Attractiveness in Business-to-Business Markets

Conceptual Development and Empirical Investigation

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Abstract

The University of Manchester
Zsófia Tóth
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Attractiveness in Business-to-Business Markets
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Attractiveness matters in business markets, because firms do not dedicate resources equally to all partners. Instead they invest more resources in partners with higher relational attractiveness. Firms need to become attractive in order to gain access to more resources or to be able to work with more skilled or reputable partners. This dissertation studies the construct of relational attractiveness of the customer (RAC), defined as the attractiveness of a business relationship with a particular customer in the eyes of the supplier. The research also investigates corporate online references (COR), because gaining powerful referrals is one of the driving forces behind creating attractiveness in business markets. The study is a three-stage research project drawing on an empirical investigation comprising two focus groups, 79 interviews, a survey of 107 suppliers and online referral data from 1002 companies. These studies investigate the conditions and configurations leading to high or low relational attractiveness, and the motivational conditions and structure of a specific corporate online referral network.

Bearing in mind that attractiveness exists in the eyes of the beholder, Study I resolves the previously unclarified problem of how attractiveness can be achieved in different ways. Social Exchange Theory helps to identify conditions of RAC: Trust, Dependency, Financial, Non-Financial Rewards and Costs. In Study II conditions of Trust and Dependency are further developed into Relational Fit and the Comparison Level of Alternatives that address the mutuality and network perspectives of relationship development. The time perspective is introduced to the configurational analysis of RAC through the Maturity condition. As it is revealed in Study I and II, Nonfinancial Rewards are important in creating attractiveness and one of their essential forms is referrals that are addressed in more detail in Study III.

This PhD research takes a configurational approach to attractiveness and explores different causal recipes in order to reach the same outcome. In order to investigate the relational complexity of attractiveness, fuzzy set Qualitative Comparative Analysis (fsQCA) is applied throughout the three studies combined with some other methods, such as content analysis and Social Network Analysis (SNA). QCA is a data analytic strategy that combines within-case analysis and formalised cross-case studies in order to identify multiple configurations leading to the same outcome. Hence, QCA deals more efficiently with the equifinality of complex business problems compared with traditional data analysis methods. Equifinality means that there are various ways in the causal system of achieving the desired outcome.

QCA is sufficient in handling methodological challenges such as multi-causality (an outcome of interest rarely has a single cause), interrelatedness (causes are usually not independent of one another) and asymmetry (a specific cause may have different effects on the outcome
depending on the context). By challenging existing knowledge, the results show that there is no one best way to achieve relational attractiveness. It is achievable even if Trust and Financial Rewards are not present. Very high RAC was typically achieved in less mature relationships. During the initiation of referral relationships in the case of COR, the expected increase in the initiators’ attractiveness in the eyes of potential future partners also plays a vital role. The generalizability of the findings has some limitations, especially regarding the qualitative study where the results are appropriate to falsify some theories (for example, the primary importance of Financial Rewards) but their impact is more related to theoretical development than to statistical generalizability.
Declaration

I, Zsófia Tóth, declare that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university of other institute of learning. For the co-authored publications included in the thesis, I am the leading author, being responsible for designing and conducting the research as well as writing up the studies, under the supervision of my co-authors.
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Chapter I

Introduction
Chapter I: Introduction

This thesis is about organizational attractiveness in a business-to-business context. It is presented in a paper-based format, i.e. it builds on three studies. The first two studies focus on the relational attractiveness of the customer (RAC), examining how the customer firm can achieve attractiveness from the perspective of the supplier. The third study looks at Corporate Online References (logos, testimonials, case studies) between partner firms as an important business marketing communication tool to make a company more attractive to prospective partners. Despite its managerial importance, attractiveness is a relatively over-looked concept in marketing, especially in business-to-business marketing. The company needs to become and stay attractive enough, in order to gain relationship-specific investments from its partner (Mortensen et al., 2008). These investments can be, for example, time, the allocation of more experienced human resources, and monetary investments for mutual development projects. Attractiveness has a context-specific nature and belongs to the eyes of the beholder (Ellegaard & Ritter, 2006) that implies that typically there is no one best way to achieve it. Based on Tóth et al. (2015) attractiveness in an inter-organizational context can be defined as an attitude towards the partner firm, which incorporates previous experiences and future expectations with them; therefore attractiveness incentivizes the focal firm to maintain and/or to improve an existing business relationship with the partner by making relationship-specific investments. More specifically RAC is the attitude of the supplier towards the customer firm in maintaining and/or improving an existing business relationship.

This research takes a configurational approach using fuzzy set Qualitative Comparative Analysis (fsQCA), combined with content analysis of qualitative
interviews and Social Network Analysis (SNA). The need for comparative theoretical development had been there before, but business researchers started using this methodological tool only recently (Rihoux, 2006). Synergies are obtained from the combination of fsQCA and other methods as well as the aggregation of theoretical knowledge, especially through exploring configurations. This proved to be a powerful tool in falsifying existing theories and contributing to theory-building (Goertz & Mahoney, 2005).

The common thread between the three studies that are building blocks of this PhD research is attractiveness. Both Study I and Study II focus on the relational attractiveness of the customer: the first is a more quantitative investigation of RAC that continues with a more in-depth qualitative second study looking at the some new conditions and developing the previous configurations. Study II paves the way to study referrals in the context of attractiveness in Study III, because some of the interviews in Study II shed light on the importance of getting good references in business relationship development. For example, even when the supplier does not expect major financial rewards from a customer, if the customer can provide good references to potential future customers or if the collaboration can be used as a powerful success story to gain new customers in a specific sector, these aspects can make the relationship with the particular customer attractive. Referrals, including online referrals, play a vital role in creating attractiveness as part of the Non-Financial Rewards condition.

This introductory chapter sets the background and motivation for this PhD research, showing some important gaps and challenges to be addressed in the three studies and an overview on methodology and data collection in the context of the PhD journey. The three studies are presented in separate chapters that include their own literature
review, research design, data collection and analysis. The final chapter is the Conclusions that besides outlining the main findings of the three studies, provides more information on the epistemological positioning of this PhD research.

1.1. Research Background and Motivation

Besides the significance of attractiveness in business relationship initiations and maintenance (Mortensen, 2012), one of the important motivations for choosing this topic at a personal level was that I found additional inspiration for my research through arts and aesthetics. Attractiveness in arts, when approached phenomenologically, shares common characteristics with attractiveness in business relationships. This I found particularly stimulating. Umberto Eco in the History of Beauty (2004) provides a detailed overview on how the concepts of beauty change over time and in different cultural contexts. Objects perceived as beautiful or glamorous are seen through adoring eyes and trigger the desire to possess them (Eco, 2014). According to Eco, attractiveness is often, but not always, equal to physical beauty, however qualities of the soul and social aspects also play a role. For example, an average looking powerful and wealthy emperor can be perceived as very attractive. Ugliness does not necessary lead to repulsiveness: an unpleasant-looking but amicable person or their artistic representation is not repulsive. It can be said that beauty has some standards, such as a beautiful nose is neither too short nor too long. Similarly, symmetry and a well-proportioned body are among these standards. In some contexts, a cadaverous, pale look is seen as beautiful but in other contexts, being curvy and tanned contribute to the person’s overall beauty. To be attractive, however, one does not need to possess all the qualities of ‘beauty’, that is, positive
personality traits, power and wealth; but a combination of these. This immersion in fine arts taught me about the power and the nature of attractiveness. The power of attractiveness largely relies on its ability in capturing attention that can be the time and intellectual efforts of the observer, as well as the social and monetary resources invested into owning the subject. By triggering the intention to possess, the subject of attractiveness (or its owner) increases its power in relation to the one who wishes to own it. The nature of attractiveness is such that attractiveness is in the eyes of the beholder, and as the examples show it is inherently asymmetrical, multi-causal, equifinal, and contextual (Tóth et al., 2015). The major difference between attractiveness in business and art is that while the relationship between a work of art and its observer is one-sided, (i.e. the object cannot change itself), firms within business markets are construing attractiveness through their interactions with one another. Thus, for a firm, developing a contextual understanding of how to become attractive in the eyes of the partner, along with the ability to adapt to this at a strategic level, can constitute a source to achieve and sustain competitive advantage (Schiele et al., 2012).

There are various disciplines contributing to this contextual understanding of attractiveness. It is an undoubtedly multidisciplinary area of interest: psychological studies on the perception of physical attractiveness (Berscheid & Walster, 1974; Eagly et al., 1991; Singh, 1993), on interpersonal relationship development (Aronson & Linder, 1965) and on rewarding-punishing behaviors (Sigall & Ostrove, 1975; Lerner, 1965); sociology on attractiveness and social status (Frevert & Walker, 2014); and management research analyse the phenomenon from different angles. In management studies organizational attractiveness to prospective employees (Lievens & Highhouse, 2003; Turban & Greening, 1997), attractiveness and competitiveness
of tourist destinations (Cracolici & Nijkamp, 2009); attractiveness of salespeople and their performance (Tyagi, 1985; Reingen & Kernan, 1993) and attractiveness of product design (Eckman & Wagner, 1994) are popular research topics.

