2010). This indicated a weak degree of contradiction between
the intentions of Atlas Copco and the target’s network features. Nonetheless, an overriding consideration is the fact that the acquisition was part of the company’s multi-brand strategy. The goal of Atlas Copco was, eventually, to transform Ekomak’s operations and all of its relationships fundamentally with the aim of connecting the company to Atlas Copco’s global production network.

Despite the misalignment between the long-term goals and the current relational arrangements, change proceeded through a gradual transformation and reshaping of the interaction processes and the resource structure. The question, then, is why and how the change occurred in the way it did. To answer this, drawing on the framework discussed earlier, the temporal and contextual position of Atlas Copco as the change agent should be taken into account. Atlas Copco has experienced more than 100 cross-border acquisitions over the last one and a half centuries. Over time, the company has been exposed to multiple, and often inconsistent, market contexts. This is in line with organizational learning theory (Levitt & March, 1988) as well as the findings of international business studies (Ghemawat & Altman, 2014) which indicate that the diversity of international experience or the “breadth” of international activities enhance the capabilities of the firm to cope with inconsistencies and contradictions, as do interactions with a variety of counterparts. Furthermore, the presence of the company in the Turkish market for over five decades and familiarity of the firm with the network of the acquired firm, consistent with Andersson, Johanson, & Vahlne’s (1997) argument, is expected to lead to incremental change. Overall, these experiences provided Atlas Copco not only with knowledge of how to handle the relational tensions, but also of how to evaluate which firm to acquire.

Moreover, the case illustrates the accessibility of alternatives and the ability of Atlas Copco to mobilize resources and actors in order to achieve the desired change. A full-time integration manager joined the acquired company for more than two years during which he represented the intentions of the acquired company, its customers and suppliers against those of Atlas Copco’s managers. Atlas Copco’s well-constituted global networks provide it with accessible alternatives with which to manage contradictory demands. These alternatives allowed Atlas Copco to reconfigure the resource structures in a way in which it benefitted from the inconsistencies, for example, by using the target firm’s network to tap into new strategic market segments and to gain access to new supply routes. Besides, the company took the managers of Ekomak and its relevant customers and suppliers to visit one of Atlas Copco’s factories in Italy, the one that was the projection of the future plans for the transformation of Ekomak. In this way, by envisioning the alternative arrangements it facilitated the gradual shift of the participants’ frame of reference, in order to achieve mutual consensus between the actors about the desired intents. It enabled actors to become disengaged from their
past patterns of behavior and interaction processes, while developing a mutually beneficial direction for the future (Benson, 1977).

In summary, the extent to which actors can pursue their desired goals is dependent on, and limited by both the structure of resources and the actors perception of possible alternative resources (Zeitz, 1980; Snehota, 1990). At any time, an advantageous position in time and context enables firms to exercise control over the changes being implemented while preventing the relational tensions from become destructive; thereby turning them into unique sources of synergy creation. Note, however, that the situation does not imply that there is no conflict in the interaction processes, but rather that the conflicts are dealt with and solved through joint-problem solving and communication (Mohr & Spekman, 1994). This is not always the case as will be discussed in the next section.

Contradictory Demands, Lack of Mutuality and Disruptive Change

Crisis in the Relationship

Situations can arise in which the changes introduced reflect and favor the goals of one side of a relationship, with little coordination and mutual consensus between the participants. In such circumstances, tensions increase as the result of the fundamental misalignment of the existing structures and the diverse intents of actors, as a result of which, latent conflict could arise (Benson, 1977; Snehota, 1990, p. 166). Otherwise beneficial relationships, then, can become a burden as a consequence of changes that occur around the relationship itself; changes that happen in the context (Håkansson & Snehota, 1998). Crisis comes about in a relationship when, in a given context, one side of the relationship could perceive certain arrangements a constraint for achieving its goals, while the other might perceive the same arrangements to represent opportunities for realizing its goals. Zeitz (1980, p.76) describes this phase as the occasions when “the intentions of actors are frequently opposed to the goals supported by the structure of resources, and systems are characterized by high rates of tension.”

An actor whose ideas and interests are not adequately served by the existing relational arrangements could take action to change the present order. However, subsequent actions and the direction and nature of the change depend on the actor’s perception of dependencies (Emerson, 1962; Zeitz, 1980). Perceptions of dependence are linked to and depend on the actors network positions, available resources, and cognition, and also on cultural factors (Zhou, Zhuang, & Yip, 2007; Möller, 2010). Thus actions taken depend on the perceptions of possible alternatives, attributable to the availa-
bility of other sources and the strategic importance of the other party’s con-
tribution (Snehota, 1990; Ellegaard & Andersen, 2015). The case of Yildirim
Group acquiring Swedish Vargön Alloys (See Papers III & IV) serves as an
illustrative example of this phase.

By acquiring Vargön Alloys in 2007 as its first international commitment,
Yildirim Group sought to establish itself as one of the main global players in
the ferrochrome industry. Looking back at the history of the Group, it took
less than a decade for the company to emerge from a local trading company
to become one of the fastest growing Turkish MNCs. Following this rapid
growth path, after the acquisition, the Group intended to position itself as the
global leader in the premium ferrochrome products, moving away from bulk
products (low quality products that had been a significant part of Vargön
Alloys produce before the acquisition). This decision was based on the in-
group access to high-quality raw material, strong financial resources, as well
as strong combined production capacity of the plants in Turkey and Sweden.
This meant that the existing relational arrangements with customers, in terms
of price, volume and quality of the products, did not satisfy the future inten-
tions of the company. On the other hand, the managers perceived the North
American and Japanese markets, where Vargön Alloys was not active at the
time, to offer great potential alternatives for their intended goals.

In line with its goals, the company started to negotiate with the main cus-
tomers immediately after the acquisition had taken place. As the existing
arrangements were not of strategic importance for the future orientation of
the company, and as the company was aware of potential alternatives (in the
North American and Japanese markets) the company perceived its position
to be more powerful than that of the customer. Whereas the customers,
Sandvik for example, suddenly faced with “unexpected” demands from its
counterpart found itself in a less powerful and more vulnerable situation
mainly because at the time no other alternative partner had been identified
by Sandvik. This resulted in Vargön Alloys (Yildirim) exercising control and
transforming the relationship in manner it desired (in terms of price, volume,
and product range) (see Papers III & IV).

However, in spite of short-term “success”, tensions persisted and conflict
escalated progressively. In these types of situations, typically, the tension
becomes reinforced by the resistance of structure and the relationship’s
heaviness and inertia. Inertia manifests the various interdependencies created
by the adaptations and interdependencies in relationships’ structure and re-
source ties (Håkansson & Ford, 2002), payments arrangements (Johanson &
Mattsson, 1987), organizational routines, production and administrative pro-
cesses, and shared knowledge of how the resources can be combined
(Håkansson & Snehota, 1995). As the tension increases, it leads to a lack of
effective communication and coordination, with poor information exchange
between the parties (Edmondson & Smith, 2006). As a result, there was an
increase in the counterparts’ perceived uncertainty when the previously
shared expectations were not met; the cost of information processing and resource reconfigurations increased consequently. Nonetheless, the changes in the relationships were highly dependent on the involved actors’ perceptions of interdependencies. Ellegaard & Andersen (2015) argue that despite a severe conflict, perceptions of strong interdependency between parties may keep them together in exchange, regardless of the high costs. In a similar account, Halinen & Tähtinen (2002) also argue that, in the absence of alternative partners, a company may remain in a relationship despite its desire to end it.

As the situation persists, however, the exchange process enters a vicious circle of reciprocal destructively reinforcing actions (Ellegaard & Andersen, 2015, p. 459). For example, in the acquisition case, for a while after the changes in the arrangement, the interaction process was characterized by increasingly antagonistic and aggressive attitudes (see Paper IV). Moreover, the level of communication between the two parties dramatically decreased during this period. This would lead to defensive responses from both parties, in which each insisted on what they perceived to be most important, while disregarding their counterpart’s demands. Eventually, as Zeitz argues, relationships reach a stage where “no consistent interactions are supported by the structure of resources” (1980, p. 76). At this point, there is a strong tendency for relationships to break down. In this context, most studies have shown that actors’ defensive behaviours, expressed as coercive actions and hostility, eventually lead to a severing of the relationship, conflict and dissolution (e.g. Ping & Dwyer, 1992; Halinen, 1997; Halinen & Tähtinen, 2002; Ellegaard & Andersen, 2015). This was the case for the Vargön Alloys-Sandvik relationship where, after less than a year of a conflictual situation between the parties, an alternative supplier was found and Sandvik terminated the relationship.

**Reconstruction of Alternatives and Shift in Relational Arrangements**

Once induced, a relationship crisis may terminate and break down the existing interaction process, but more importantly, it has the potential to allow a fundamental shift to take place in the relationship. Such a fundamental shift refers to change in the actors’ shared cognitive frame and mundane routines that guide relational activities and induce change in deep resource structures. While most of the studies have shed light on why and how an extant relationship dissolves (Halinen & Tähtinen, 2002), how actors manage conflictual situations or how they reach resolution (Finch et al., 2013; Ellegaard & Andersen, 2015), none of these studies have offered an adequate explanation of the conditions under which actors may reconstruct relationships, establish
arrangements in which continuous reconstruction is possible, or develop and deploy alternative arrangements.

There is no reason, however, to assume that the reconstruction of alternative arrangements would occur following the breakdown. A business network approach reminds us that, essentially, a minimum level of mutuality and consensus between the actors is required for the formation and reconstruction of alternative arrangements to occur. Furthermore, the likelihood of achieving such an arrangement depends on the context of the actors at any point in time. The context have an important double effect on the process of relationship change: the existing structural arrangements are likely to favor and reflect the goals and demands of a more powerful actor in the relationship. However, the power of the actor stems from those arrangements and any change in the context could naturally shift the balance between the actor’s positional power (Benson, 1977; Seo & Creed, 2002). For instance, Finch et al. (2013) suggest that in the setting of a network with a small number of actors, it is hard to escape relationships, even though they might be commercially ended at some point. Most important, however, is that a tension perspective highlights the role of relational contradictions, while simultaneously emphasizing the significance of active and purposeful reconstruction of relationships. This way, the influence of relational contradictions on the relationship development and change is more of a probabilistic than deterministic force (Van de Ven & Poole, 1995; Montgomery & Baxter, 2013). This implies that actors have a role as active change agents by searching for new possibilities and alternatives. In seeking alternatives, they are able to mobilize resources for “political action” by criticizing the present situation as they concentrate on advocating and enacting a new arrangement (Seo & Creed, 2002, p. 237).

Once more, the case of Yildirim Group’s acquisition can serve as an illustration. This case provides an elaborative account for understanding the conditions under which the reconstruction process might take place, the role of actors as the change agents, as well as the characteristics of the new enacted relational arrangements. In the wake of the global economic crisis, demand in the stainless steel market faced a dramatic collapse at the end of 2008. For over three years, the average prices of chrome ore and ferrochrome were continuously decreasing. The last quarter of 2008 and the first half of 2009 were characterized by a deep slump in demand. In 2009, for instance, owing to a reduction in stainless steel production in Japan by 50%, ferrochrome consumption decreased to almost half of that in 2008. The same trend was observed in the North American market. In the light of these changes, Vargön Alloys’ alternative sources had dried up. Needless to say, the crisis hit the business of Sandvik, the customer, alongside its alternative suppliers—which did not have the financial strength of the Yildirim Group who supported Vargön Alloys during the crisis. As the changes (interruptions) disturbed the previous positional power of the two former counterparts, it
also reduced the level of relational contradiction, thereby laying the grounds for seeking potential mutual advantage and consensus between them, which eventually led to the reconstruction of the relationship.

Nonetheless, the changes in the relationship cannot be explained merely by the contextual forces. Actors’ active attempts to reconstruct alternative relational arrangements are the crucial mediating mechanism connecting the relational tensions to the relationship change. If one subscribes to this view of interorganizational relationships, then one has to address the questions relating to how relationships are generated and deployed with a fresh logic. In the case at hand, the process was triggered when a few individuals in the firms had misaligned views of the strategic directions appropriate for the relationships within the firms. When the relationships with Sandvik began to deteriorate after the acquisition, the CEO, who had been with the company since 2002, used his social ties and personal contacts with the customers, together with his knowledge of both parties’ interests to pursue the directions they consider to be right. For instance, beside the formal meetings, he used every opportunity that was presented at occasions such as exhibitions or seminars to contact “former” customers and to create a new understanding of the new owner of Vargön Alloys. The utilization of these interpersonal contacts was further enabled by the organizational position and the expertise of individuals in ferrochrome production. This integrative activity could also be captured in the idea of the tertius iungens strategic orientation (Obstfeld, 2005) when, by offering integrative suggestions appealing to a diverse set of interests, the individuals attempted to establish common ground between Vargön Alloys and its customer based on the prospects of an alternative arrangement with mutual benefits for both parties. But then the question is, what would the alternative arrangements entail in order to overcome the limits of the present structure?