In business research attractiveness is investigated mainly either as supplier attractiveness (Olsen & Ellram, 1997, Park et al., 2010) or as customer attractiveness (Schiele et al., 2012; Hald, 2012). Occasionally it is investigated in the form of partner attractiveness or by taking a broader approach, as market attractiveness (Piercy & Morgan, 1993, Wilson & Baack, 2012). Despite both the customer’s and the supplier’s attractiveness being relevant to developing business relationships, the empirical investigation of the supplier’s perspective (i.e. the attractiveness of the customer) became a field of increasing interest only relatively recently (e.g. Ellegaard & Ritter, 2006; Hald et al., 2009). Manifestations of attractiveness in a business network context had also been understudied which may stem from low levels of conceptualization (Hald, 2012).

1.2. Key Gaps in Literature and Research Questions

There is an emerging discussion in the literature on the attractiveness of the customer firm, to which this PhD research contributes. Ellegaard et al. (2003) examine attractiveness as one of the firm’s relational management tools for both suppliers and customers. Mortensen et al. (2008) emphasise that attractiveness mobilizes the resources and stimulates investment initiatives. However, as Christiansen and Maltz (2002) outline, the supplier’s view is relatively under-researched compared to the customer’s view (Bensaou 1999, Gadde and Snehota 2000, Olsen and Ellram 1997). This PhD research addresses this issue and identifies four main areas where the attractiveness of the customer plays a particularly important role: partner selection;
low volume customers; innovation context and knowledge-sharing; and crisis situations.

First, finding the right business partners with whom the supplier can achieve a good match is always a challenge. Wilkinson et al. (2005) go as far as comparing the customer selection process to sexual selection, by introducing the term ‘business mating’. Business mating is driven by similarity, a mental picture of the ideal partner, and attractiveness. Therefore a customer needs to be attractive enough to draw the interest of suppliers.

Secondly, even if a selection process had been successful, customers still need to stay attractive. In cases of lower purchasing volumes, Christiansen and Maltz (2002) identify some problems that particularly small and medium-size customers face. For example, gaining the attention of the supplier may be critically important to their survival, especially if there are only a few suppliers in their particular market. As Christiansen and Maltz note, these low-volume customers need to find alternative ways to become attractive as their volume of purchase is not what makes them attractive: “We cannot be a large customer, so we must find ways to be an interesting customer” (p. 178). Håkansson & Snehota (1995) illustrate how SMEs with low purchase volume as well as less established customers can struggle with similar attractiveness-related issues: “Ten years earlier, when the company was relatively new, the managing director […], had tried to arrange custom-made deliveries from a number of sawmills. [He] believes that this did not succeed because the company was too small and new in the market to attract suppliers.” (p. 83)

Thirdly, attractiveness can be particularly interesting in an innovation and/or knowledge-sharing context. Walter et al. (2001) declare that besides profit and the
volume of business (direct functions), there are also other functions, for example innovation development and knowledge-sharing (indirect functions) where the supplier’s decision is particularly influential. Likewise Schiele et al. (2010) emphasise the role of customer attractiveness in an innovation context, whereby customers need to be attractive to suppliers to get access to external sources of technology in order to gain a competitive advantage.

Finally, a crisis can have a multiplicative effect within the supply chain. For example, Schiele (2012) refers to the tsunami in Japan in 2011 where numerous customer companies experienced a situation in which their suppliers could deliver only to a limited number of customers, and that they may or may not have been members of this group of customers. Therefore, the attractiveness of the customer can play the role of a relational insurance when it comes to such unexpected situations.

As demonstrated by the highlighted studies, the importance of the supplier’s perception on attractiveness is relevant both at a theoretical as well as managerial level. Most of these research projects take a rather descriptive approach, achieving a more in-depth understanding of the phenomenon, however, without the intention to achieve a comprehensive systematic analysis on how attractiveness can be achieved in different contexts. Following the suggestions of LaPlaca (2014) on calling for more ‘How?’ questions instead of restricting the research scope to the ‘What?’ question, this research project addresses the gap of a configurational approach on attractiveness. In the case of the first two studies, the core question is how the customer firm can achieve attractiveness from the supplier’s point of view, and in the third study how a firm (independently from being a customer or supplier) can increase its attractiveness by using Corporate Online References.
The conceptual development in the first two studies is relational in nature, i.e. instead of talking only about ‘customer attractiveness’, the term ‘relational attractiveness of the customer’ is introduced that incorporates both organizational as well as relational characteristics, widening the perspective on attractiveness (Tóth et al., 2015). The relational attractiveness of the customer is defined as the attitude of the supplier towards the customer firm in order to maintain and/or to improve an existing business relationship. The third study introduces a conceptual framework for Corporate Online References, positioning it as a form of referrals in a business context and showing its importance in increasing the focal firm’s attractiveness. The figure below shows the main research questions and how the three studies build on each other in the PhD research program.

![Figure 1 The PhD Research Program](image)

Besides the conceptual development of RAC, the first and the second studies explore configurations leading to RAC and the absence of RAC, with the second developing some of the conditions of RAC further. The second study identifies the role of referrals under the Non-Financial Rewards condition of RAC; the third study elaborates on this and studies referrals through the case of Corporate Online References. The common thread among the three studies is organizational attractiveness: in the first and second studies it is investigated at a relationship level,
from the supplier’s perspective; in the third study the relationship level is combined with the network perspective through the examination of the referral network.

1.3. Research Design

The research design provides an overview of the applied research methods, especially fsQCA, its core characteristics and the advantages of using it for the three studies. All studies have their own research design sections – this description focuses on the common characteristics among these designs and provides an outline of core terms needed for the following chapters.

1.3.1. Research Methods

The common methodological characteristic between the studies is that all of them take a configurational approach. This important decision for the research program is driven by the theoretical consideration that attractiveness is equifinal in nature, i.e. it can be achieved through different configurations of conditions (Ragin, 2000). In order to incorporate this causal diversity into the analysis and to provide answers not only to what attractiveness is about, but how it can be achieved (LaPlaca, 2014), fsQCA was applied. This method uses Boolean algebra to implement principles of comparison. The essence of a configurational approach is that an outcome can be produced by different causal recipes of combined causes (Ragin, 2008).

FsQCA provides a bird’s eye view on the causal mechanisms of the studied cases (Rihoux & Lobe, 2009). As the research design of the three studies shows, fsQCA can be complementary with other methods: in Study II with content analysis and in Study III with Social Network Analysis.
1.3.2. Brief Overview on the Applications of QCA

QCA can be regarded as a data analytic strategy (Ragin, 2000) – a holistic strategy that can handle causal complexity in a systematic manner (Kent, 2005). Ragin (2008) describes it also as a ‘synthetic strategy’ which is an alternative between the more traditional qualitative and quantitative approaches. QCA is based on a set-theoretic approach (Ordanini and Maglio, 2009) and although there is an on-going discussion about the ‘ideal’ number of cases, it is applicable for a small to medium number of cases (Rihoux, 2006) as well as large N cases (Fiss, 2011).

There are various different types of QCA techniques. For example, crisp-set QCA (csQCA), multi-value QCA (mvQCA) and fuzzy-set QCA (fsQCA). In csQCA binary data (1 or 0) are used to express the presence or absence of a condition. Although the dichotomization of the data is numerical, the distinction itself is more qualitative in nature. MvQCA uses different values, for example 0/1/2 to describe low, medium or high membership levels. In the case of fsQCA, membership levels vary between 0 and 1 (where 1 = full membership, 0 = full non-membership). The figure below shows some differences and overlaps between different QCA techniques.
Rihoux (2006) points out that dichotomous QCA can be appropriate when addressing small-N situations, i.e. less than 30–40 cases, and a key emphasis is laid on case-based knowledge. However, Schneider and Wagemann (2012) criticize crisp-sets, as social phenomena are seldom dichotomous. For example, it is possible but not common that a relationship can be characterised by complete trust or complete distrust; it is more often in between the two extremes. Conversely, fuzzy sets are more frequently used for larger-N situations – therefore challenging the conventional linear causation (Fiss, 2011; Leischnig & Henneberg, 2013). However, fuzzy sets are appropriate for the analysis of small and medium N data (Ragin, 2009). MvQCA is positioned in the middle ground between crisp sets and fuzzy sets; it was found to be powerful in medium-N situations (Rihoux, 2006). Herrmann and Cronqvist (2005) suggest using these three techniques in different research situations, considering the size of the data set and the need to preserve richness of information.
information. The reason why all three studies use fuzzy sets instead of other types of QCA is the intention to preserve the richness of data that otherwise would not have been possible due to the limited number of categories.

1.3.3. Important Terms and Practices for QCA

The intrinsic logic of QCA is based on Boolean algebra; through Boolean minimization complex expressions of complexity can be reduced into a more parsimonious expression, i.e. a short explanation of a certain phenomenon. Wagemann and Schneider (2010) point out that complex causality, the basic assumption of QCA, indicates that the causal relation is *equifinal, conjectural* and *asymmetric*. Equifinality is defined by Katz and Kahn (1978) as the state where a system can reach the same outcome from different initial conditions and through a number of different paths. The conjunctural aspect of QCA assumes that each path usually consists of a combination of different conditions (although single conditions are also possible) (Ragin, 2008). The asymmetrical nature of QCA allows us to explore different conditions leading to the same outcome (for example, both condition A and condition B can lead to outcome C), whereas in a symmetrical logic only condition A can lead to outcome C, and condition B might weaken or strengthen the correlation between the two (Ragin, 2008). Therefore outlier cases can contribute to the QCA analysis, they do not need to be eliminated, different from linear regression or Structural Equation Modelling where outliers are eliminated.

Calibration is key to QCA: this is the process when set membership scores are assigned to cases (Woodside and Zhang, 2012). These values are not linear measures, but they represent meaningful qualities. For example, when applying a four-value fuzzy set, is a specific customer relationship ‘fully in’, ‘more in than out’,
‘more out than in’ or ‘fully out’ in the set of ‘trusting business relationships’. The set membership values result from calibrating original scores into fuzzy set scores and express ‘truth value’, not probabilities (Ragin, 2008). Fuzzy set values range between 0.00 and 1.00 indicating the degree of membership of the case in each condition (Woodside and Zhang, 2012). Three breakpoints need to be defined: threshold for full membership, threshold for full non-membership and the cross-over point (Woodside and Zhang, 2012).

The empirical information of the cases specified through the calibration process is represented in the truth table. The rows stand for the $2^k$ logically possible combinations and are linked to the outcome. Rows are classified as being sufficient or not sufficient to the outcome (or maybe logical reminders). With Boolean algebra the truth table is comprised into different configurations, and identifies necessary and sufficient conditions.

Different underlying causal regularities can be identified: the necessity condition is always present when the outcome is present. The outcome is only present when the sufficient condition is present (Berg-Schlosser et al., 2008). There are also conditions (or combinations) that are neither necessary nor sufficient. Researchers using QCA need to make careful decisions about the threshold levels, considering theoretical aspects and previous empirical research (Rihoux, 2006).

Some further important terms for the analysis are consistency and coverage. As Hsu et al. (2012) describe, ‘consistency’ refers to estimating whether a given configuration of conditions is sufficient for an outcome to occur by assessing the degree to which one set (for example, high scores on a complex antecedent condition) is contained within another (for example, high scores on a given outcome.
condition). Normally a consistency score needs to be .75 or higher to be substantial, and only after a consistent subset of the outcome is established is it reasonable to calculate the coverage scores. The authors explain that while consistency scores are distinct to QCA, they are similar to a Pearson r coefficient in statistical analysis. According to Ragin (2008) and Rihoux and Ragin (2009) `coverage` refers to estimating the empirical relevance of a consistent subset (similar to the `variance explained`, $R^2$, in statistical analysis.

1.3.4. QCA and Other Methods

Rihoux (2006) draws attention to the potential to combine QCA with other methods, for example social network analysis (Yamasaki & Spreitzer, 2006), or regression (Ragin & Rihoux, 2004). For the latter, Leischnig and Henneberg (2013) draw upon the combination of structural equation modelling and QCA. Firstly, the authors suggest selecting the variables and to develop a model – at this first step structural equation modelling, regression and various different methods could be applied. The number of variables, however, should be selected carefully, because fsQCA can handle only a limited number of variables (conditions). Secondly, the authors suggest doing the measurement and the calibration of causal conditions as well as the outcome. In this case the researchers investigate whether a particular case is in-set or out-set, i.e. a member of a group or not. Thirdly, configurations should be analysed and also their impact on the outcome should be considered – here, the fsQCA software provides different solutions for reducing complexity, for example parsimonious and intermediate solutions. Finally, the evaluation and the interpretation of solutions should be carried out, where the sense-making process should refer back to previous research. The comparison between the results of QCA and especially regression analysis can be fruitful, because although regression is not
capable of producing configurations, it shows the influence of one variable (condition) on the outcome.

Combining QCA with Social Network Analysis is discussed less in the methodological literature – Study III aims to contribute to this field. It has great potential, as Social Network Analysis explores relational complexities, similar to QCA (Bellotti, 2014). A handful of empirical investigations exist in political science, but to the best to my knowledge, not yet in business research (Cárdenas, 2012; Fischer, 2011; Magetti, 2009; Stevenson & Greenberg, 2000; Yamasaki & Spreitzer, 2006).

1.4. Data Collection

The sampling of the three studies follows a non-probability logic as QCA, contrary to assumptions of linear causal models, such as linear regression and structural equation modelling, does not require a statistically representative large sample (Ragin, 2008). A purposeful sampling technique is applied (Ragin & Becker, 1992) that considers the question of ‘what a particular case is a case of’. In this respect, the purpose is to uncover particular characteristics in the universe of cases (Denzin & Lincoln, 2000). For example, both attractive and not attractive customer cases were needed. The guidelines of Ragin (2000) are incorporated in the identified principles for the sampling that represent different levels of theoretical considerations: there are company- and manager-related aspects. The companies in the sample should operate on a market that is not monopolistic, as attractiveness does not normally play a significant role in making decisions about maintaining business relationships where alternatives are not available. The managers in the sample had to meet the selection
criteria of working in a senior position on the supplier side for more than two years and have sufficient knowledge about the customer firm. The later implies normally that the manager had direct contact with the customer and was in a decision making role on how the relationship develops. This is aligned with the key informant approach outlined by Phillips (1981).

Data were collected through different data collection methods. The empirical part of the first study is based upon two focus groups, twelve semi-structured in-depth interviews with managers and a survey with 107 senior managers on the supplier side. An additional five interviews were conducted to understand the opinions of managers about the results.

The second study is based on 28 in-depth semi-structured managerial interviews on the supplier side. Similar to Study I, an additional five post-study interviews were conducted with managers already interviewed in the first round, in order to understand the managerial interpretations of the results of the study (especially the configurations).

The third study has an exploratory phase of 12 in-depth managerial interviews, followed by referral data about 1 002 companies and 17 telephone interviews that were more structured and shorter than in the exploratory phase. The Table 1 shows the summary of the data collected for this PhD thesis.
Altogether 2 focus groups (one of them with 6, the other with 8 participants) and 79 interviews were conducted, along with the collection of 107 responses from the surveys and network data based on the referrals from 1002 company websites.

<table>
<thead>
<tr>
<th></th>
<th>Focus groups</th>
<th>In-depth interviews</th>
<th>Post-study interviews</th>
<th>Structured telephone interviews</th>
<th>Survey</th>
<th>Network data on referrals</th>
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</thead>
<tbody>
<tr>
<td>Study I</td>
<td>2</td>
<td>12</td>
<td>5</td>
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<td>107</td>
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<tr>
<td>Study II</td>
<td>23</td>
<td>5</td>
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<tr>
<td>Study III</td>
<td>12</td>
<td>17</td>
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<td>1002</td>
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<td>Sum</td>
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<td>52</td>
<td>10</td>
<td>17</td>
<td>107</td>
<td>1002</td>
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</tbody>
</table>

*Table 1 Data sources for the PhD research*

1.5. Overview of Dissertation

In the following three sub-sections the abstract and authorship details are outlined. The contribution of the PhD candidate is also discussed, demonstrating the responsibilities of the lead author in designing the research, collecting the data, conducting the analysis and the write-up.

1.5.1. Understanding Configurations of Relational Attractiveness of the Customer Firm Using Fuzzy Set QCA

Abstract from the article: This study introduces the concept of relational attractiveness of the customer (RAC) which is defined as the attitude of the supplier towards the customer firm in order to maintain and/or to improve an existing
business relationship. Social Exchange Theory explains relational exchanges in business markets and provides a configurational logic for RAC. Based on an empirical investigation of the RAC perception of 107 senior managers from supplier companies, this study explores conditions of relational customer attractiveness, including financial and non-financial benefits, costs, trust and dependency. Using a fuzzy set qualitative comparative analysis (fsQCA), the study uncovers different configurations of these conditions that lead to high or low relational customer attractiveness. The results show that financial benefits are present in all configurations leading to high relational customer attractiveness, but other conditions also need to be present.

**Keywords:** customer attractiveness, relational attractiveness, relationship development, Qualitative Comparative Analysis (QCA), fuzzy sets

**Authorship:** Zsófia Tóth\textsuperscript{a}, Christoph Thiesbrummel\textsuperscript{b}, Stephan Henneberg\textsuperscript{c}, Peter Naudé\textsuperscript{d}

\textsuperscript{a, d: University of Manchester, United Kingdom}

\textsuperscript{b: University of Paderborn, Germany}

\textsuperscript{c: Queen Mary University of London, United Kingdom}

**Contribution of PhD Candidate:** This study had been supervised by Professors Stephan Henneberg and Peter Naudé, with contributions by Christoph Thiesbrummel. The development of the theoretical model, research design, data collection (focus groups, interviews and survey data) and the analysis as well as the literature review and write-up were carried out primarily by the PhD candidate. Appropriate guidance was provided by the supervisors with limited involvement of
the fourth collaborator. One of the supervisors helped to get the contact details of the managers interviewed for the exploratory part of the study.