Ford et al. (2008) argue that no relational arrangement is created entirely anew; instead, alternative arrangements are the historical products of some pre-existing arrangements. This is in line with a dialectical perspective in which the alternative relationship logics or syntheses are the product of historical relational contradictions (Van de Ven & Poole, 1995). This view of relationships is also shared in this thesis. Nevertheless, the thesis adds to the conventional business network approach by granting more weight to the partially autonomous actors involved in the process of relationship reconstruction, relaxing the assumption that all the means and ends available to the actors are constrained by the existing structures. In their insightful work on dialectical analysis of institutional change, Seo & Creed (2002) draw on the dialectical concept of social actors as “active exploiters” of institutional contradictions, suggesting that it is unlikely for the change agents to invent totally new alternatives unfamiliar to the participants. This is mainly due to the high costs of reaching a mutually committed state, while in the context of interorganizational relationship, the considerable costs of resource mobiliza-
tion and adaptation should also be taken into account. Instead, they argue that a fresh alternative should be sufficiently different from existing arrangements to make the fundamental shift possible, while at the same time it should resonate with the existing arrangements enough to make resource mobilization and the adoption of synergetic advantages associated with complimentary resources possible.

The discussion above brings to light the selective role of actors in choosing from and adapting to available relational arrangements (from the ones that exist within the boundaries of actors’ networks). However, the success of this process depends entirely on the ability to transfer and mobilize resources and to stabilize the relationship and adapt the parties involved to the new alternative (Olsen, Prenkert, Hoholm, & Harrison, 2014). In the case of Vargön Alloys, the turning point occurred when the CEO at Vargön Alloys and the purchasing manager at Sandvik sought to establish a nexus as a means of overcoming the difficulty of the relationship. In doing so, the purchasing manager moved from Sandvik to Vargön Alloys in 2011, taking up the marketing manager position—this being the main contact between the two companies. Both parties considered this to be a major step in regaining trust. Drawing on their deep understanding of both parties, the CEO and the marketing manager attempted to re-introduce the firms and to re-build mutual trust and legitimacy between them.

Following dialectical thinking, one of the defining features of a process of change is the fact that actions have unintended consequences (Zeitz, 1980). The fundamental shift in the relational arrangements always has some unintended consequences since it emerges as the product of intensive negotiation, bargaining and exercising power from both sides. Given this, as the lengthy process unfolds, the emerging arrangements most probably do not match the intentions of the change agent (Ellegaard & Andersen, 2015). Eventually, when an alternative (arrangement) to the relationship is available and a collective consensus is reached, the new arrangements are put in place. In the case of Vargön Alloy and Sandvik’s relationship reconstruction, the fundamental changes in the content and quality were observable in several aspects of the relationship. To give some examples, the focus of the customer shifted from Vargön Alloys as a trustworthy company to the two individuals, namely the CEO and the marketing manager, as the representatives of the relationship. The consequence was that, in contrast to the situation before the acquisition, Sandvik retained the alternative suppliers to safeguard the company against any unexpected behavior from Vargön Alloys. Sandvik described the relationship as follows:

“We are close and not close at the same time... we trust them, but we also keep other alternative suppliers. In this case, [our] strategy is to establish long-term relationships, while we always consider the locked-in risk.”
Interestingly, given the history of the relationship, the strong financial strength of Yildirim Group (as the mother company), was perceived by Sandvik to be a double-edged sword that could support Vargön Alloys to initiate a non-consensual change. One of the managers described the new relationship in this way:

“It is like when one cheats in a marriage; you might get back together, but you always live with a doubt…”

Figure 3 depicts an integrative processual framework of interorganizational change when the tension is of primary concern, as discussed in detail in this section. It demonstrates how an interruption in the existing relationships sets off the re-evaluation process. If the actor finds the existing arrangement to be a handicap in supporting and/or obstructive for attaining its goals, the ever-present tensions surface and affect the actors. It is argued here that the nature of the change depends on the degree of contradiction between the interests of the actor whose intentions are not sufficiently well met and the existing arrangement. Furthermore, it is illustrated that the direction of the change depends entirely on the available alternatives and the actors’ ability to mobilize resources in the desired directions.

Figure 3. An integrative framework of change in interorganizational relationships
Explaining Stability and Change in Interorganizational Relationships

The relational arrangements existing between firms comprised of the resource structure and mundane routines as stabilizing and quasi-organizational forms provide a platform for companies to transfer, combine, and utilize resources across boundaries (Easton, 1992; Håkansson & Snehota, 1995). In this vein, “the overall pattern of business relationships seems to be relatively stable, even though existing business relationships change in content and strength” (Håkansson and Snehota, 1995, p. 269). Nevertheless, by overemphasizing the stable aspects of interorganizational relationships, a “stability-first” approach in analyzing and conceptualizing relationship development and change has meant that the extant body of literature has left certain aspects of relationship dynamics overlooked: What are the conditions under which a deeply structured arrangement tried and tested comes to be perceived as dissatisfactory? How can actors change the structure if their identity is constructed by the very same structure they wish to change? When does a relationship gain the momentum required for change? By what mechanisms does change unfold over time? And how does this happen?

This thesis builds upon existing work while going beyond it at certain crucial points. As such, drawing on a dialectical view (Benson, 1977; Zeitz, 1980), the study at hand maintains that tensions and contradictions have important effects upon the production of relationship development and change, and claims that they play a significant role in understanding relationship dynamics.

First and foremost, when the tension is of primary concern, the framework draws attention to the relational contradictions. Dominant relational arrangements, in terms of structural tendencies and mundane routines, encourage a basic pattern of interaction, but they do so inconsistently, and with many counterforces and incompatibilities (Zeitz, 1980). As a result of these inconsistencies, which are constructed by ongoing interaction processes between several actors through time and across different contextual levels, relationships are rife with tension attributable to contradictory forces. These tensions are normally the main driving force of the interaction process. Tensions manifest themselves in the form of problems that, when solved by actors, spur mutual learning and innovation – the main sources of relational gains (Håkansson & Waluszewski, 2002). Nonetheless, occasional interrup-
tions attributable to changes in the contexts of a relationship could make the actors aware of the contradictory reality of relationships. If relationships are described as cages that imprison a company (Gadde & Snehota, 2000), such cages may be weakened by interruptions that disturb the balance of power between the participants, leading them to re-evaluate the existing relational arrangements. In some instances, the existing arrangements might be found that don’t directly correspond to the goals of any of the parties.

Yet again, the degree of misalignment in the goals is proportional to the level of mutual adaptation and the degree of resource interdependence between the companies. This does not automatically produce significant change. In fact, as was illustrated by the case of Atlas Copco, by systematic exploitation of a certain degree of tension through control and coordination, firms can achieve synergetic benefits. More importantly, however, is the fact that in situations where the changes reflect and favor the goals of one party in a relationship—with little coordination and mutual consensus—the tensions will escalate progressively and the likelihood of a crisis in the relationship will increase. In this vein, the relational tensions indicate both potential and limits of the present relational arrangements within a given context (Benson, 1977). The direction and nature of the change, however, depend entirely on the actors’ perception of the strength of the dependencies, which are linked to actors’ positional power in the network, the available resources, alternatives and the strategic importance of the other party’s contribution.

This view claims that a relational crisis is a systematic outcome of several inconsistencies in a relationship, rather than idiosyncratic events (see Clemens & Cook, 1999; Seo & Creed, 2002). In some network studies, change is understood to be the product of some kind of exogenous shock that disrupts the stability of the relationships and networks, for instance, when one actor disappears from the network or a new one enters it, thereby initiating new relationships (e.g. Gadde & Mattsson, 1987). That is not to imply that those studies have considered general “environmental” factors as the sources of change, on the contrary, business network studies have naturally opposed the idea of isolated actors outside the network context. Instead, the point here is that the forces of change are an inherent and natural part of relationships. This leads us to the next point, the role of conflict in relationship change.

Zeitz (1980) emphasizes the role of interorganizational conflicts as both “system-integrative” and “system-disintegrative”. That is to say, interaction processes and relational activities carry in themselves seeds of decay. The conflicts arise as a result of misalignment and deviation between the relational arrangements and the intensions and goals of actors who construct the very arrangements through interaction processes. The resolution of old conflicts gives rise to the generation of new conflicts over time as the routines become established and the structures are deepened and become more rigid, which provide potential opportunity for fundamental relationship change and alternative arrangements. However, as the findings of this thesis revealed,
change depends ultimately on the actions and intentions of the companies in the relationship, and cannot be understood independently of the role of actors. Thus we arrive at the role of actors as agents of change.

In this enhanced view of relationship change, attention is placed on the partially autonomous business actors who actively exploit relational tensions and contradictions, rather than suppressing them. The opportunities for change therefore emerge as a result of the relational contradictions; while the developing contradictions are being exploited by active agents who change the configuration of embedded relationships and interaction processes. They do so to the extent that they manage to select from the available alternatives, mobilising resources and adapting them in order to achieve the level of mutual consensus between the parties needed to reconstruct the relationship. It is argued here, in line with both network and dialectical thinking, that no relationship is created de novo; instead, it is the historical product of pre-existing relational arrangements. Therefore the likelihood of constituting a new arrangement also stems from the multiplicity of available relational arrangements. Merging opposing arrangements may open up new opportunities, leading to a different combination of resources, activities and actors with which to create new alternatives that could fundamentally shift the composition of relational arrangements within and across relationships while it sufficiently resonates with what actors are familiar with. This highlights the final point of this discussion that is: the active search for alternative relational arrangements provides actors with means and ends outside the existing established structures.

A Note on the Paradoxical Nature of Relationships and Actors’ Mindset

The main discussion in this thesis revolves around the stability of and change in relationships, building on a framework that consists of the concepts of embedded actors, resistance of resource structures, interruption and conflict, resource mobilization and the construction of alternatives. As this string of concepts reveals, the emphasis of this work has mainly been on the structural and processual aspects of interorganizational relationships. However, one aspect that stood out in the findings was the role of actors as agents of change. The actors’ role as purposeful agents has been relatively overlooked in the extant literature on industrial and business network literature. Medlin & Törnroos (2015) emphasize the importance of actors’ proactive behavior in dealing with relational paradoxes. The authors highlight the significant role of individual actors and their perspectives (mind-sets) in coping with relational ambidexterity. Yet, to date, we have very limited knowledge of how actors’ divergent frames of mind influence their relationships and the
subsequent process of networking (Carsaro & Snehota, 2012). Thus, I found a paradox perspective (Cameron & Quinn, 1988; Poole & Van de Ven, 1989; Lewis, 2000) an insightful additional means of developing our understanding in this respect.

Paradox here denotes contradictory yet interrelated elements that exist simultaneously and persist over time. These elements seem logical in isolation but absurd and irrational when appearing simultaneously (Lewis, 2000; Smith & Lewis, 2011). When adopting a ‘paradox perspective’ one point of departure resides in the supposition that managers and scholars alike have a natural tendency to try to avoid inconsistencies. As such, conceptualizations of what exchange is are biased toward consistency. Even though these conceptualizations vary from one stream of research to another, they are similar to most of the contemporary methods for the construction of theory, as Poole & Van de Ven (1989) point out. This is mainly because thinking about contradiction is not a natural tendency for people socialized within the culture of Western thought, Quinn (1988) argues. As such, the theories tend to favor one side of the paradoxical reality of interfirm relationships, at the expense of the other: short- or long-term, dependence or flexibility, control and autonomy, and so forth. Instead of a polarized view of the paradoxical tensions, a paradox perspective moves beyond an either/or debate, to embrace multiple, opposing forces simultaneously (Cameron & Quinn, 1988; Poole & Van de Ven, 1989; Lewis, 2000).

As a metatheoretical perspective, this view highlights two main aspects: (1) how underlying paradoxical tensions stem from polarized cognitive or social construction, and (2) how actors respond to the tensions (Lewis, 2000; Smith & Lewis, 2011). It is the second aspect which is of interest for our discussion. As illustrated earlier, in the case of Vargön Alloys, the typical first reaction of the actors while facing tensions is defensive. The defensive behavior, stems from the same frames of reference that enable actors to make sense of a complex reality—through either/or understandings and decisions. By being defensive, actors tend to apply formal logical thinking. That is to say they “bracket” or “punctuate” streams of information, prefer relatively fixed patterns and consistency in their characteristics and behaviour, and reduce or eliminate uncertainty through either/or identification: something is either “A” or “Not-A”, but it is not both or something in between (Ford & Ford, 1994, p. 760-761). The defensive and polarized mind-set, once entrenched, becomes highly resistant to change (Ford & Ford, 1994; Smith & Lewis, 2011) and could bring about unintended consequences that diminish the benefits of the relationships in the long run.