Note: This study has been published in the Journal of Business Research (ABS 3*, impact factor 1.306). Reference: ‘Tóth, Z., Thiesbrummel, C., Henneberg, S. C., & Naudé, P. (2015). Understanding configurations of relational attractiveness of the customer firm using fuzzy set QCA. Journal of Business Research, 68(3), 723-734.’ It is also available online: doi:10.1016/j.jbusres.2014.07.010. Previously parts of the study were presented at the IMP Conference 2013 in Atlanta, United States and at the BMM (Business Marketing Management) Conference 2013 in Bamberg, Germany. The questionnaire was sent to 617 suppliers and resulted in a database of 107 responses.

1.5.2. Making the ‘Qualitative’ in fuzzy set Qualitative Comparative Analysis Work: The Example of Relational Attractiveness of the Customer

Abstract from the article: This paper studies the relational attractiveness of the customer (RAC) and explores ways in which the customer can achieve attractiveness in the eyes of the supplier. We show how fuzzy set Qualitative Comparative Analysis (fsQCA) is capable of dealing with the methodological challenges posed by complex business phenomena such as RAC. This method is especially useful in addressing causal complexity, that is the interaction between different drivers (conditions) leading to attractiveness. It also helps to answer the question as to whether alternative solutions (different configurations of conditions) can lead to attractiveness, and considers the asymmetrical nature of the attractiveness phenomenon. Despite the originally qualitative nature of fsQCA, it has primarily
been applied to the analysis of large quantitative datasets in business research. This study offers a step-by-step approach to carry out fsQCA on qualitative data, based on the analysis of 28 in-depth interviews with senior managers on the supplier side. The study offers a Membership Evaluation Template (MET) that is useful to assign fuzzy set values to conditions identified in qualitative data. This research also incorporates aspects of RAC previously not analyzed in configurations such as relationship characteristics (Relational Fit), the network context (Comparison Level of Alternatives) as well as the time dimension (Maturity of Relationship).

**Keywords:** relational attractiveness, customer attractiveness, fuzzy set QCA, qualitative data analysis, Membership Evaluation Template

**Authorship:** Zsófia Tóth\textsuperscript{a}, Stephan Henneberg\textsuperscript{b}, Peter Naudé\textsuperscript{c}

\textsuperscript{a} and \textsuperscript{c}: University of Manchester, United Kingdom

\textsuperscript{b}: Queen Mary University of London, United Kingdom

**Contribution of PhD Candidate:** This study has been supervised by Professors Stephan Henneberg and Peter Naudé. The literature review, research design, data collection and analysis were carried out by the PhD candidate with appropriate guidance from the supervisors.

**Note:** The study has been submitted to the Industrial Marketing Management (IMM) Journal (ABS 3\textsuperscript{☆}, impact factor 1.93). Currently it is under review for the IMM Special Issue on ‘Methodological Pluralism for Theory Development in Industrial Marketing’. Previously it was presented at the IMP Conference in Bordeaux, France, 2014.
1.5.3. Exploring Corporate Online References in Referral Marketing using Social Network Analysis and fuzzy set Qualitative Comparative Analysis

Abstract from the article: This study introduces Corporate Online Referencing as an important aspect of referral marketing. Three types of online referrals are studied: logos, case studies and testimonials from partners that appear on corporate websites. These online referrals are (mostly) initiated by the focal firm (Identifier) that publishes them on their website. The provider of the reference (Identified), by allowing the publishing of the collaboration information, makes themselves available for third party enquiries. Therefore, Corporate Online Referencing is a source of stimulating Word-of-Mouth in a business context.

The study takes the Relational View of the Firm: referrals are considered as jointly created resources where the Identified provides a resource endowment to the partner. The questions of how such referrals are created and how they represent inherent parts of a referral network, are empirically investigated. Following a more exploratory qualitative phase, to examine the referral network, Social Network Analysis is applied. To gain a better understanding of the relational complexity of how Corporate Online References are created, additionally a fuzzy set Qualitative Comparative Analysis is undertaken.

Corporate Online References have the potential to contribute to the focal firm’s competitive advantage through resource mobilization. It was found that Identifiers create referrals through different configurations of conditions, such as improving reputation, building partner portfolios, the perceived replaceability of the partner, and attracting new partners. Reciprocity is not immediate between the two parties and if improperly done, Corporate Online References can negatively affect the
Identifier’s attractiveness. Corporate Online References can form a network that is a sub-type of referral networks.

**Keywords:** corporate online reference, referral marketing, referral network, fuzzy set QCA, Social Network Analysis, Word-of-Mouth

**Authorship:** Zsófia Tóth\textsuperscript{a}, Stephan Henneberg\textsuperscript{b}, Peter Naudé\textsuperscript{c}

\textsuperscript{a} and \textsuperscript{c}: University of Manchester, United Kingdom
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**Contribution of PhD Candidate:** The research design, data collection (face-to-face interviews, telephone interviews and network data), analysis and write-up have been carried out by the PhD candidate. Appropriate supervision was provided by the other two authors.

**Note:** The study is being submitted to the Industrial Marketing Management (IMM) Journal (ABS 3*, impact factor 1.93) in January 2015. Previously it was presented at the ISBM (International Studies on Business Markets) Conference 2014 in San Francisco, United States.

The term `case study` in Study III refers to the short business cases (success stories) cases uploaded on corporate websites and not to academic research case studies.

### 1.6. PhD Timeline

The research design, data collection, analysis and write-up for all three studies were carried out and completed over the course of the PhD programme. The first semester of the PhD programme was dedicated exclusively to the methods training, including
qualitative and quantitative methods workshops and courses on epistemology and literature review writing. Some of these courses took place during the 2\textsuperscript{nd} year and the first semester of the 3\textsuperscript{rd} year.

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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<tr>
<td>Q3 2011</td>
<td>Q4 2011</td>
<td>Q1 2012</td>
<td>Q2 2012</td>
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<tr>
<td>Study I</td>
<td>Study Design</td>
<td>Data Collection</td>
<td>Analysis</td>
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<td>Write-up</td>
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<td>Study II</td>
<td>Study Design</td>
<td>Data Collection</td>
<td>Analysis</td>
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<td>Write-up</td>
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<td>Write-up</td>
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</table>

Table 2 Timetable of the three PhD studies

The work on this PhD thesis started in the beginning of the 2\textsuperscript{nd} semester. The most intense period in terms of data collection was the 2\textsuperscript{nd} year and the 1\textsuperscript{st} semester of the 3\textsuperscript{rd} year. The major part of the analysis was carried out between the end of the 2\textsuperscript{nd} and 3\textsuperscript{rd} years. Whereas Study I was already completed in the 3\textsuperscript{rd} year, Study II and III were mostly written up in the 4\textsuperscript{th} year.

1.7. Thesis Format and Structure

This thesis follows an alternative layout, which allows chapters to be written up in a suitable format for publication in peer-reviewed academic journals. Therefore this thesis includes three studies, one of which has already been published in the Journal of Business Research. The second study is under review in the Industrial Marketing Management Journal. The third study is to be submitted to the Industrial Marketing Management Journal too. Each study has its own literature review, research design, methodology, analysis, results, conclusions and references. The empirical
investigation of the three studies is carried out on three separate databases. The alternative format for this thesis is formally approved by the Postgraduate Research Office.
References


Wagemann, C., & Schneider, C. Q. (2010). Qualitative comparative analysis (QCA) and fuzzy sets: Agenda for a research approach and a data analysis technique. *Comparative Sociology, 9*, 376-396.


Chapter II

Understanding Configurations of Relational Attractiveness of the Customer

Firm Using fuzzy set QCA
Understanding configurations of relational attractiveness of the customer firm using fuzzy set QCA

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Qualitative comparative analysis (QCA)
Fuzzy sets

A B S T R A C T

This study introduces the concept of relational attractiveness of the customer (RAC) which is defined as the attitude of the supplier towards the customer firm in order to maintain and/or to improve an existing business relationship. Social Exchange Theory explains relational exchanges in business markets and provides a configurational logic for RAC. Based on an empirical investigation of the RAC perception of senior managers from 617 supplier companies, this study explores conditions of relational customer attractiveness, including financial and non-financial benefits, costs, trust and dependency. Using a fuzzy set qualitative comparative analysis (fsQCA), the study uncovers different configurations of these conditions that lead to high or low relational customer attractiveness. The results show that financial benefits are present in all configurations leading to high relational customer attractiveness, but other conditions also need to be present.

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1. Introduction

The purpose of this study is to gain a better understanding of the conditions for relational attractiveness of business customers (RAC). Suppliers work with customer firms that are small and large, local and international, profitable and less profitable, and not every customer is equally valuable or equally attractive to a supplier with regard to future interactions (Blosi, 2004; Schneider, Schulze-Bentrop, & Paunescu, 2010). The supplier’s intentions regarding further interactions or relationships, that is, strengthening bonds, are related to different levels of attractiveness, hence their investment in relational resources differs for different customers (Backhaus & Büschken, 1999; Kim & Mahoney, 2006). Working with attractive customers and forging deeper relationships with them are important for a supplier because it can increase the future potential of their business by, for example, getting access to new markets (Christiansen & Maltz, 2002), undergoing knowledge transfer (Hald, Cordinón, & Vollmann, 2009), working on innovative solutions collaboratively (Ramsay & Wagner, 2009), or by achieving higher growth rates (Fiocca, 1982).