When it comes to the actors, the adoption of a paradox approach shifts the notion of managing from “planning and control” to coping (Handy, 1995; Lewis, 2000). To manage, therefore, is to engage, rather than defend against, competing forces. For the actors to manage and cope with paradoxical tensions, they have to be aware of tensions. This awareness triggers active re-
sponses rather than defensiveness (Smith & Lewis, 2011; Jarzabkowski, Lé, & Van de Ven, 2013). For example, following Weick (1995), Lüscher & Lewis (2008) describe developing a “workable certainty” as a negotiated understanding to move forward through paradox without resolutions. Consider, for instance, the case of the Vargön Alloys that was mentioned earlier. Seven years after the acquisition, despite the different, and sometimes contradictory, views with regard to what a new arrangement should entail (i.e. contractual and relational features), they found a way to work through the contradictions (e.g., alternative suppliers and a more formal control mechanism).

The main insight to take away from all the paradox studies is the significance of the paradoxical mind-set (and/both thinking) for the actors involved, as this allows them to mindfully juxtapose seeming contradictions, explore potential synergies, and question oversimplified either/or assumptions (Smith & Lewis, 2012). Indeed, it is not easy to encounter a complex setting and to see it from more than one perspective, but this is desirable as it makes it possible to juxtapose contradictory perspectives (Quinn, 1988; Smith & Lewis, 2011). In fact, applying a form of paradoxical thinking across levels (actor, relationship, and network), the picture that emerges is one of a complex multilevel net of possibilities, spreading through time and space. Therefore, managing relational paradoxes demands a “complex” frame of mind that is able to attend and balance multidirectional goals — parties pursue different, and often contradictory, goals — across levels (Bouchikhi, 1998).

Consistent with the findings of this thesis, Westenholz (1993) suggests three situations in which paradoxical thinking might occur, namely, the existence of a forum where different mindsets could meet and discuss, the presence of employees who are able to engage in paradoxical thinking, and unexpected actions that violate the established frame of reference (p. 54). This alternative approaches in terms of both/and may foster novelty and creativity, while it also leads us to think rather differently about the nature and management of interorganizational relationships. Yet, Westenholz asserts that these situations do not, neither collectively nor individually, offer a satisfactory explanation for why change occurs. The stability and change of relationships do not only depend on the intention and actions of the actors, nor can they be fully understood by merely analyzing the relationships as quasi-organizational forms. Hence, the present study, contributes to the understanding of how and why change unfolds by integrating the structural elements of relationships, while also giving weight to actors as agents of change and to considering their role as a mediating mechanism between the relational contradictions and relationship change.
Methodology

Ontology Matters

It is better to choose a philosophy of science than to inherit one by default.
– Bechara & Van de Ven (2007, p. 36)

During my PhD candidature, I discovered that even though in theory it is widely accepted, in practice we, myself included, don’t think much about ontology or epistemology, rather we prefer to just get on with “doing” research. This came as a surprise to me. After all, we all are seeking to “gain a better understanding” and “pushing back the frontiers of knowledge”. Then the question arises, how one could claim this to be so, if we are ignorant of epistemology and philosophical underpinnings of theories and methodologies, that is the ways in which we can make claims about the world, concerning the nature and scope of knowledge (Easton, 2010b). In fact, as Bochner (2000, p. 269) argues, qualitative researchers’ views on good case research are ultimately tied to their epistemological and philosophical perspectives: “Evaluation criteria are social products created by human beings in the course of evolving a set of practices” (cited in Piekkari, Plakoyiannaki, & Welch, 2010, p. 115). However, Piekkari et al. (2010) reviewed 145 case studies published in three key industrial marketing journals between 1997 and 2006 and concluded that many of these studies lack methodological discussions in general. More importantly, the authors argue that there is a “gulf” between a research community's methodological standards and its methodologies-in-use, while the former is heavily influenced by Yin’s positivist approach to case study. During my research process, particularly throughout the writing of this “Summary”, I found the school of Critical Realism (CR) (Bhaskar, 1978; Sayer, 1992; Easton, 1995; 2010a) a truly relevant approach as it provides a view on qualitative research (case studies in particular) that can be explanatory and not just exploratory. This is well suited to investigating causal mechanisms. This view influenced both the interpretation of the empirical findings and the theorizing processes developed in this summary.

The phenomenon under study in this thesis is the process of interorganizational relationship change. The study set out to contribute to our understanding of relationship dynamics under complexities and plurality. It proposes an alternative view explaining why the actors might have different and even
opposing views of an exchange relationship, and as such, it shows how it may be possible to build on the contradictory nature of the relationships and the ‘tension’ rather than ignore them, or recognize them, but give up hope of developing more complex theories of interorganizational relationships change. To achieve this aim, this thesis offers a critical realist explanation of the interorganizational relationship development and change—the underlying mechanisms that produced the events and clarify why they took place as they did.

The fundamental assumption of CR is that the world exists independently of our knowledge of it (Sayer, 1992). However, it diverges from the naïve realist assumptions that reality is obvious, self-evident, or easy to discover (Easton, 1995). CR claims that while there is a real world out there, our representation and understanding of it is a social construction – reality does not exist independently of the observer’s schemata or conceptual frame of reference (Weick, 1989; c.f. Van de Ven, 2007, p. 17). In other words, our knowledge and understanding of the world is theory laden. In this vein, the development and progression of scientific knowledge evolves via a process of blind variation and selective retention, over time. Therefore, our interpretations of reality have often been made by people who came before us and passed on their interpretations as conceptualizations; while reality serves as an external arbitrator or common referent in editing theories for inspecting inferior theories (Van de Ven, 2007, p. 61). In this manner, CR advocates a critical examination of how we conceptualize the phenomenon under study (Sayer, 1992). Being critical, therefore, means being attentive to, and suspicious of, assumptions that are taken for granted, and having an awareness of context, and thus a sensitivity to particularities in social reality (Ahonen, Tienari, & Vaara, 2011). This is not, however, a claim of superiority, but rather to shed new light on a phenomenon in order to root out a particular delusion.

CR alludes to the fact that there is necessity in the world; objects necessarily have particular powers (Sayer, 1992; Easton, 2010a, p. 120). Social reality consists of objects, or more generally entities such as organizations, people, relationships, attitudes, and etc. These entities have innate tendencies or “causal powers” or more generally, mechanisms. But also, causal power could be attributed to the structures that objects are involved or embedded in. For instance, if firms are entities/objects, then relationships or networks of firms (their ‘structures’) have “emergent” causal power above and beyond the causal powers of the simple aggregation (Easton, 1995, p. 376). The entities or objects at different levels are connected through complex processes and relationships that cannot be reduced to or collapsed into each other (Reed, 2009). The central concept is causality. To ask for cause of something is to ask what makes it happen or what generates it; in other words, cause is whatever is responsible for producing change (Sayer, 1992, p. 104; Sayer, 2000, p. 94). Nevertheless, any object that has causal powers also has liabili-
ties. That is to say, objects are acted upon by other causal powers. Firms clearly have causal powers, but they are at the same time subjected to the causal powers of their relationships, and they do not control all the relational events that they are involved in.

Hence, the “mechanism-centered” approach (Morais, 2011) proposed by CR is focused on that structure of necessarily related objects cause events. Two objects are necessarily related when their identity is mutually constituted. For example, firms cannot supply or sell resources in the absence of buyers and without an exchange taking place (Easton, 2002). This necessary relation between buyer and sellers implies that changes in one will lead to changes in the other. Easton (2002) explains the relations between buyer, seller, and exchange as follows:

The notion of an exchange adds a third “body”, with causal powers, to that of buyer and seller and so has a necessary relation with both of them. Buyers and sellers undertake exchanges. Buying and selling cannot take place without an exchange. The nature of the exchange can affect both the buyer and the seller and vice versa. (Easton, 2002, p. 105-106)

Given these complex processes and relations that connect entities at different levels, the ultimate aim of CR research is to unmask the causal chains and the underlying, unobservable mechanisms that generated the things happen and explain how and why they were brought about: why did this exchange take place on this specific occasion? Or why did this actor behave in this way at this time? Easton (2010), however, warns us about the term ‘mechanism’ that has become embedded in the language community as it should be used with caution rather than taken literally:

The term mechanism has problematic connotations since it implies clear structure and invariance in operation, something that critical realists would reject. A better portmanteau term would be deep generative processes and structures. (Easton, 2010, p. 122)

Unveiling the mechanisms requires a form of understanding that is sensitive to the patterns of causal sequences that emerge at multiple levels of analysis and which are contingent on the relevant environment of a phenomenon (Reed, 2009). That is to say, causal powers need certain conditions to operate; these conditions also determine how they operate and when this happens. Contrary to the ‘necessary relations’ discussed above, contingency implies that there are external causal powers that can exist independently, but nevertheless may affect a particular situation. For example, in the case of business exchange, competitors can, and usually will, affect an exchange relationship, but they can exist independently of that relationship (Easton, 2002). As a result, the phenomena might be “observed” and “experienced” (the latter being a measurable impact) in certain ways within specific tem-
poral and spatial situations, whereas there is an underlying trans factual and invisible “reality” (that exists) that contains the real forces and mechanisms that cause the events to occur.

In conclusion, as for all philosophical approaches, the choice of critical realism cannot be proven to be the “correct” way. As Easton (2010) argues, it all depends on whether one accepts its basic tenet or not. In my case, I paraphrase Easton’s reasoning for the choice of ontology and epistemology I have used in this study as it resonates with me: This is better than the other alternatives, i.e. positivism and social constructivism; and it is a solid and well considered perspective on the world. In the following paragraphs, I draw on this view to elaborate the research process of this thesis. In particular, I wish to clarify how the overarching argument for the whole thesis came about. I do so by discussing the methodological journey under the two sections: the theoretical and the empirical dimensions. I also elaborate on how the development of the papers helped me to form and develop my thoughts, albeit by adopting different angles.

The Theoretical Dimension

We often don’t see ahead of time exactly what the problem is; much less do we have an idea of the solution… Indeed, figuring out what the puzzle really is, and what the answer ought to look like often happen in parallel with finding the answer itself.

–Abbott (2004, p. 83)

The findings of this thesis mainly rest on a qualitative analysis of empirical findings of a pilot study and two cases. Critical realism argues that scientific understanding and explanation is concerned with providing accounts of “how” and “why” things happen in the way they do, rather than in other ways (Reed, 2009, p. 56). The influence of this view on my research, in particular, has necessitated the investigation of unobservable mechanisms that gave rise to the behavior of actors that was observed and to the subsequent impact on the interorganizational relationships. This commitment is not easy because it requires researchers to go beyond observable correlations, to focus instead on the real, underlying and unobservable mechanisms that generate observable phenomena (Reed, 2009).

Social reality is stratified: the “empirical” (experienced by observers), the “actual” (events that can occur without being observed) and the unobservable mechanisms that are “real”. The complex interconnections between these strata can only be understood on a case-by-case basis that combines elements of historical, structural, discursive and temporal analysis (Sayer, 2000; Blaikie, 2007; Edwards, O'Mahoney, & Vincent, 2014). Stratified social
reality generates emergent phenomena — that is, the properties of entities at a higher level of aggregation are not necessarily understood through a summative process or, working from the top down, a reductionist approach (Easton, 2010; Edwards et al., 2014). In this respect, a business exchange relationship is only understood through connections between the organizations that comprise relationships and networks, not by studying individual firms in isolation. A business relationship has new emergent properties, not reducible to the properties of both parties in the relationship. These properties give rise to a new causal mechanism, which are the locale of critical realist causal explanations (Ryan et al., 2012, p. 305).

In the quest for causal explanations, this stratified ontological standing directs researchers towards investigating configurations of multiple entities in context that cause phenomena to occur. In other words, the social events that we observe come into being as a result of the interplay between structural and contextual forces and our subjective interpretations of them (Sayer, 2000). To reveal the underlying mechanisms, researchers go through a process of abduction and retroduction (Pierce; 1934). It is important for our discussion to elaborate on the abductive and retroductive reasoning.

The research process, according to Pierce, starts with abduction, or an attempt to come up with an idea of how to explain something (Swedberg, 2014, p. 237). Alvesson & Kärreman (2007) consider three steps for abductive methodology: (1) the application of an established interpretive rule (theory), (2) the observation of a surprising — in light of the interpretive rule — empirical phenomenon, and (3) the imaginative articulation of a new interpretive rule (theory) that resolves the phenomenon. The key in an abductive process is a surprising observation that shatters our habits (Van de Ven, 2007). The discovery of an anomaly should be followed by the recovery of understanding. However, Reed (2009), among other critical realists, argues that a CR study, in search of an explanation goes beyond abductive reasoning. Retroduction, thus, is defined as “a thought operation involving a reconstruction of the basic conditions for anything to be what it is” (Danermark et al., 1997, p 206). Reed (2009) describes this process as follows:

Retroduction, as I understand it, refers to the move from what we observe in the empirical domain of the events in the actual domain to the causal mechanisms in the real domain (Morais, 2011). I therefore consider my whole research process as an abductive one, with specific emphasis on the retroductive reasoning in the summary at hand.
Nonetheless, as mentioned earlier, our knowledge of reality is conceptually mediated. In doing so, we attach meanings to the terms within a context. That is to say, observation and data are theory-laden: we view reality from our theoretical perspective (Sayer, 2000; Van de Ven, 2007). The consequences, however, could be double-edged when it comes to the research process. We do not view the world with a ‘blank slate’. The researcher, in particular, is normally part of a broader research community (or communities), which informs preunderstanding and preferences (Alvesson & Kärreman, 2007). These theoretical repertoires and preferences becomes ‘naturalized’ or taken for granted and are often legitimized by reference to nature and necessity: this is the way the world works (Alvesson, Bridgman, & Willmott, 2009, p. 9). It might lead to the researcher trying to fit the findings into her/his existing theoretical framework, to justify them, or to become blind to the anomalies and surprises. Therefore, one crucial task of a critical researcher is remain committed to an open attitude and to be open-minded to alternative routes of interpretation and explanations. On the other hand, without in-depth familiarity with the theoretical domain, the researcher would not be able to be surprised by what is “unexpected”. As Louis Pasteur said, the chance of discovery favors the prepared mind.

In the following, I discuss some of my experiences from this research journey and my attempts to overcome the challenges mentioned above. Even though the presentation of this process here might seem to be a neat and logical one, in fact, with hindsight, it has been messy, with elements of heuristic thinking and serendipity involved. I elaborate on the overall abductive process of the thesis under two subsections: the discovery of anomaly and the recovery of understanding. In the latter, an emphasis has been put on a retroduction that goes beyond the empirical realm.

The Discovery of Anomaly

The point of departure for this thesis was motivated by exploring a general and somewhat unclear issue of how MNCs manage their business relationships and networking activities in a complex and uncertain context, in order to find out about reality with no specific end in mind. Given the exploratory and broad nature of my research problem, I immersed myself in the field quite early in the research process, conducting a pilot study with the hope of grasping a better understanding of the Turkish market and behavior of the western MNCs operating in that market. As Hammersley & Atkinson (1995) put it:

During fieldwork, researchers immerse themselves in different experienced realities, with the hope of obtaining a deep understanding of the meanings that research participants attribute to the contextual factors in the field rather
than just reading about them. In this way researchers construct the accounts of the social world rather than simply mirroring the reality (Cf. Michailova et. al, 2014, p. 148).

During the first visit to Istanbul, I familiarized myself with the setting in a broad fashion. Beside the companies (Ericsson, ABB, and Atlas Copco), during my first visit to Istanbul in spring 2012, I also interviewed industrial organizations and interest groups such as YASED (International Investors Association of Turkey) and Exportrådet (The Swedish Trade Council) in Turkey. Moreover, I further discussed my interpretations and understandings of the market, with different actors, considering their role, and influence in the Turkish market with the local scholars on several occasions. One such example took place during the 2013 AIB conference in Istanbul. At this stage I was trying to obtain an understanding of what is going on in this market. The knowledge about the socio-political and business structure of the Turkish market basically laid the groundwork for the first two papers in this thesis.

However, even though my findings to this point had contextual contributions to the field, I was still lacking the things that puzzle me as a researcher, the general comprehension that my theoretical understanding was, as yet unable to explain. When studying relatively familiar phenomena like inter-organizational relationships, the problem is not primarily one of resolving puzzles, but of creating them, Alvesson & Kärreman (2007) argue. The authors discuss how the trick in such studies is to locate one’s framework outside the terrain being studied. In other words, one should attempt to “defamiliarize” oneself to try to see a variety of familiar and unfamiliar aspects of the phenomenon under study. Looking back to my active attempt to be surprised, I have employed two main tactics that are more inclined to create and/or discover ‘breakdowns’.

First, I used events that shock; events that reveal the social reality that is taken for granted (Böhm & De Cock, 2005; Weick, 2014). Acquisition, in my case, was used as the critical event that would create conditions in which anomalies would be likely to be observed. By disturbing the status quo in the organizations’ life, acquisitions form a particularly appropriate context for the analysis of relationship changes, their underlying mechanisms, as well as the perceptions and intentional behaviour of business actors that are decisive for these changes (Havila and Salmi 2000). Thus, indeed, a focus on key events or transformations sharpens the potential for developing valuable insights with which to explain processes of change within an interorganizational relationship and the associated networks (Bizzi & Langley, 2012). However, until about halfway through the research incorporated in this thesis, I had been studying Swedish firms, using Swedish-originated theoretical and conceptual repertoires (i.e. business relationships and networks), whilst simultaneously being located and educated in a Swedish research communi-
ty. Thus, with the intention of introducing a fresh perspective into my research, I opted for an alternative: to study a Turkish firm in Sweden and, I must say, it did not disappoint! While this alternative provided me with adequate differences, I was able to preserve a certain degree of familiarity and comparability between the findings, which was required to gain a deeper understanding of the phenomenon.

Having studied a case of acquisition by a Swedish company in Turkey, I proceeded to observe the behaviors in the second case, just mentioned, that of a Turkish firm in Sweden. In the latter, there was a change in the relationship between the company and its Swedish customers subsequent to the acquisition that came as a surprise to me. First, naturally, I tried to explain the findings using the existing network theories, however, I did not find the explanations offered by the conventional literature in the field quite satisfactory. For me, the main issue of applying the existing framework to the case was that the theory would take side. In other words, even though it represented a possible valid explanation, the explanation provided by the extant theory suggested that, in the relationship, the Turkish firm did not behave as it was “supposed to”, and hence the subsequent sequence of events occurred. In contrast, during the interviews, the (Swedish) informants clearly asserted that it was not possible for them to characterize the behavior as “wrong” or “right”, and stated that I should not think of it in that way either. I found that both interesting and puzzling. As Weick puts it, “whenever one reacts with the feeling that’s interesting, that reaction is a clue that current experience has been tested against past experience, and the past understanding has been found inadequate” (1989, p. 525). Therefore, I tried to problematize our understanding of the dynamics of interorganizational relationships, in an attempt to open the discussion up for reconsiderations and alternative understandings.

The Recovery of Understanding

Following the abductive reasoning, the next step in the research process, after identifying a surprising occurrence, is to seek an explanation. Alvesson & Kärreman (2007) refer to a “recovery of understanding” as a means of creating a novel understanding of social reality following the discovery or creation of a breakdown. Peirce’s view on this process, where \( A \) stands for the abduction, is as follows:

The surprising fact, \( C \), is observed;
But if \( A \) were true, \( C \) would be a matter of course;
Hence, there is reason to suspect that \( A \) is true. (Peirce, 1934, p. 189; Cited in Swedberg, 2014)
However, this process is, by no means, a linear or a neat one. We dug into the mass of facts that we had before us: a pile of interview transcripts and secondary data, to examine and interpret them throughout the entire research process. We endeavored to write our reflections on paper, but a mountain of scribbled notes, scrambled together, containing somewhat scattered ideas written over the course of four to five years, became more like an “impenetrable jungle” than a coherent tool. Peirce (1997, p. 282), however, asserts that “… suddenly, while we are poring over our digest of the facts and are endeavoring to set them into order, it occurs to us that if we were to assume something to be true that we do now know to be true, these facts would arrange themselves luminously. That is abduction.”

The likelihood of discovering new explanations for the observed deviations and anomalies is largely dependent upon our repertoires of alternative theories (Van de Ven, 2007). In my case, the time from recognizing the presence of an anomaly to being able to propose a resolution took about a year. Over this time, I was puzzling over the two conflicting exchange behaviors that I had observed, which at the time I was referring to as the relational versus transactional approach. The key question to answer was how and why the relationship between the two firms went through all of the observed changes. Finally, it was by reading an article by Van de Ven & Poole (1995) that I found a new angle, a new “thought trial”, as Van de Ven (2007) put it\(^3\). It was the meta-theoretical perspective of processes of change and development in organizations that made me aware of those underlying assumptions that were taken for granted in process theories. Up to that point, how I, and perhaps many of us—in my research community—typically see and interpret processes was very much dominated by the teleological and life-cycle processes. These theories are useful for explaining change involving a single entity, however in a dialectical process theory, change is explained by referring to contradictory and opposing entities. Adopting a new perspective, I went back and re-read my empirical materials, followed by another round of data collection. The results of this process are reflected in the last paper in this thesis: *On the dialectics of interorganizational relationship changes.*

The process of writing the final paper in this thesis coincided with the development of the ideas I am presenting in this summary. At this stage, the main challenge I needed to overcome was to distance myself enough from the individual papers, to be able to take an overview and visualize the entire picture to ensure that it encompassed the findings from all of the cases. In the search for an all-encompassing explanatory theme for the thesis, I applied a retroductive lens to answer to the question “What is this thesis

\(^3\) It is worth noting that I stumbled upon this article during my visit to Aalto University School of Business, Finland. This is because I believe that the relocation or “interruption” had a major impact on me and on the subsequent direction my thoughts took.
Looking back at the overall findings of my papers, there was one thing that emerged: firms seemed to have an unusual, even contradictory approach towards (managing) business exchange. These differences, in turn, appeared to drive their subsequent behavior towards their counterparts, fueling the relationship dynamics. This appeared paradoxical to me.

The interorganizational relationship literature, in general, is dominated by the either/or assumptions about the nature of each relationship, e.g. short-term or long-term. From what theory had brought to me, different types of markets/contexts require different types of relationships. For example, an interorganizational exchange relationship in industrial markets needs to be of a long-lasting and cooperative nature if the firms involved are going to be able to utilize their resources; this is almost certainly not the case for more bazaar-like markets, or for some types of consumer markets for that matter.

A general statement can be made that the relational characteristics revealed in a certain context that appear to show a pattern are attributable to the like-mindedness of the actors, and therefore have something important to reveal: given, for example, an industrial context, the fact that actors are sufficiently like-minded means that they act towards a common goal. So, in the similar industrial settings from which my cases are taken, why did one firm act differently, why did the firms have seemingly opposing views (see papers III & IV), and why didn't the firm (in the second case) act in the same way as the first company had done (in the first case) after the acquisition? (See Papers II & III.) Finally, given all these questions, why in a specific relationship did the parties change their behavior over time, and how was the relationship affected by this? (See Paper IV.)

It is worth noting that there are several possible answers to the questions posed. However, while asking these questions, I directed my attention specifically towards the processual nature of the interorganizational relationship. Reality is not self-evident. The researcher, therefore, has to reflect on the nature of the entity under study if he or she is to discover what causal powers are in place (Ryan et al., 2012). So I asked myself what an interorganizational relationship should be like for my findings to be as they are. After researchers identify an enduring surprising observation or experience, retroductive methodology then commences by asking ‘What if?’ in a creative sense (Edwards, O’Mahoney, & Vincent, 2014); so I did: What if actors are not sufficiently like-minded about a relationship at a given point in time and space? What could cause the divergent views about a relationship? What if it is not a matter of either/or thinking? What if we relax the assumption of stability?

What we seldom pay attention to is the fact that theories that have lifecycle or teleological processes as a foundation can operate for “an individual or for a group of individuals or organizations who are sufficiently like-minded to act as a single collective entity.” (Van de Ven & Poole, 1995, p. 516.) My findings, however, were pointing in a different direction: towards
contradictory demands being made of the actors involved in a relationship. I used this insight as a focal point to problematize our understanding of business relationships as offered by the conventional theories. The main question for me was how business relationships and the processes of change that they undergo should be viewed in order for us to be able to explain the findings. Even though the cases appeared in separate papers, their stories were united under this one line of thought adopted with the intention of revealing the connections between them.

At this point, after problematizing relationship change processes, I had to move beyond existing theory (Danermark, 2002) to construct a new theoretical understanding. I strove to engage in novel mental habits (Swedberg, 2014) by reading the literature in, among other subjects, organizational dialectics (e.g. Benson, 1977; Zeitz, 1980), paradox perspective (e.g. Cameron & Quinn, 1988; Lewis, 2000) and communication dialectics (e.g. Montgomery & Baxter, 2013). Here, theory provided me with a new angle and with thought trials, helping me to break loose from the dominant theoretical views in my field. Needless to say that, the process was an iterative one requiring repeated trips back and forth between the research site and the empirical material, analysis and reflection, perpetually asking “Why?”. The next section focuses on the role of empirical material.

The Empirical Dimension

Sherlock Holmes: “I have no data yet. It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts.”