The attractiveness of a business partner from the supplier’s point of view has been discussed as customer attractiveness (CA) in extant literature (for example, Ellegaard & Ritter, 2006; Mortensen, Freytag, & Aribjørn, 2008; Schiele, Veldman, & Hüttig, 2010). However, such considerations do not incorporate the relational nature of attractiveness. While CA is about the supplier’s next interaction with the customer company, RAC relates to investing in future exchanges with a customer by forging a new relationship or strengthening an existing one. RAC is focused on the attractiveness of the relationship with a particular customer, thereby implying a relational context, which has been shown to be important in business markets (Berry, 1983).

Some authors see attractiveness as a function of value creation (Barringer & Harrison, 2000; Walter, Ramsay, 2005; Walter, Ritter, & Gemünden, 2001), others as the quality of arousing interest (Kettunen, Aminoff, Kortelainen, & Tanskanen, 2009; Mortensen & Freytag, 2010). Biggeman and Buttle (2012) identify four dimensions of relationship value (personal, financial, knowledge and strategic value). However, attractiveness as a concept is different to such value considerations because it explains why a company decides to maintain or strengthen a particular business relationship in the future, beyond the traditional cost/benefit analysis of current value.

A more relevant matter is whether attractiveness is conceptualized as a force of social integration which exists naturally (Harris, O’Malley, & Patterson, 2003; Homburg, Scheider, & Fassnacht, 2003), or as an organizational resource to influence partners, in other words, as a strategic approach (Ellegaard, Johansen, & Drejer, 2003). The present study focuses on attractiveness as an organizational resource to manage business relationships in a relational mode (Cox, 1999) shaped and offered by one relational partner, and perceived by the other.
In order to conceptualize and analyze the conditions of RAC, this study uses Social Exchange Theory (SET) as a theoretical underpinning that reflects the logic of relationship development driven by combinations of different factors such as costs and rewards (for example, Cromptanzo & Mitchell, 2005; Lambe, Wittmann, & Spekman, 2001; Narasimhan, Nair, Griffith, Aribjorn, & Bendoly, 2009). In 1975, Blau identified the social structure as a configuration of social relations and positions and later Cook and Whitmeyer (1992) elaborated on this idea by describing the configurational approach of SET. Thus, SET implies a configurational logic, different combinations of conditions for RAC, which traditional statistical variable based techniques, such as regression or structural equation modeling, cannot capture (Ragin, 2008; Woodside, 2013). This configurational logic provides a justification for choosing fsQCA as the research method for understanding RAC. Other non-traditional techniques, such as conjoint analysis, aim to determine how respondents value different features (Naudé & Butter, 2000; Wind, 1978; Wittink & Cattin, 1989). However, this study uses fsQCA because it can explore the interplay of conditions for achieving RAC rather than show the value of each condition contributing to RAC.

This research contributes, first, by proposing a relational conceptualization of customer attractiveness given that the further conceptual development has been encouraged (for example, Ellegaard, 2012). Secondly, based on empirical data, it identifies different configurations of conditions leading to RAC which extends the view of how RAC can be achieved through different configurations. Thirdly, our findings provide guidance for practitioners with regard to the management of attractiveness as a resource that is a part of the development of business relationships (Bonner, Daekwan, & Cavusgil, 2005; Gulati, 1998). This is important because the configurations show that not only is there is one best way to achieve attractiveness, but that different relational aspects interact with each other to create RAC.

2. The concept of customer attractiveness

2.1. Current research on customer attractiveness

While a plethora of research in business marketing addresses the attractiveness of the supplier company, the issue of business customer attractiveness beyond the obvious financial benefits (like for example, the resource generation function; Zaeffarian, Hennepberg, & Naudé, 2011) has only been discussed recently in the literature (Cordón & Vollmann, 2008; Ellegaard & Ritter, 2006; Hald et al., 2009; Mortensen et al., 2008; Schiele, Calvi, & Gibbert, 2012). Olsen and Ellram (1997) identify relative supplier attractiveness as an important aspect of the success of the business relationship. Thus, as a part of a relational portfolio strategy, customer firms need to evaluate the relative supplier attractiveness and target certain supplier relationships and develop action plans to allocate resources accordingly (Turnbull & Zolkiewski, 1997). The drivers of supplier attractiveness are linked to financial and economic factors, performance and technological factors, as well as organizational, cultural, and strategic factors (Olsen & Ellram, 1997).

Hald et al. (2009) examine the differences between supplier and customer attractiveness and consider expected value, trust and dependence from the perspective of both partners as leading to attractiveness. Their study shows that there are differences in how expected value and partner attractiveness is perceived within the relationship dyad: cost reduction, time compression and innovation are more important from the customer’s perspective (related to supplier attractiveness), while for the supplier the balance of price, volume and growth potential are of more importance (related to customer attractiveness).

Studies on relationship quality investigate a number of different relational bonds such as trust, commitment and satisfaction (Crosby, Evans, & Cowles, 1990; Morgan & Hunt, 1994; Walter, Müller, Helfert, & Ritter, 2003) and other relational bonds to describe overall relationship quality (Johanson & Vahlne, 1990; Langerak, 2001). Attraction can be regarded as a relational bond (Halinen, 1997) and therefore elaborating on RAC has the potential to inform the current relationship quality literature within this specific domain. The review of relevant literature reveals the importance of Customer Relationship Management (CRM) from an RAC perspective, especially with reference to customer lifetime value (CLV) and customer portfolio management. CLV applies similar cost–benefit considerations (Berger & Nasr, 1998; Dwyer, 1997) to the suggested SET framework for RAC. Nonetheless, relational conditions such as trust and dependency which are relevant to RAC, are latent in CLV (Lee, Lee, & Feick, 2006). Customer portfolio management (Johnson & Selnes, 2004; Olsen & Ellram, 1997) adds a contextual element to strategy development by investigating exchange relationship mechanisms in a dynamic competitive setting. The decisions about individual customers as well as the portfolio are influenced by their attractiveness (Fiocca, 1982).

However, overall the literature acknowledges the limited conceptual clarity about attractiveness issues, especially those relating to customer attractiveness (Ellegaard & Ritter, 2006). The present study takes these calls for conceptual clarification and methodological innovation as the starting point and in order to address these issues and explore the supplier’s perspective as part of business relationships, we introduce the concept of the relational attractiveness of the customer (RAC). RAC relies upon the concept of customer attractiveness but elaborates on it further by focusing on relational aspects.

2.2. Consequences of customer attractiveness

One of the most powerful consequences of the perceived attractiveness of a customer firm concerns the supplier’s decision on the relational consequences, which is the extent to which the supplier intends to make relationship-specific investments in the business relationship (Bensoua, 1999; Dyer & Singh, 1998). Ellegaard et al. (2003) posit that increased customer attractiveness has a positive effect on the supplier’s intention to make idiosyncratic investments in a particular business relationship, as continued commitment to the relationship results from perceptions of attractiveness. Mortensen and Freytag (2010) consider the positive effect of customer attractiveness as the supplier intends to do more business with an attractive customer firm. Schiele, Calvi, and Gibbert (2012) hypothesize a causal relationship between customer attractiveness, supplier satisfaction, and preferred customer status.

According to Cordon and Vollmann (2002), attractive customer firms receive superior human resources from the supplier as part of their commitment to the business relationship. Mortensen et al. (2008) as well as Kettunen et al. (2009) note the positive impact of increased levels of customer attractiveness on performance and loyalty. Furthermore, Ramsay and Wagner (2009) report that suppliers are more willing to accept the customer’s price suggestion in cases of higher customer attractiveness. Ellegaard and Ritter (2006) also mention the possible increased mobilization of resources for process improvements and potential technology transfers. Unattractive customers are expected to receive negative relational responses. For example, Ramsay (2005) shows that powerful and arrogant customers who treat the suppliers’ salespeople inappropriately are unlikely to be favored. Thus, the literature outlines predominantly ‘relational’ future consequences of customer attractiveness, which Ellegaard (2012) summarizes under the concept of ‘flexible reciprocation’.

2.3. Antecedents of customer attractiveness

While some initial discussions about antecedents of customer attractiveness exist in the literature, a gap in the literature regarding contextual examination of different drivers and their interplay, have been noted (La Rocca, Caruana, & Snehota, 2012; Harris et al. 2003) identify three major groups of drivers of firm attractiveness related to concepts of assimilation and accommodation: economic attractiveness, resource based attractiveness, and socially based attractiveness. Ramsay (1994)
examines customer and supplier attractiveness by positing purchasing power (of customer firms) and selling power (of supplier firms) as a driver construct. Power is defined as the capacity of the company to produce intended changes in the partner's purchase or offering specification that creates a closer match between the two companies' specifications while increasing the partner's costs, without increasing the costs to the focal company. Thus, between business partners, power and dependence are generally considered to be important constructs for understanding customer attractiveness. Similarly, Hüttlinger, Schiele, and Veldman (2012) identify five main groups of antecedents of customer attractiveness: market growth factors (for example size, market share, growth rate), risk factors (risk sharing, standardization of product, political risk, market stability), technological factors (the customer's ability to cope with changes, depth of skills, knowledge transfer), economic factors (margins, price/volume, capacity utilization) and social factors (familiarity, tight personal relations or information exchange).