— Sir Arthur Conan Doyle, “A Scandal in Bohemia”

The ultimate aim of this study is to deepen our processual understanding of relationship change. To achieve this, a case study method has been used as the central data organizing framework. For studies that aim at in-depth investigation and explanation of the changing nature of complex social phenomenon, such as interorganizational relationships case research has proven to be particularly fruitful (Easton, 2010b; Ryan et al., 2012). Piekkari & Welch (2011), influenced by Charles Ragin’s work (e.g. Byrne & Ragin, 2009) argue that “once social scientists recognize that the search for universal law is fictional, case studies enable them both to elucidate causation and to specify the range of applicability of our account of causal mechanisms.” (p. 5) Piekkari, Welch, & Paavilainen (2009, p. 569) explain that a case study performed in this vein is a

… research strategy that examines, through the use of a variety of data sources, a phenomenon in its naturalistic context, with the purpose of “confronting” theory with the empirical world.
Numerous arguments can be found affirming that case study research is entirely consistent with critical realist and processual ontology. First, critical realism justifies the study of any situation, regardless of the numbers of research units involved, but only if the process involves thoughtful in depth research with the objective of understanding why things are as they are (Sayer, 2000; Easton, 2010). In fact, reality is layered and the complex interplay between the various structures and mechanisms at different levels of a social reality is highly context dependent. Given this, the interplay between the strata that comprise a social reality can only be determined on a case-by-case basis, incorporating the socio-economic, historical, and cultural context into the analysis (Reed, 2009; Danermark et al., 2002). As Easton (2010b) argues, the process nature of case research, from a critical realist perspective, is what allows researchers to test their understanding of what they are researching with the objective of understanding why things are as they are. This abductive process, is not a mechanical or linear process, but rather one of an iterative and reactive nature (Dubois & Gadde, 2002). For example, in the case of the acquisition of Vargön Alloys (see Papers III and IV), I was constantly going ‘back and forth’ between empirical observations and theory. A business network approach served as a preliminary analytical framework within which I was able to structure my data collection and interpret the findings. However, over the course of two years (2013-2015), my theoretical understanding developed and changed in the light of discoveries from the empirical fieldwork; at the same time, the new understanding was further explored and this was reflected in the interviews and data collection process. Dubois & Gadde (2002, p. 555) discuss how, this process essentially stems from the fact that “theory cannot be understood without empirical observation and vice versa”. The authors refer to this process as systematic combination.

Moreover, one of the most important characteristics of case research is that it can handle diverse and rich sources of data and the multiple forms of data collection that are required to understand the complexity of the links within and between organizations (Easton, 2010). Besides the advantage of triangulation (Yin, 1994), perhaps the most important feature, from the critical realist point of view, is that multiple sources could also contribute to revealing aspects unknown to the researcher (Dubois & Gadde, 2002). To give just one of the several examples of my research process, the main argument of the first paper in this thesis was formed largely from the insights that I gained from the secondary data. While the interview data showed a weak connection between the case company and the political actors in the Turkish market, it was the insights gained from the secondary data that revealed how the MNCs’ networking strategy was to buffer against political hazards by making use of the connections to the business and civil society actors. In a similar manner, the vast amount of secondary data that are used in the other three papers assisted in gaining an in-depth understanding of the
case companies in their causal contexts. Accordingly, I was able to develop causal explanations and that exposed the generative mechanism (Danermark et al., 2002) that underlies interorganizational relationship developments, i.e. the dialectic mechanism.

However, the claims made with respect to case study research are often attacked on the grounds of lack of generalizability and the issue of sampling (Easton, 2010a, p. 126). Following Easton (2010a) and Piekkari & Welch (2011), the key argument of this thesis is that the inferences stemming from case research should be based upon the ontological and epistemological assumptions of the study. A critical realist case researchers question the assumption of causal homogeneity made by positivist research traditions. Thus, causation is not about the search for event regularities. Instead, it claims that social scientists need to go beyond events to understand the nature of objects, and cause-effect relationships do not consistently produce regularities in an open system. External behaviour of the entities in the empirical domain where events are experienced by observers can be different in different contexts. In other words, the same causal mechanism can produce a variety of outcomes and there might, therefore, be no symmetry between explanation and prediction. Causal explanation relies on understanding the constituent nature of objects (Easton, 1995; Welch et al., 2011, p. 748). This is not causality as a correlation or sequence of positivism, Bhaskar (1978) argues, but it is inherent in the nature of things or objects: gravity makes apples fall from trees, and firms create networks, or downsize (Easton, 1995). Causal explanations are developed not by collecting observations or simply producing rich descriptions of events, but rather by digging beyond the realm of the observable. To ask for the cause of something, then, is to ask “what makes it happen?”, and what “produces”, “generates”, “creates”, or “determines” it? (Sayer 1992, p. 104; cited in Easton, 2010a, p. 122). In this vein, a causal explanation is one that identifies entities and the mechanisms that connect and combine them to cause events to occur.

Generalization from a realist point of view, therefore, concerns the exercise of a “transfactual” mechanism — that is, the mechanisms possess relatively enduring properties and powers that exist whether or not they are actualized at the level of social events (Reed, 2009, p. 60) — but their effects and consequences are highly context dependent and can only be displayed with regard to the object’s specific spatial and temporal context. In other words, a critical realist researcher seeks to generalize in connection with theoretical propositions, rather than about the population (Edwards et al., 2014). In this way, Welch et al., (2011, p.750) argue that what Eisenhardt (e.g. 1989) regards as “idiosyncratic detail” to be removed from the explanation, now becomes part of the causal fabric of an explanatory account. Following this line of argument, this thesis embraces specificity, emphasizing contextualized explanations that are concerned with why and how events are produced.
Process Data: Longitudinal, Varied, and Rich

In light of the discussion above, it can be argued that case research is a particularly strong method for studying the processes that come into play when change is brought about (Easton, 2000; Halinen & Törnroos, 2005). A process is defined here as a sequence of individual and collective events, actions and activities unfolding in context over time (Van de Ven, 1992; Pettigrew, 1997). It takes, however, a number of qualities for processual case research to be able to claim credibility and for generalizability of the findings and the explanations to be valid. The cases should be: intensive and contextualized, encompass a range of levels, be longitudinal, play an explanatory role for both context and action, and offer a holistic explanation by linking analysis between context, action, and outcomes (Pettigrew, 1997; Van de Ven, 2007).

I have attempted to adhere to the above framework as the guideline in conducting my research. This thesis consists of a pilot study and two cases, based on a total of 45 interviews, and supported by a vast amount of archival and secondary data. With the exception of the first paper, which is drawn on the interview data that was collected under a pilot study carried out during the spring of 2012, the papers are built on multilevel real-time and historical/retrospective longitudinal data. In table 1, the papers’ respective aims are presented in terms of the topics and findings. Since the description of the analysis and the construction of theoretical explanations have been elaborately discussed in the previous sections, what follows is a brief elaboration of the temporal and contextual aspects of a process study.

Any realist case research requires judicious imposition of the scope and an understanding of the spatial-temporal contextual conditions under which these conditions do – and do not – operate (Welch et al., 2011). An in-depth and intensive investigation of the phenomenon under study across time and including the entire context is required for this. In the empirical domain, process research focuses on evolving phenomena within the chain of observable events that comprise the phenomenon under investigation (Langley et al., 2013, p. 1). Thus, the procedure involved is one of seeking an explanation why and how events occur over time in the way they do. In this sense, I have considered: the past to determine what has happened and to find out how the relationship has got to its present state; the present to identify what is going on; and the future to assess where the relationship seems to be going. Furthermore, as process scholars assert (e.g. Pettigrew and Van de Ven), a process study has to incorporate agency and action into its analysis; as such another aspect that was considered in detail was action in the form of the questions: what do actors want to do, and when and how do they do this?
<table>
<thead>
<tr>
<th>Topic</th>
<th>Temporal orientation</th>
<th>Unit(s) of analysis</th>
<th>Data</th>
<th>Analytical strategies</th>
<th>Conceptual products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paper I</strong>&lt;br&gt;Networking behavior in the uncertain environments, where political and economic change is frequent.</td>
<td>Retrospective and real time</td>
<td>Firm focal network including both business and non-business actors</td>
<td>Interviews with the focal firm and archival data</td>
<td>Narrative, visual mapping, findings presented based on the main actors involved in the focal actor’s network</td>
<td>How MNCs buffer the market volatility through their connections to the business and civil society organizations.</td>
</tr>
<tr>
<td><strong>Paper II</strong>&lt;br&gt;How firms evaluate and select a target firm to acquire, with focus on the firm’s network features.</td>
<td>Retrospective and real time</td>
<td>Firms focal networks and the dyadic relationships between the two target firms and the acquirer.</td>
<td>Interviews with the acquirer company and the acquired company; Archival data</td>
<td>Narrative, synthetic case comparisons, comparative tables and propositions</td>
<td>The acquirer’s choice of partners not only depends on the features of the target company’s networks as valuable resources, but also on the compatibility of governance mechanisms. Propositions about the effect of networks on decision</td>
</tr>
<tr>
<td><strong>Paper III</strong>&lt;br&gt;How firms manage new opportunities in their international expansions.</td>
<td>Retrospective and real time</td>
<td>Embedded dyadic ties</td>
<td>Interviews with the acquirer company, the acquired company and the customer; Archival data</td>
<td>Narrative, visual mapping, findings presented</td>
<td>Proposed view explains the irregular behaviour such as rapid internationalization and it illustrates the unintended consequences of firm’s purposeful actions through longitudinal analysis of a relationship change</td>
</tr>
<tr>
<td><strong>Paper IV</strong>&lt;br&gt;How and why interorganizational relationships change over time; processual analysis.</td>
<td>Retrospective and real time</td>
<td>Cross-level: Embedded dyadic ties; Episodes of change in the relationship</td>
<td>Interviews with the acquirer company, the acquired company and the customer; Archival data</td>
<td>Narrative, visual mapping, findings presented as case narrative aggregated into 4 episodes of change</td>
<td>Dialectical analysis of changes in a relationship; illustrate a pattern of change based on tensions between actor’s exchange attitude and the counterpart’s expectations. Contextual explanations of change episodes.</td>
</tr>
</tbody>
</table>
The second paper is based on what has been termed a cross-case replication (Langley et al., 2013). This involved consideration of the decision-making process for the pre-acquisition evaluation of two potential acquisition targets by a Swedish company, whereas, the last two papers in this thesis focus on a longitudinal replication (Langley et al., 2013) that relies on a number of temporal observations (four episodes in a relationship between a company and one of its customers). For instance, in the case of Paper IV, the temporal bracketing was constructed as progressions of events and activities. We defined critical events in the Vargön Alloys-Sandvik relationship development process as major or radical changes in the contract between the companies. For instance, we did not consider a modification in the volume or price of a long-term contract, when it was replaced by another long-term contract, the changes needed to be of a more substantial nature to be taken into count. The result was the identification of four main episodes identified by changes in the contract. One of the advantages of this temporal “decomposition” is that it permitted us to analyze how the changing context from previous episodes impacts on subsequent events in current period (Langley, 1999, p. 7).

Furthermore, the successive time periods were combined with an analysis of how the changing context in different periods/episodes affects subsequent events in later periods. In this way, different emergent levels (such as those of the individual, firm, relationship, and network) were incorporated in the analysis. Furthermore, multiple data sources and various perspectives (e.g. all the relevant parties involved in relationships) were used to give opportunities to study different aspects of a particular phenomenon. Järvensivu and Törnroos (2010) point out the important role of capturing multiple perspectives, provided by case research, in the development of theoretical notions on interorganizational relationships, interaction and industrial networks. The point being that the ultimate aim was to attempt to determine how things unfold in a process of relationship change.

Interviews
All in all, close to fifty in-depth interviews were carried out in the chosen alternative setting: in this instance involving different Swedish companies and industrial organizations in Turkey, as well as a Turkish company that was active in both Sweden and Turkey. During my doctoral program, I visited Turkey twice to collect empirical data. The first research trip was in February-March 2012, followed by a second one in November 2013. Given the exploratory and broad nature of my research problem the first challenge was to get access. After contacting about ten Swedish multinationals with operations in Turkey, I managed to book interviews with the managers at ABB, Atlas Copco and Ericsson, as well as YASED, before the first visit.

Even though investigating ABB and Ericsson did not go further than the pilot study, the information I gained from the interviews was primarily in-
tended to lay the ground for further future interviews. For instance, during this period I learned about Turkey’s largest business associations, TUSIAD and MUSIAD, and their affiliation with different political and religious groups, as well as the plurality of the business setting in the country. I used these insights gained both in the interviews with Atlas Copco, and in the subsequent analysis of the data. Similarly, the interviews from the pilot study during the first visit to Turkey were not used explicitly in the thesis, despite the fact that they have been crucial for the research process by widening my understanding of different phenomena.

It was during the interviews with Atlas Copco managers that I found out that the company was finalizing an acquisition of a Turkish company. This was a turning point for my study since acquisitions, as mentioned earlier, are an interesting subject of investigation from both theoretical and empirical standpoints. Given this, I decided to focus my attention and the data collection on the acquisition. Respondents were mainly picked on the basis of recommendations from the top managers, partly based on a “snow ball effect” and partly based on an effort to cover different aspects of the acquisition, including all the parties. It is also worth noting that people at Atlas Copco were most obliging and generous in making themselves available for interviews. Atlas Copco’s site is located about one and a half hours’ drive outside Istanbul (in good traffic). The implication of this was that, while there, I would stay for the entire day, trying to fit in as many interviews as possible.

With the intention of identifying a company with which valid comparisons could be made, I looked for an acquisition made by a Turkish company in Sweden. Fortunately I found Yildirim Group and the acquisition of Vargön Alloys in 2008. So before the second visit to Turkey in 2013, I reached out to the CEO of the metal and mining division and was granted access along with the contact information of managers in Istanbul and the managing director of Vargön Alloys in Sweden. Before leaving for Turkey, I conducted a phone interview with the managing director of Vargön Alloys. The interview was loosely structured, and mainly involved general consideration of the issues related to the acquisition.

During my second visit to Istanbul, I followed up on the acquisition made by Atlas Copco and I had a series of interviews with the managers at Atlas Copco and Ekomak (the acquired company), including a person specially appointed to handle the integration, going by the title of integration manager. In addition, while at Atlas Copco, I was able to interview the managers and other relevant respondents in regard to another acquisition that Atlas Copco was finalizing in Turkey at that time. Furthermore, I conducted interviews with the manager at the Yildirim Group’s headquarters in Istanbul, focusing on the acquisition of Vargön Alloys in Sweden. The final round of data collection was conducted during 2014-2015 in Sweden. In spring 2014 I visited Vargön for a day, to interview nearly all of the people who were important for my study. Follow-up studies were then conducted, whenever needed,
over the phone. It is worthwhile mentioning that the preliminary draft of the last paper was read and commented on by the managing director of Vargön Alloys, Johan Svensson. Later, during the spring of 2015, I also visited Sandviken, home of Sandvik, one of the main customers of Vargön Alloys. At that time, I interviewed a manager responsible for the relationship between Sandvik and Vargön Alloys. This interview provided me with a truly dyadic view of the relationship between the two companies. Table 2 summarizes the distribution of the interviews and some detailed information for the respondents.

Table 2. List of Respondents

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Company</th>
<th>No. of interviews</th>
<th>location</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager – Compressor Technique Business Area</td>
<td>Atlas Copco</td>
<td>2</td>
<td>Turkey/Belgium(Skype)</td>
</tr>
<tr>
<td>Regional Business Manager – Surface Drilling Equipment</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Line Manager – Mining and Rock Excavation Business Area</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>General manager – Industrial Technique Business Area</td>
<td>Atlas Copco</td>
<td>3</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Line manager – Industrial Tools and Assembly Systems</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Acquisitions and Business Development Manager – Industrial Air Division</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Italy (phone)</td>
</tr>
<tr>
<td>Business Services Country Manager</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Line Manager</td>
<td>Desoutter Turkey</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Line Manager – Compressor Technique Service Division</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Integration Manager*</td>
<td>Dost kompresor (Atlas Copco)</td>
<td>2</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Controller*</td>
<td>Dost kompresor (Atlas Copco)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Integration Manager</td>
<td>Ekomak (Atlas Copco)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>General Manager</td>
<td>Ekomak (Atlas Copco)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Controller</td>
<td>Ekomak (Atlas Copco)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Controller*</td>
<td>Ekomak (Atlas Copco)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Business Controller</td>
<td>Atlas Copco</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>General Manager*</td>
<td>Ericsson Turkey</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Enterprise Sales Manager*</td>
<td>Ericsson Turkey</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Government Relations*</td>
<td>Ericsson Turkey</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Trade Commissioner of Turkey*</td>
<td>Exportrådet</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Coordinator</td>
<td>Yased (International Investors)</td>
<td>1</td>
<td>Turkey</td>
</tr>
<tr>
<td>Position</td>
<td>Company</td>
<td>Country</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>--------------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Vice President – Corporate Communications Turkey</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Local Business Unit Manager – Robotics</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>General Counsel &amp; Country Integrity Officer</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Communication Manager</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Country HR Manager</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Vice President – Head of Public Affairs</td>
<td>ABB</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Sales Specialist - Robotics</td>
<td>ABB</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>CEO of Metals &amp; Mining</td>
<td>Yıldırım Group</td>
<td>Turkey (Phone)</td>
<td></td>
</tr>
<tr>
<td>FeCr International Marketing</td>
<td>Eti Krom /</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Yıldırım Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FeCr Sales Manager</td>
<td>Eti Krom /</td>
<td>Turkey</td>
<td></td>
</tr>
<tr>
<td>Managing Director</td>
<td>Vargön Alloys /Yıldırım</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Technical Director / Senior Advisor</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Metallurgist</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Technology Transfer Manager</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Production Manager</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Financial Manager</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Commercial Manager</td>
<td>Vargön Alloys /Yıldirim</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>SMT Purchasing Manager, Direct Material</td>
<td>Sandvik</td>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>45</strong></td>
<td></td>
</tr>
</tbody>
</table>

* All interview have contributed to my understanding of different phenomena, however, some did not appear in the individual papers
In this section, I wish to clarify how the individual papers help me to address the aim of the thesis, namely, to explain the nature and process of interorganizational relationship change under complexity. This overarching aim has been investigated in four individual papers, each making its own individual contribution. Drawing on the findings of the papers and following a process of abductive reasoning, I sought to capture the findings within a wider conceptual framework. As mentioned at the beginning of this summary, plausibility is of course subjective and in the eye of beholder. In doing so, the following question was posed:

How would we develop our understanding of interorganizational relationships change, if more attention was granted to the contradictory nature of relationships?

To address the question, I proposed a tension perspective on relationship change. The perspective is built upon four main facets namely, purposeful actors, interaction process, embeddedness of actors, and relational contradictions upon which I constructed my processual argument of relationship change. The following paragraphs give an account of how each of the individual papers contributes to the construction of this summary.

**Paper I**

*A network view of MNC embeddedness in a politically uncertain market: The case of Turkey*

The first paper brings up two of the central concepts in this thesis namely, change in the context of relationships and the embeddedness of the actors. The paper departs from the point that emerging markets are rapidly gaining importance in the world economy and many multinational corporations (MNCs) are taking advantage of this economic development by expanding their activities to and within these markets. However, the paper challenges the general presumption of the extant literature, which assumes that one can treat the emerging markets uniformly. Instead, it argues that although emerg-
ing economies in general may exhibit similar economic and institutional characteristics, having, for example, underdeveloped market-supporting institutions to foster economic exchange, weak laws and poor enforcement capacity from the formal legal institutions, those markets are heterogeneous. There are, for instance, wide-ranging differences among them in the form of social norms, culture, and even the levels of environmental instability and business risk, which implies that MNCs will behave differently in different markets. The paper, hence, poses the question: in the context of the Turkish market, how do firms’ relationships come about and then change under conditions of socio-political uncertainty arising from frequent and unpredictable exogenous changes.

The study is based on the single case study of ABB, one of the largest engineering companies in the world with operations in around 100 countries. The analysis is conducted by constructing a focal net that includes the most important direct and indirect interorganizational relationships that an MNC identifies as affecting its business in an emerging market. It is argued that the embeddedness of the firm in the network of both business and non-business actors effectively plays the role of an “uncertainty-reduction” mechanism. However, under uncertain circumstances, where political and economic change is frequent, firms may have to negotiate their relationships frequently – building new ties and severing old ones. This is particularly the case for political ties, as Sun, Mellahi, and Thun (2010, p. 1161) assert, “…the value of political networks changes over time and the embedded relationships with political institutions that were valuable at one stage of competition can become a handicap at a later stage. This is particularly crucial in emerging economies because change is their defining feature.”

In this paper, the findings reveal that while the role of political actors in emerging markets should not be neglected, the value of political ties is contingent on the market environment and can change in the face of state policy change. Hence, MNCs tend to buffer the political hazards through their connections to the business and civil society organizations. Consequently, it is suggested that researchers in this field might improve the explanatory power of their models by including consideration of the context that firms are embedded in. Then the focus needs to be shifted towards the interplay between different actors and the indirect impact of network ties along with the direct effects.

Furthermore, the paper highlights the role of alternatives. Previous studies that have investigated MNC’s political embeddedness in emerging markets have mainly focused on the direct ties between the focal firm and political actors. In this stream of research, it is widely believed that political ties are essential in the uncertain political environment of emerging countries. However, the paper argues that in a politically unstable environment, the MNC might exercise alternative approaches, if such exist, in developing its portfolio of ties to avoid the potential risk of association with the political
actors, depending on the contextual features of the host market environment. Therefore, features such as the plurality of political actors and existence of social and industrial actors (e.g., family conglomerates and industrial associations) could affect the firm’s networking behavior.

Paper II

*A network view of the cross-border pre-acquisition evaluation process*

Paper II highlights the notions of the evaluation process and the incremental change of relationships, focusing on the MNC’s networking activities in the context of a cross-border acquisition. It builds on the general findings of the previous paper, illustrating the impact of the plurality on the firm’s networking behavior, providing both opportunity and challenges. Yet, it contributes to the understanding of the relationship development and change by investigating how a target firm’s embeddedness in its local market affects the acquirer’s evaluation of partner in a cross-border acquisition and the subsequent changes in the target firm’s network.

The paper adopts an exploratory case study approach based on the in-depth comparative study of an illustrative case of an evaluation process. The case involves two Turkish compressor manufacturers, one of which was acquired by a Swedish multinational in 2012. The theoretical framework is built upon the two aspects of the firm’s network, namely networks as inimitable resources and networks as governance mechanism. The former highlights the importance of the target firm’s network resources as one of the firm’s distinctive features, whereas, by focusing on the forms and processes through which activities are directed within the target firm’s network, the latter points out the role of interaction processes as the essential mechanisms for coordination between the firms in the network (Johanson & Mattsson, 1987). As such, the emphasis is on the possibility of an acquirer relating effectively to the other entities and thereby coordinating its activities within the network. In this vein, the pre-acquisition evaluation process entails consideration of different potential target firms, the networks in which they are embedded, and the alternatives and choices open to the acquirer to choose the firm with the compatible network features.

The analysis revealed that, in evaluating a target firm, the target’s extended business network can be considered to be a valuable and an inimitable resource. In this vein, the complementarity of the target’s business networks with the acquirer’s goals, in terms of strategic geographic presence as well as the systemic constitution of the network, becomes one of the main determinants in the decision-making process.
More importantly, the study found that the compatibility of the governance mechanisms between the networks of the acquiring and the target firms increases the likelihood of synergetic integration between the two companies and their extended relationships with customers and suppliers. It is illustrated that, thanks to its presence in the Turkish market for over five decades and its access to alternative supplies and customers, Atlas Copco managed to mobilize and combine resources and actors in order to achieve the desired change. Atlas Copco’s well-constituted networks, both in the Turkish market and on a global scale provided the company with viable alternatives with which to manage the contradictory demands. These alternatives allowed Atlas Copco to reconfigure the resource structures in a way that enabled it to benefit from the heterogeneities between the two networks. For example, they only changed the suppliers of Ekomak (the acquired firm) if there was an alternative within the Group with a performance that was at least as good or when cost benefits could be achieved. In other cases, they leveraged the overlapping relationships to attain economies of scale and to increase the overall bargaining power. On the sales side, however, AtlasCopco did not make any significant changes because Ekomak was doing very well before the acquisition. Furthermore, the paper also discusses the important role of the integration manager in achieving the above-mentioned changes, with the fewest unintended consequences.

The paper makes two major contributions. First, it contributes to the extant acquisition literature. Traditionally, acquisition research has been criticized for its overemphasis on economic and financial explanations about the acquisition evaluation process, putting the emphasis on the strategic and cultural fit between the acquirer and the target (Jemison & Sitkin, 1986; Datta, 1991). This paper, however, shows that in evaluating a target firm, the target’s extended business network is considered to be one of the main determinants in the decision-making process. Moreover, the paper puts forward the notion of network as the governance mechanism, whereby it points out the importance of the compatibility of routines and processes through which activities are directed within the networks of the acquirer and the target firm. While a substantive body of research has focused on the role of national and organizational culture in mergers and acquisitions (Datta, 1991; Vermeulen & Barkema, 2001; Björkman, Stahl, & Vaara, 2007; Stahl & Voigt, 2008), the findings show that the national culture as a proxy for synergy realization is insufficient to grasp the heterogeneity inherent in the emerging markets. As the study illustrated, within the same national culture, there might be several business networks with quite different governance attributes. These different attributes, if not compatible, directly affect the ability of the firms to interact with the other members of the network, and, consequently, could undermine the ability of an acquirer to tap into the repository of resources embedded in the network. In particular, it is argued that in conceptualizing
the notion of fit, it is necessary to examine the simultaneous effect of the network aspects, moderated by firm-strategic orientation.