Ramsay and Wagner (2009) relate customer attractiveness to supplier value considerations by describing different aspects of what makes the customer attractive encapsulating the customer's value to the supplier. Based on previous literature, the authors identify eight main sources of supplier value: finance (for example overall profit, revenue elements, cost elements, sales volume); efficiency (supplier learning opportunities, appropriately trained staff); overall trading relations and communication (good inter-organizational staff relations, contact stability, long term interactions, joint teams); ethical behavior (fairness and trustworthiness); risk and uncertainty (risk sharing, demand stability, dependence and power); technology (customer-led innovation and supplier-led innovation support); market linkages (market access, institutional access, market information); and corporate image (reputation).

In line with such value discussions, La Rocca et al. (2012) posit four factors of customer attractiveness: development potential; intimacy; relational fit; and profitability. However, although La Rocca et al. (2012) identify only the factor of development potential which represents a future orientation, this study posits customer attractiveness as a future-oriented holistic concept, thereby delineating attractiveness from the value concept that is more current-state oriented.

A number of antecedents of attraction are identified in SET. First, trust is thought to be an important social factor representing a lack of opportunistic behavior (Young-Ybarra & Wiersema, 1999); and refers to faith in expectations (Lewis & Weigert, 1985). Secondly, dependency also plays an important role: those companies possessing more attractive alternatives are regarded as being less dependent on others (Emerson, 1969). Finally, rewards and costs are core elements of SET with rewards being seen as desired physical objects, psychological pleasure or social gains, or in a business context, divided into financial and non-financial rewards (Bagozzi, 1974). Costs are associated with unpleasant experiences or psychological or social punishments (Bagozzi, 1974). People, and companies, intend to want to maximize rewards and minimize costs in the long run (Emerson, 1969).

The literature on antecedents lists a number of potential conditions leading to the attractiveness of the customer. These conditions can be grouped into different factors (Hüttlinger et al., 2012), such as market growth, risk, technological, economic and social factors, and a coherent theoretical framework of using SET by applying a cost–benefit analysis is suggested first by Schiele, Veldman, Hüttinger, and Pulles (2012).

3. Conceptualization of relational attractiveness of the customer (RAC)

3.1. Social Exchange Theory (SET) as a theoretical framework for RAC

SET is the primary theory informing our research on customer attractiveness, in line with Nollet, Rebollole, and Popel (2012) and Schiele, Veldman, Hüttinger, and Pulles (2012). Due to its explanatory power regarding norms of exchange, resources exchanged, and characteristics of the relationships that emerge, it is one of the most influential conceptual paradigms in inter-organizational research (Anderson, Håkansson, & Johanson, 1994; Cropanzano & Mitchell, 2005; Palmatier, 2007). Although views on exchanges vary, researchers mostly agree that social, as well as inter-organizational exchange, involves rewards, costs and reciprocity within a complex environment where exchange relationships are embedded and creates an interactive net of (inter)dependencies (Standford, 2008; Turnbull, Ford, & Cunningham, 1996).

This question of interdependent exchanges between companies plays a significant role in the IMP Group literature (Håkansson & Ford, 2002; Johansson & Mattson, 1988; Ritter, 2000).

The core idea of SET is that social behavior is the result of an exchange process between at least two actors. The purpose of social exchange is to maximize benefits and minimize costs for a focal actor: actors weigh potential benefits and the costs/risks of social relationships. When costs or risks outweigh rewards, people will terminate or abandon the exchange relationship.

In SET, attractiveness is of interest when initiating, continuing, or deepening such relationships and it commits actors to each other for future exchanges (Blau, 1964; Ellegaard et al., 2003; Thibaut & Kelley, 1959). Lambe et al. (2001) point out that SET can also be used to describe business exchange governance and draw attention to Kelley and Thibaut’s (1978) observation that the exchange partners weigh their economic outcomes through the lens of both past and anticipated future interactions, as well as for accruing social benefits, such as trust. Concepts such as the comparison of existing exchange benefits with that of alternatives are used to explain exchanges in SET (Thibaut & Kelley, 1959).

In this context, Schiele, Veldman, Hüttinger, and Pulles (2012) demonstrate the application of SET to the examination of customer attractiveness and posit that in SET, it is implicit that the perception of partner attraction is based on beliefs and expectations about the future by both parties. Mortensen et al. (2008) and Ellegaard and Ritter (2006) also apply SET to investigate attractiveness at a business-to-business level. In this context, Blau (1975, 1987) draws attention to the configurational nature of SET, arguing that it is not individual aspects (such as financial benefits) that lead to an outcome (such as attractiveness), but an amalgamation of different drivers into constellations, and thus the interaction of the drivers is important. As such, SET provides a rigorous conceptual foundation for our configurational analysis.

3.2. The construct of RAC

The focal construct of RAC builds to some extent on the presented existing research on CA. However, CA focuses partially on the organizational characteristics of the customer, for example size (Fiocca, 1982) or technological factors (Ramsay & Wagner, 2009), as well as existing exchange characteristics such as price and volume (Hald et al., 2009). Corresponding with Dwyer, Schurr, and Oh (1987), Agustin and Singh (2005), Garbarino and Johnson (1999) and Gao, Sirgy, and Bird (2005) who have distinguished between transactional and relational types of exchange, transactional (TAC) and relational (RAC) attractiveness of the customer can be differentiated. TAC and RAC show different characteristics regarding relational complexity and time orientation. First, RAC is more future-oriented (which is necessary for making relationship-specific investments), whereas TAC focuses more on the present exchange. Secondly, the relational complexity of TAC is rather limited to cost–benefit considerations, while RAC incorporates relational aspects like trust, dependency and non-financial benefits. Ellegaard and Ritter (2006) state that attractiveness is perceived by the partner (in the case of RAC by the supplier), and thus, relates to the ‘eye of the beholder’. However, the customer company can make efforts in order to increase (or decrease) its perceived attractiveness in particular business relationships (Schiele, Calvi, & Gibbert, 2012). While RAC is difficult to influence, the customer firm can, for example, allocate more knowledgeable managers to work with a particular supplier, or show trust-inducing behaviors in order to increase its relational attractiveness. RAC is thus postulated to incorporate such contextually important aspects which can be
managed by the customer firm. In this respect RAC is context-specific as well as future-oriented in nature. In this context Mortensen and Arlbjorn (2008, p. 160) state: “to be attractive, the buying company needs to understand and create value for the suppliers and, moreover, observe this in a relational context influenced by future expectations of the suppliers”.

Baker and Churchill (1977) also describe attractiveness as an attitude that plays an important role both at a personal as well as organizational level as shown by Sagie and Koslowsky (1994). In this context, Rokeach (1968) raised attention to the limitations of linear cause and effect thinking in research on attitudes. The author argued that several beliefs may be organized together to form a single attitude focused on a specific objection or situation and therefore he seeks to go beyond linear consistency theories to articulate systematically all the combinations of elements or subsystems of elements that can conceivably be brought into relation with one another. The cognitive organization of attitude systems represents different types of patterns, which in this study is investigated by applying configurational logic as opposed to linear regression-based structure. Although attitudes can be investigated at an organizational level, this study focuses on the managerial perspective. If we accept that attractiveness relates to perceptions (Ellegaard & Ritter, 2006), the ‘rater entity’ (Rosziter, 2002) is in this case a senior manager at the supplier side.

Based on these considerations, the construct of RAC is defined for the purpose of our study as the supplier’s attitude towards the customer firm. Based on the attitude definition of Fishbein and Ajzen (1975, 2005), an attitude RAC is a behavioral intention predicting whether the actor (manager or company) will perform a particular behavior or act (to make relationship-specific investments). RAC encapsulates previous experiences and future expectations with the customer; therefore RAC incentivizes the supplier to maintain and/or improve an existing business relationship. In order to specify the dimensions of attitude, Eagly and Chaiken (1993, p. 1) define it as a “psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor”. The authors propose the ‘ABC model of attitudes’, namely affective component (feelings/emotions), behavioral component and cognitive component (believes or knowledge about object). The expectation that the person’s behavior will be consistent with the attitudes they hold is called the ‘principle of consistency’.

4. Research design

A two-phased method is chosen for the empirical study (Van Rekom, Jacobs, & Verlegh, 2006; Van Rekom, Verlegh, & Slokkers, 2009) which integrates a qualitative and a quantitative phase where the quantitative phase is informed by prior qualitative understanding. The rationale for this research strategy relates first to the need to understand how managers conceptualize RAC in different contexts (via interviews and focus groups in Phase 1), and secondly, towards building a configurational model of the conditions leading to RAC. This configurational model is then used in a quantitative empirical analysis using fuzzy set QCA (in Phase 2).

4.1. Phase 1: concept operationalization tests

4.1.1. Focus group and interview-based concept test

Two focus groups were undertaken to gain an initial contextual understanding about the supplier’s and the customer’s perspective on RAC, and whether managers find it more managerially relevant to understand RAC for existing or potential new business relationships. In addition to the SET framework, the results informed the elaboration of the survey instrument by identifying important dimensions for the evaluation of attractiveness. The two focus group discussions were moderated by two researchers and lasted 2 h each. There were six participants in the first group and eight in the second. Participants were managers who had at least three years relevant experience in business-to-business markets, eight of them on the supplier management side, and six on the customer management side. Discussions were transcribed and coded as part of a content analysis via the qualitative software package NVivo (Krippendorff, 2004; Miles & Huberman, 1994). The results indicate a focus on the relational attractiveness of the customer in existing business relationships as the more managerially relevant issue. Initial findings were then juxtaposed with the theory on relational attractiveness and several dimensions of RAC were extracted.

The Profit-Seeking Motive related to RAC was very clearly articulated in the focus groups but did not constitute an exclusive condition. Participants stated: “Core of the business is to make money...” and “What makes a customer more attractive than another? Obviously the profit we can make from them, as well as the resources we require, with regard to manpower and whether they have offices where our company exists”.

Dependency plays a role too: “Sometimes too big customers are overwhelming. There are only a few companies like this, but we try to avoid them. Sometimes I’d prefer two buyers in some specific cases than having one big one.”

Another dimension is Future Prospects: “Hidden benefits for the future might be important, like we could connect to other companies through them...” or “We might lose future work if we don’t consider a potentially important buyer.”

The Trust Dimension at an Interpersonal Level also played an important role: “In my case it was the personal relationship which made the relationship more attractive. We tried to keep that connection all the time”. The reputation of the partner company is mentioned several times too, mainly expressed as a Non-financial Benefit alongside (or sometimes instead of) financial profit.

The focus group interviews helped to operationalize how RAC is understood in managerial practice. It is noteworthy that depending on cultural differences, the role of inter-personal trust tends to be more significant in some cases, for example to managers doing business with customer firms in certain countries (in the case of the focus groups, Saudi-Arabia and India were mentioned) where interpersonal trust played a more significant role in the business culture.

In a further step of Phase 1, face-to-face interviews with 12 managers provided further detailed information about RAC and its dimensions. A semi-structured interview guide was used and the interviews were audio-taped and transcribed. The interviews consisted of two main parts: the first part was aimed at focusing on practical examples and experiences of the respondents relevant to RAC, and the second part was testing an initial questionnaire using measurement models for different RAC dimensions that were most prevalent in the literature as well as in the focus groups. The respondents were chosen based on their relevant experience with management of business customer relationships, and were all working in senior positions (for example, VP sales, VP business intelligence). They were asked to choose a particular business customer to think about when answering the RAC questions. Each interview lasted between 30 and 90 min. The respondents were asked about issues such as the length of the relationship, the customer’s share in their business activities, the role of interpersonal relationships and critical incidents in the relationship. There were also questions about the initial and present attractiveness of the partner, what was or is not attractive for the focal firm with regard to their customer in the chosen case, and whether they have any future plans for the development of the relationship with this particular customer, and why? The respondents usually chose the customer with whom they had the most frequent relationship or the most attractive customer; however, in some cases the least attractive customer company was chosen.

Based on content analyses (Corley & Gioia, 2004), the dimensions of RAC found in the interview data are similar to the ones discussed in the focus group as well as those derived from the RAC conceptualization based on social psychology (especially attitudes), SET and CA literature. Accordingly, some changes were made in the questionnaire prior to the quantitative data collection to resolve contradictions and further clarify the different conditions of RAC. For example, the condition of trust was
changed to include aspects of interpersonal as well as inter-organizational trust (Seppänen, Blomqvist, & Sundqvist, 2007; Zaheer, McEvily, & Perrone, 1998).

4.1.2. Measurement operationalization

All items related to the outcome (RAC) and the conditions (RAC antecedents) were measured on a 7-point Likert scale (1 = strongly disagree to 7 = strongly agree). As the outcome of interest, that is RAC, is neither well defined nor conceptualized in business literature (Ellegaard & Ritter, 2006; Mortensen, 2012), social psychology literature (Churchill, 1977; Eagly & Chaiken, 1993) as well as focus groups and in-depth interviews (see Phase 1) are employed to gain a fine-grained view of the phenomenon of interest. Based on the ABC model of attitudes (Eagly & Chaiken, 1993) and the qualitative insights, RAC is operationalized using three sub-dimensions: first, Future Profitability/Performance draws on three items (Lusch & Brown, 1996; Palmatier, Dant, & Grewal, 2007); referring to the expected profit margins as well as financial returns of a particular customer (scale reliability as measured by Cronbach’s α = 0.87). This dimension represents the cognitive part of RAC as an attribute. Secondly, for Future Customer Intimacy, operationalized with three items (La Rocca et al., 2012), respondents indicated the intentions to invest more time and deepen the relationship with a customer company (α = 0.74). This dimension stands for the cognitive part of RAC. Finally, we measure Future Relationship Intensity, referring to the development of the interpersonal relationship with a customer, with four items (La Rocca et al., 2012) (α = 0.83). This dimension represents the affective part of RAC.

Moreover, five causal conditions of RAC are identified based on SET: trust (Mølø, Takahashi, & Peterson, 2000; Cook & Rice, 2003); dependency (Emerson, 1969; Cook & Rice, 2003); benefits/rewards and costs (Blau, 1964; Emerson, 1969; Thibaut & Kelley, 1959). The understanding of each condition is informed by reviewing the literature and the semi-structured managerial interviews which helped to identify different dimensions for each condition. Standardized items are chosen accordingly with some amendments based on contextual requirements and the managerial feedback on the prototype of the questionnaire.

Trust was measured with five items (α = 0.91) from Zaheer et al. (1998). As interpersonal as well as inter-organizational trust are parts of the construct, both the trust placed between individuals of collaborating firms and the mutual trust between firms are considered — such as the trustworthiness of the customer firm, or its negotiation fairness. To capture Dependency, this study adapts three items (α = 0.88) from previous empirical studies (Ganesan, 1994; Jap & Ganesan, 2000). More specifically, dependency measures the degree to which a firm relies on its customer, for example in terms of the difficulty to replace a particular customer. Consistent with prior research (for example Mortensen, 2012), our qualitative study also identified financial and economic factors as major drivers of attractiveness. Therefore, Financial Benefits was measured with three items (α = 0.75) adapted from the studies of O’Sullivan and Abela (2007) as well as Avlonitis, Papastathopoulou, and Gounaris (2001). The original scales were modified to consider the present financial performance (for example sales objectives, profits) of a single customer firm. To assess the presence of current Non-financial Benefits three items (α = 0.76) were used relating to knowledge, strategic and reputation benefits of the customer, adapted from Naudé, Holland, and Sudbury (2000) and Zhou, Wu, and Luo (2007). Costs were operationalized referring to the direct costs of the business relationship with a customer as well as the investments made, using a three item scale (α = 0.81) based on the work of Selnes and Sallis (2003) and Songailiene, Winkhoffer, and McKechnie (2011).

The validity of the constructs was assessed through confirmatory factor analysis (CFA). Due to the limited sample size (n = 107; see Phase 2) and the suggested ratio of sample size to the number of estimated parameters of at least 5:1 (Shook, Ketcher, Hult, & Kacmar, 2004), two separate CFAs were run (for example, Ordanini & Parasuraman, 2011): (1) one with the five conditions trust, dependency, financial benefits, non-financial benefits, and costs, and (2) the other with the three sub-dimensions of the outcome construct of RAC (customer intimacy, relationship intensity, and performance). The results, summarized in Table 1, show satisfactory overall model fit statistics for both models: (1) $\chi^2(\text{df} = 106) = 169.71, p < 0.01; \text{CFI} = 0.93; \text{TLI} = 0.91; \text{RMSEA} = 0.075$ and (2) $\chi^2(\text{df} = 25) = 37.93, p < 0.05; \text{CFI} = 0.97; \text{TLI} = 0.95; \text{RMSEA} = 0.070$. For each latent construct average variance extracted (AVE) and composite reliability (CR) indicate good convergent validity. Finally, the directions of Fornell and Larcker (1981) were followed to assess discriminant validity of the constructs. In support of discriminant validity, it was found that the AVEs exceed the squared correlation between all pairs of constructs.