Second, the study contributes to the research on business networks by providing a deeper understanding of the role of firm embeddedness in the larger socio-economic context. Acquisitions have been considered to be one of the main causes of radical changes in a firm’s network of ties, and therefore they clearly fall into the area of interest of network studies (Havila & Salmi, 2000; Öberg, 2008; 2014). Although the social, cultural and political aspects of interaction partners have been recognized in the business and industrial network settings, it is the technological aspect that has been most systematically studied, while the socio-political one has tended to remain unexplored (Håkansson & Waluszewski, 2013). Network researchers already emphasize that sociocultural distance can be modified by the atmosphere of a relationship. In a highly stable or placid market, this may be the case, however, a network view of the acquisition of Ekomak in Turkey illustrates that under the pervasive instability, complexity and heterogeneity, other factors also came into play. In addition to the firms’ “network context”, if one is to understand the firm’s behavior in the pre-acquisition evaluation process, the interplay of the network of relationships with other features of the market, such as those social, cultural, political and religious aspects that are non-economic in content, but have direct effects on the economic actions, should be taken into account.

Paper III

*How does uncertainty impact opportunity development in international markets?*

The paper emphasizes the notions of purposeful actor, opportunity seeking behavior, and conflict in relationships. Focusing on the internationalization driven by the firms’ seeking out new opportunities, the study questions: a) why some opportunities face obstacles or fail despite appropriate motivation; b) how these firms achieve quick internationalization in cases like mergers and acquisitions (Ghauri et al. 2013). Unlike rapid internationalization which stands for the speed in internationalization, quick internationalization entails entrance into a new foreign market with fast extensive resource commitment (i.e. acquisition). This reveals an imbalance and gap between available knowledge and commitment.

Constructed on behaviour theory, the distinctive feature of the internationalization process resides in the view that uncertainty is managed by increasing knowledge gained by experience and network relationships (Johanson & Vahlne 2009). Hadjikhani et al. (2014) assert that in the international
activities of the firms, an imbalance between knowledge and commitment always exists. Thus opportunities entail different types of uncertainty; these surface and are inevitably experienced by the actors as the process of discovery and exploitation unfolds (Kirzner 1973; 1997). While perceiving that a discovery is connected to experiential knowledge (Johanson & Vahlne 2006) and is about recognition of gaps expounded by motives (Jain et al. 2013; Chen & Tan 2012), the process of discovery exploitation holds commitments with insufficient knowledge. As such, this study is based on the presumption that, particularly in terms of quick internationalization, a firm’s behavior not only brings about known uncertainty which the firm has to cope with, but also it introduces a certain amount of unknown uncertainty that imposes complications for the firms’ opportunities to develop. That is to say, while some uncertainties in commitments are known and can be managed by available knowledge; others are unknown and have unintended consequences.

The view discussed above is employed for the analysis of a longitudinal case study of the acquisition of the Swedish firm, Vargön Alloys, by the Turkish corporation Yildirim Group, covering the search for an opportunity in 2008, and its exploitation between 2008 and 2013. The study reveals that the process of the opportunity development in the period 2008-2013 did not proceed as planned following the acquisition. The short-term commitments made to customers and suppliers after the acquisition involved Vargön Alloys losing some of its earlier relationships and becoming unable to attain a certain volume of production and its habitual high quality. These factors created a more severe problem because Vargön Alloys is in the process industry and it is vital to keep production to a certain volume and quality. Ceasing certain commitments to earlier, strongly established relationships and committing to a large number of new weak relationships affected the business. Furthermore, as the company shifted its focus towards the niche products, it was forced to change the production arrangements. Moreover, a misfit in the internal organizational structure of the Vargön Alloys and Yildirim firms gave rise to communication problems, which, when added up to the above-mentioned dilemmas intensified the conflict. Eventually, the situation resulted in the termination of the relationships between Vargön Alloys and all its major customers in 2009.

It is illustrated through several illuminating events that Yildirim Group’s acquisition was mainly based on general knowledge. The behavior opposed the stepwise incremental increase in knowledge and commitment advocated by the IP-model (Johanson & Vahlne 1977; 1990) or specific knowledge gained from the network relationships (Axelsson & Johanson 1992; Håkansson et al. 2000). It concludes that specific knowledge about how Vargön Alloys used to manage its relationship with customers and the specific knowledge required for the production technology and market in a pro-
cess industry (ferrochrome production) were unknown when the acquisition took place in 2008. Such knowledge might have been valuable.

The paper argues that the more heterogeneous the networks in which the firms are embedded, the greater the misfit between them, and therefore the more specific knowledge that will be required for the successful optimization of opportunities (Welch & Welch, 1996). The firm’s deficiency of specific knowledge is inherent in the commitments, which themselves are associated with uncertainties of which the parties were not aware at the time of the acquisition. The result of such ‘unknown’ uncertainties is unowned and uncontrolled, with inevitable unintended consequences. This is exhibited by unpredicted behaviour such as misjudgment of network actors’ behaviour, technological and market shock (Chakrabarti et al. 2011), crisis in the relationship (Bengtson et al. 2013), market crisis (Yeung 2009; Figueira-de-Lemos & Hadjikhani 2014), and even sometimes by the uninformed behaviour of the parties (Forsgren & Hagström 2007). The concept, thus, exposes the difference between the knowledge needed for opportunity development and the knowledge available. The paper therefore contributes to our understanding of the actors’ behaviour and its consequences in the internationalization process by highlighting the role of two types of uncertainty inherent in every business. It further stresses the impact of unknown uncertainties in cases like large-scale and quick commitment in foreign markets. Dividing the known from the unknown enables a deeper understanding of how and why firms behave in a specific way.

Paper IV

On the dialectics of interorganizational relationship development

While paper III emphasizes the role of a purposeful actor in the process of change, this paper offers a dialectical perspective on relationship change, building on the notions of contradictions, revolutionary change and reconstruction of the relationships. That relationships between buyers and sellers change over time seems hardly controversial. However, companies embedded in the contemporary pluralistic international business landscape are faced with the need to change their business relationships to an unprecedented degree. On one hand, global production networks have integrated firms into interdependent structures that blur traditional geographical and organizational boundaries (Dicken, 2015). On the other hand, companies with diverse socio-cultural and economic backgrounds with asymmetric positions in the corresponding networks are brought together (Ghemawat, 2007; Zander, 2011; Madhok & Keyhani, 2012). Zander (2011, p. 279) pictures the new trend towards modernizing and re-globalizing as resulting in “what is ironi-
cally both a more integrated and an increasingly multipolar world.” As a result, the relative stability of the business relationships are constantly perturbed, and are subject to contradictory demands imposed by the actors involved. Business relationships are now dynamic to an unprecedented degree, and we know little about these processes. The purpose of this paper, therefore, is to contribute to the understanding of the underlying forces that bring about changes in interorganizational relationships, and to describe the process through which actors with divergent demands affect the dynamics of such relationships.

The setting is a single in-depth case study which is carried out as a longitudinal investigation of the acquisition of Vargön Alloys by Yıldırım Group and its effects on Vargön Alloy’s customer relationships. We followed the changes in the relationship between the Swedish company and its major customer spurred by the acquisition of the company. We observed several changes in the interorganizational relationship in this case, but when reviewing the extant literature, no satisfactory explanation of these change processes could be found. Therefore, we undertook a problematization approach to literature (Alvesson & Sandberg, 2011). That is to say, while going through the literature and analyzing our data, we were sensitive to the underlying processual assumptions of those studies. We found that, despite the extensive number of theoretical and empirical studies on relationship changes, the over-emphasis of the literature on evolutionary, life-cycle and teleological processes (Van de Ven & Poole, 1995) has left little room for incorporating the contradictory nature of interorganizational relationships into the analysis. This is an important problem, when trying to theorize the plurality inherent in today’s business world. We, thus, chose to pursue our investigation abductively, as an iterative swing between process theories and evidence (Dubois & Gadde, 2002). As a result we suggest that a dialectical process theory best explains the phenomenon at hand.

The dialectical view is chosen particularly because we found the evidence of constant tensions between the two sides of the relationship. The relationship in this sense is understood as an ongoing dialectical tension of its main defining features – temporality, interdependence, and formalization. These tensions were found to be the main driving forces of the change that eventually led to fundamental changes in the relationship. Thus, in investigating the process of change, we attend to the contradictory nature of the interorganizational relationship – the recursive interplay between the actors and the relationship; relationships are as much grounded in actions as they are in structure (Parsons, 1951; Nohria, 1992). The most generic contradiction is that between the ongoing process of relationship construction and the reification of the relationship as structure of resources and established arrangements (Zeitz, 1980; Håkansson & Snehota, 1995).

The study undertakes the analysis in four stages, moving from raw data toward identification of relationship development and understanding of how
change unfolds over time. The paper applies a temporal bracketing approach to structure the data. In longitudinal process studies, the central sample size consideration is the number of temporal events obtained in a change process (Van de Ven, 2007). In doing so, the focus has been on the explicit indications of change in the relationship. Critical events in the Vargön Alloys-Sandvik relationship development process are defined as major or radical changes in the contract. For example, a modification/change in the volume or price of a long-term contract when it was replaced by another long-term contract was not considered as a critical event. As such four main episodes of change in the contract are identified: (1) stable relationships, long term contracts, (2) a new Vargön Alloys, changes in contracts, (3) no business for two years, termination of contracts, and (4) reviving relationships, a new contract. The objectivity of formal contracts and the consensus of both companies about the changes, indicated by period of “no relationship”, signing a “long-term contract”, or “termination” of the contract, increased the reliability of the event coding (Van de Ven, 2007).

The study goes beyond a surface description, to penetrate the logic behind observed temporal progressions. The findings illustrate that while the changes were driven by the actions of individual firms, they are better understood as the outcomes of a dialectical interplay between actions and reactions. The findings suggest that tensions that arise as the result of inherent duality of interorganizational relationships are crucial to understanding their change. We, specifically, demonstrate how bringing these tensions to the foreground of analysis can develop the understanding of the defining characteristics of interorganizational relationships: the long-lasting exchange of idiosyncratic knowledge and resources (temporality), the interdependence between counterparts, and the degree of formalization. We also demonstrate the role of actors’ exchange attitude as the main driver of actors’ behaviors towards their business counterparts. Exchange attitude is defined as a process-oriented account through which actors create, maintain, dissolve and reconstruct their relationships. However, an actor’s exchange attitude can only be understood and analyzed in relation to its counterparts’ expectations—a behavioral manifestation of the structural aspect of the relationship that restrains agents to act in a way that is in their own interest as well as in that of their counterparts. Our findings show how the tensions between actors’ exchange attitude and their counterparts’ behavior shapes their behavior and the subsequent changes in the relationship.

Moreover, we found that actors’ exchange attitudes and expectations changed over time. These shifts were illustrated both on the Vargön Alloys side and on the Sandvik side for instance, through metaphors such as marriage, cheating and resolving interpersonal conflicts. Moreover, in 2012 and 2013, more formally, Yildirim mentioned the renewal of the contract with Sandvik, among other major customers as an improvement of the business in the annual reports. These changes were corresponding to the new relational
arrangements between the two firms. In the case of Vargön Alloy’s and Sandvik’s relationship reconstruction, the fundamental changes in the content and quality were observable in several aspects of the relationship.

Although the case presented here has unique features, the paper suggests that the revealed patterns may also depict other interorganizational relationship development cases, especially those that have gone through radical changes and/or those that are embedded in a plural context. The study revealed a process of unintended consequences and the construction of a novel synthesis. Contradictions embedded in interaction and conflict processes led to possible shifts in both organizational and interorganizational arrangements, which could not be explained by the cumulative teleological explanations. However, the new arrangements eventually sow their own seeds of decay and lead to another shift. The multilevel analysis also revealed that the changes are dependent on a specific configuration of the context in a given time. Furthermore, the study highlights the role of individuals and demonstrates that at times they take on the role of “middle-men” trying to overcome the opposing strategic perspectives.

An important managerial implication concerns the development of an ability to “noticing the poles of tension.” This ability can be the first step in developing skills to overcome the effects that might be perceived as negative from their company’s point of view. An even more important implication, however, is how the visibility of the poles make obvious the interconnections that lead to embracing the ‘both–and’ of the poles rather than to making an ‘either–or’ choice between them (Putnam, 2015). Furthermore, the study treats acquisition as an impulse for change, rather than analyzing the acquisition process itself. However, some of the results may also have valuable implications for future studies on acquisitions. The paper echoes Lander and Kooning (2013) who note the key role of leaders in starting the (merger) process – the manner in which this process takes place has a direct impact on the success of integration. In our case, we could indeed find quite dramatic customer reactions to a new post-acquisition entity, up to the point of ending the business relationships, with a subsequent slow and uncertain recovery period.
Concluding Discussion

This thesis departs from the notion that interorganizational exchange relationships are more complex and unstable than they used to be owing to the increasingly interconnected yet diverse world. Inasmuch as a relationship can be engaged in multiple, and often contradictory, processes as organizations seek multiple goals, I have aimed to generate a theoretical explanation of the changes in the relationships, as they unfold over time. The purpose of this thesis, therefore, has been to understand the nature and process of interorganizational relationship change under such complexities. This general aim guided my investigations in four different papers, each considering different aspects, and making respective contributions. Nonetheless, in this summary I have mapped the contributions of the individual papers within an overarching framework. In these final paragraphs I wish to elaborate on the implication of this view on relationships and on the process of relationship change.

The business network approach provides the foundations of the thesis to hand. The main thrust of a business network approach is to deflect the analysis of market exchange from neo-classic economic argumentation to show instead that in industrial markets exchanges arise in the form of the coordination mechanisms within a system comprised of the activities and resources of the actors (see Snehota, 1990). This view is also shared in this thesis, however, the business network approach has emerged from an empirical notion of stability of industrial market structures. As such, the studies have mainly proceeded with the emphasis on the evolutionary and increamental aspects of relationship change. Relational tensions, which I argue here are the key to understanding interfirm relationships and actors’ behavior under plurality and complexities, linger in the background. In order to understand and explain change, the thesis considers relationships from the point of view of the contradictions in existence, arguing that relationships are amenable to duality and that such a viewpoint reveals relational tensions to be a central, not peripheral, feature of interorganizational relationship dynamics and change.

The findings of this thesis indicate that placing the emphasis on the contradictory nature of relationships contributes to our understanding of the change in interorganizational relationships in a number of ways: (1) change stems from the interplay between opposing tendencies that are continuously produced and reproduced by the actors as a result of multiple routines, con-
flicting demands, and incompatible resource structures stretching among and within relationships; (2) under certain circumstances, the stability of the existing configurations of resources and activities and consequently the power balance might be disturbed (and the possibility of change arises). Such occasions set off a re-evaluation of the existing relationships. The actor whose divergent demands are not sufficiently well met within the arrangements as they stand might act as an agent of change in an attempt to change the established order; (3) depending on the position of the actor at a particular time and space, the actor might engage in a conflictual situation, opposing the dominant order. In this manner, relational crisis is the systematic outcome of relational contradictions. Thus all established relationships sow their own seeds of decay, giving rise to another period of change; and (4) the reconstruction of an alternative, however, depends on the ability of the actor to mobilize the available resources. The new alternative arrangements, whatever they might be, have elements of both the established and the previous ones. In this sense, opposing features not only define the limits of existing relationships, but also contribute to the reconstruction of alternatives by presenting the various possibilities, frameworks and logics. In the remainder of this section I elaborate on these aspects.

The perspective proposed directs attention towards the contradictions, these “contradictions” being continuously produced as a result of diversities and inconsistencies in multilevel interaction processes, providing relationships with a constant source of tensions, and conflicts. In its essence, the dialectical perspective, which we adopt, is about the balance of power between opposing forces. As such, this perspective reminds us that the existing relational arrangements are the dominant ones. Companies in the network compete for domination and control to ensure that their own objectives are achieved (Gadde et al., 2003). While each firm is gaining control of at least one part of its “environment”, it also relinquishes some of its internal control (Anderson, Håkansson, & Johanson, 1994). The dialectical perspective reminds us that the existing relational arrangement is likely to be reconstructed and maintained by the dominant intentions and the aims that are shared throughout the network. This suggests that the likelihood that business actors get engaged in incremental and gradual change is higher than the fundamental and radical relational change (Zeitz, 1980). As such, actors realize relational gains as they gradually deal with the tensions through joint-problem solving and adaptive behavior. In this vein, contradictions set limits on the possibility of change (Håkasson & Snehota, 1995; Abrahamsen et al., 2012).

While the development of relationships is the outcome of ongoing construction of relational arrangements through interaction processes, the relationships carry within them the seed of change and decay of the very same arrangements. For example, by seeking ideal and sustainable outcomes, actors only further raise the tensions within complex relational interdependencies as this behaviour tends to reinforce stability, whereas placing the stress
on change and innovation enables success in the future (Powell, Koput, & Smith-Doerr, 1996; Smith & Lewis, 2011). As mentioned, a relationship is both process and structure at the same time. Relationship change from this perspective is, thus, the outcome of the interplay of contradictory forces within a relationship. As Ford & Ford (1994, p. 763) put it:

Dialectical change [within a relationship], then, is self-movement stemming from the ‘struggle’ between opposing tendencies that start small and gradually build up until they can no longer be maintained in the existing unity and a new unity—the synthesis—is created.

This is not to say that contextual factors do not contribute to the gradual construction of contradictory tensions, but rather it means that external factors do not themselves cause the change in a relationship (Ford & Ford, 1994). Thus, the “contradiction” inherent to the relationship in its united form is intensified, and tensions could surface, triggered by external factors. Although forces outside a relationship, such as changes in the endogenous or exogenous factors, may appear to cause the change (e.g., the change of a key individual in a firm, an acquisition, or a crisis at the industry level), the source of change is the tension generated by the interplay of antagonistic oppositions, between purposeful action and resistance of structure, and between stability and change (Benson, 1977; Ford & Ford, 1994; Van de Ven & Poole, 1995). The findings suggest that under certain circumstances, owing to changes in factors endogenous or exogenous to a relationship, the ongoing stability and the configuration of resources are interrupted. This interruption makes the actors aware of the limitations of the existing arrangements and instigates a re-evaluation of the arrangements, i.e. mundane routines and resources that are structured.

The findings have revealed that the actor whose demands are not met within the existing relationships could turn into a purposeful agent of change. As far as the tension is concerned, neither dialectical nor teleological perspectives, alone can explain the change. Even though an actor’s desires are not met within the existing relationships, revolutionary change might occur only when these opposing demands and interests gain sufficient power to confront and engage the status quo. This confrontation has manifested itself in the form of relational crises. Nevertheless, the direction of the change depends on the ability of the actor pursuing change to mobilize the available resources to exceed the established limits of the relationship and construct a viable alternative. The likelihood of reaching an alternative arrangement depends on the positional power of the (embedded) change agent to select from the available alternatives, mobilize resources and adapt them to achieve the mutual consensus required to reconstruct the relationship. Thus, this thesis contributes to the existing literature by illustrating that while no arrangements are created de novo, the relational crisis arising from
relational contradictions could potentially provide actors with a multiplicity of alternative logics. As such, merging contradictory arrangements may provide actors with new means (power) and ends (goals), leading to a different combination of resources, activities and actors with which to create new options. Although these arrangements might resonate sufficiently with what the actors are familiar with, they could fundamentally shift the composition of the relational arrangements.

In addition to the abovementioned contributions, this thesis also proposes a paradoxical view of the relationship as an additional means of contributing to the understanding and management of change, particularly at the managerial level. The findings illustrate that, when faced with opposing and contradictory demands, actors tend to act defensively. On such occasions, an actor’s future is beholden to its past. In this way, actors are resistant to change. Consequently, this resistance can interrupt their sustained performance because of unintended consequences in the form of severe conflicts or the termination of relationships. This study therefore puts forward more complex strategies for management to engage and cope with tensions, rather than abandon them. Tension does not follow an orderly path; it has a nasty habit of surfacing in multiple and unpredictable directions. In line with the findings of paradox studies (Lewis, 2000; Lewis, Andriopoulos, & Smith, 2014), I argue that managing relationships when the context contains conflicting forces is rooted in paradoxical thinking—complex frame of mind and managerial capabilities that enable actors to attend to and balance unaligned goals across levels. As it was discussed in the cases of Atlas Copco and Vargön Alloys, actors who have the ability to engage in “both/and” thinking, can proactively explore tensions and tap into the potential synergistic power of contradictory goals within relationships. However, this aspect of the relationships, namely actors’ perceptions and mindsets, is little studied in the general business network literature (Corsaro & Snehota, 2012; Medlin & Törnroos, 2015). With this new perspective, the question becomes how the “relationship management capability”, i.e. a firm's competence at handling individual exchange relationships (Möller & Halinen, 1999, p. 419), should be revisited.

In conclusion, if rising plurality and diversity increasingly impose contradictory demands on actors involved in a relationship, then I claim that relational contradictions belong at the forefront of interorganizational relationship studies. Globalization will continue to infuse alternative intellectual and philosophical heritages into our predominantly western (inter)organizational theorizing (Lewis & Smith, 2014, p. 15). This plurality suggests increasing tensions between different, even contradictory, mind-sets, demands and behaviors. While there are no simple solutions to the problem of managing relational tensions in business networks, the ideas explored here on interor-
ganizational relationship change enables new and insightful theoretical and managerial insights by offering alternative assumptions to avoid polarization. The world is becoming more pluralistic and so is exchange; as students of business networks, we need to keep pace.

Limitations and Future Research

Over the course of conducting this study, I encountered a number of opportunities and challenges that I found potentially interesting for a future research agenda. What follows suggests the contours of issues that, as yet, remain relatively unexplored.

In this thesis, I presented a perspective of relationship change in which the tension is of primary concern. The approach provides a basis for further investigation of the contradictory nature of relationships by presenting the main assumptions and identifying the underlying mechanisms of change. In short, it is argued that, given the complexity and plurality of the context, the tensions should be brought to the fore in considerations of the interorganizational relationships and network studies. As such, further studies are needed to systematically identify the fundamental relational tensions and unify the research that has been done in the area of relational tensions, contradictions, and paradoxes. Such ground could provide guidance for network scholars to actively search for the relational tensions and ask several questions such as: What tensions are embedded in the interorganizational relationships and how and why might they (not) be experienced by the actors involved? Other considerations are how different inconsistencies and contradictions are constructed at the different levels (firm, relationship, and network) and how they shape one another. Thus we arrive at another fundamental and insightful research agenda: process theories.

I attempted to problematize the underlying processual assumptions of the extant studies on the relationship dynamics. The thesis offers a novel perspective on the process of change by incorporating two less recognized process theories namely dialectic and teleology (Halinen, 1998; Bizzi & Langley, 2012). In so doing, the insights have also opened up an array of opportunities for future research. Process theories (Van de Ven & Poole, 1995) provide a metatheoretical perspective that can provide the business network research with novel directions. Observed change and development processes in relationships and networks are more complex than any one of the process theories can capture alone. In some cases, there are different process mechanisms or “motors”, the term used by Ven de Ven & Poole (1995), nested in different levels of analysis. For example in this thesis I incorporated the teleological process, which pertains to the actions of individual business actors, while a dialectical motor was nested at the relationship and network levels. In a similar manner, further research can investigate the nested motors at
different levels of analysis (firm, relationship, networks). Moreover, another aspect of processes of change that is emphasized in this thesis is that of timing. The findings indicate that when an interruption occurs in the context, a dialectical motor is activated and often goes against the teleological motor, which in turn causes misalignment between action and structure. Future research could focus on the interplay between different motors of change to further investigate how and under what contextual conditions certain motor(s) could explain the relationship dynamics more effectively.

Another important finding concerns the role of agency and individuals that have proven to be crucial in mediating the change process (e.g. integration managers after acquisitions). Then questions such as how individuals, particularly managers, apply a paradoxical mindset in practice, and how, if at all, actors’ frames of reference/mindset could change with the aim of engaging diverse demands across relationships and the network simultaneously, should be considered. This view could help to analyze how the managers’ activities in and in relation to relationships contribute to the relationship development and the dynamics.

Finally, there are a number of methodological issues surrounding process research that need further consideration. Our understanding of business network dynamics would benefit from placing a greater emphasis on studies of a longitudinal character in real time, which is a method that has been particularly designed to grasp the process nature of relationships (see Van de Ven, 2007 for more discussion about the process research design). To avoid a common propensity for empirical studies to simply reproduce empirical descriptions without necessarily adding important new theoretical insight, such studies could benefit greatly from event-based research design. For instance, an empirical focus on project-based organizations or acquisitions as critical events, with a specific starting point, could sharpen the potential for developing theoretical insights. Such settings are particularly fruitful for applying process theories because, as discussed above, a critical event may help to observe certain processes as they become activated, but might be difficult for researchers to observe.


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