4.2. Phase 2: Empirical Configuration Analysis

4.2.1. Data collection and sample size

Based on the theoretical framework (SET) and informed by the focus groups and interviews, a questionnaire-based quantitative empirical research design was used to understand configurations of conditions associated with RAC. Data for the empirical study were collected from a population of 617 managers, based on a proprietary international database of business customer managers in both service and manufacturing companies. The sampling universe is the MBA alumni ‘population’ of a leading business school in the UK. The selected alumni all work in senior managerial positions and have international managerial experience. To make sure that the respondents have a suitable managerial profile, a short description explained the type of research and the profile of the targeted respondents before the questionnaire and filter questions were included, asking about the type of job, seniority level and years of experience of the managers. A personalized e-mail with a link to an online survey was sent out on January 2013. Each respondent received a cover letter asking them to choose a particular customer firm and answer a series of questions related to this specific customer. The respondents were free to choose any customer (an attractive or an unattractive one). Respondents were also frequently reminded to consider the chosen business customer as the unit of analysis. As an incentive for completing the survey all recipients were offered an executive summary of the study (Melton & Hartline, 2010). In line with previous research (for example, Forsman, 2011), two reminders were sent out, one week and two weeks after the initial distribution of the survey. We received back 126 surveys. Altogether 19 observations were eliminated due to incompleteness or low experience with business customers, leaving a usable sample of 107 completed questionnaires, which represents an overall response rate of 17.3%.

Respondents were residing in all regions of the world, with the largest groups coming from India (17.8%), United Kingdom (15.0%) and Mexico (7.5%). The remaining respondents have diverse geographic backgrounds, for example from the United States, Brazil, Germany, China, France and Poland. The average of the reported customer firm’s share estimate of the supplier’s revenues was 23.8%. With regard to the relationship lengths the sample includes early as well as long-lasting and established business relationships with customers. 24.6% of the customer relationships had been conducted for less than three years, 54.5% between three and ten years, while 20.9% were in business together for more than 10 years with the selected customer firm. Regarding firm characteristics, 24% of the focal supplier firms are small (<100 employees), 25% are medium sized (between 101 and 500 employees), and 51% are classified as large enterprises (>500 employees). Furthermore, 19.5% recorded annual revenues of less than $5 million, 25.2% had revenues between $5 and $50 million, 36.9% of revenues of $50 million or more (the rest refused to provide details). Concerning the industry sectors, a wide range of manufacturing (for example mining, automotive, medical equipment) and service companies (for example telecommunication, insurance, and banking) are included in the sample.
To test for non-response bias the answers of early and late respondents were compared following Armstrong and Overton (1977). This procedure is based on the assumption that the answers and characteristics of late respondents are representative of non-respondents (Rogelberg & Stanton, 2007). Thus, respondents to the initial mailing were compared following Armstrong and Overton (1977). This test reveals no significant differences between both groups, for example, in terms of revenues ($t = 1.02, p > 0.05$), indicating that non-response bias does not appear to represent a serious problem for our study.

As this study relies on self-reported data gathered from a single key respondent within each organization, there is a potential for common method bias (Podsakoff et al., 2003; Podsakoff & Organ, 1986). Depending on the way the different conditions are combined, they act as crucial investments dedicated to these relationships. 0.78

We would be prepared to provide special aid to this customer in the future when needed. 0.72

We would like to deepen the relationship with this customer in the future. 0.72

We expect to have joint problem solving activities in the future with this customer. 0.75

In the future we will deepen our interpersonal relationship with this customer. 15.16 (3.50) 0.88 0.80 0.58

Note: All items were measured on a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree).

Table 1
Measurement items & CFAs for the set of constructs.

<table>
<thead>
<tr>
<th>Model 1: Conditions ($\chi^2 (df = 106) = 169.71, p &lt; .01; CFI = .93; TLI = .91; RMSEA = .075$)</th>
<th>Mean (SD)</th>
<th>Std. items</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>23.98 (6.07)</td>
<td>0.85</td>
<td>0.91</td>
<td>0.68</td>
</tr>
<tr>
<td>This customer has always been fair in its negotiation with us. Based on the past experience, we can rely on this customer with confidence.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This customer is trustworthy.</td>
<td></td>
<td></td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>The contact persons of this customer have always been fair in negotiations with us.</td>
<td></td>
<td></td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>The contact persons of this customer are trustworthy.</td>
<td></td>
<td></td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>Dependency</td>
<td>14.15 (4.78)</td>
<td>0.80</td>
<td>0.89</td>
<td>0.72</td>
</tr>
<tr>
<td>If our relationship was discontinued, we would have difficulties in making up the sales volume.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>It would be difficult for us to replace this customer. We feel dependent on this customer.</td>
<td></td>
<td></td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>Financial benefits</td>
<td>14.80 (3.40)</td>
<td>0.84</td>
<td>0.81</td>
<td>0.58</td>
</tr>
<tr>
<td>The financial returns related to this customer are high.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The margins related to this customer are high.</td>
<td></td>
<td></td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>We reached or even exceeded our sales objectives with this customer.</td>
<td></td>
<td></td>
<td>0.61</td>
<td></td>
</tr>
<tr>
<td>Non-financial benefits</td>
<td>16.22 (3.36)</td>
<td>0.73</td>
<td>0.80</td>
<td>0.58</td>
</tr>
<tr>
<td>The strategic benefits related to working with this customer are high.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The knowledge/information benefits related to working with this customer are high.</td>
<td></td>
<td></td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>The reputation benefits related to this customer are high.</td>
<td></td>
<td></td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>14.49 (3.66)</td>
<td>0.67</td>
<td>0.79</td>
<td>0.56</td>
</tr>
<tr>
<td>Incurred costs to this customer are high (e.g. managing the relationship).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have made significant investments dedicated to these relationships.</td>
<td></td>
<td></td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>We have made several adjustments to adapt to these customers norms and standards.</td>
<td></td>
<td></td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>Model 2: Outcome ($\chi^2 (df = 25) = 37.93, p &lt; .05; CFI = .97; TLI = .95; RMSEA = .070$)</td>
<td>Mean (SD)</td>
<td>Std. items</td>
<td>CR</td>
<td>AVE</td>
</tr>
<tr>
<td>(Future) Relationship Intensity</td>
<td>15.16 (3.50)</td>
<td>0.88</td>
<td>0.80</td>
<td>0.58</td>
</tr>
<tr>
<td>In the future we will deepen our interpersonal relationship with this customer.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our company will jointly care about consumer interests in the future.</td>
<td></td>
<td></td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>We expect to have joint problem solving activities in the future with this customer.</td>
<td></td>
<td></td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td>(Future) customer Intimacy</td>
<td>22.23 (3.66)</td>
<td>0.74</td>
<td>0.85</td>
<td>0.59</td>
</tr>
<tr>
<td>We intend to respond quickly to this customer’s request for help in the future.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We intend to devote more time to this customer when it needs more help in the future.</td>
<td></td>
<td></td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>We would be prepared to provide special aid to this customer in the future when needed.</td>
<td></td>
<td></td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>We would like to deepen the relationship with this customer in the future.</td>
<td></td>
<td></td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>(Future) Profitability/Performance</td>
<td>14.72 (3.96)</td>
<td>0.85</td>
<td>0.87</td>
<td>0.69</td>
</tr>
<tr>
<td>We expect high margins from this customer in the future.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We expect high financial returns from this customer in the future.</td>
<td></td>
<td></td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>We expect high levels of profit from this customer in the future.</td>
<td></td>
<td></td>
<td>0.82</td>
<td></td>
</tr>
</tbody>
</table>

CFI = 0.32; TLI = 0.26; RMSEA = 0.180). Altogether, the results of the two tests suggest that common method bias does not significantly affect the parameter estimates (Podsakoff et al., 2003; Podsakoff & Organ, 1986).

4.2.2. Data analysis method

To analyze the data a set-theoretic approach was chosen, specifically fsQCA. Rather than estimating the relative contribution of each driver of RAC, fsQCA facilitates the analysis of how causal conditions jointly (as configurations) are linked to an outcome of interest (Fiss, 2011; Ragin, 2000). By doing so, each individual observation, consisting of a complex set of causal conditions, is regarded as a whole, in line with the Gestalt-theoretic considerations of RAC based on our derivation of it via SET.

FsQCA starts from the premise that outcomes rarely have any single cause (Grechkmmer, Misangyi, Elms, & Lacey, 2008), thus the idea that each condition has its own isolated net effect on the outcome is abandoned and replaced by the assumption that the interplay of different causal conditions constitutes an outcome (Rihoux & Ragin, 2009). In other words, instead of treating variables as competing in explaining the outcome, fsQCA analyses how variables combine into configurations to generate an outcome (Woodside, 2013). As fsQCA stresses the concept of equifinality, this means that different equally effective configurations of conditions may lead to the same outcome (Fiss, 2007). Depending on the way the different conditions are combined, they act in favor of or against an outcome (Berg-Schlosser, De Meur, Rihoux, &
Ragin, 2009). Consequently, the relationship between multiple conditions can be best understood in terms of set memberships (Fiss, 2007; Ganter & Hecker, 2014). Each observation or case belongs more or less (in a fuzzy manner) to a certain configuration, and has varying degrees of memberships in other possible configurations (Ordanini & Maglio, 2009). Thus, all variables are calibrated into set membership values ranging from 0 (case is fully out of a set) to 1 (case is fully in the set) (Fiss, 2011; Ragin, 2000; Woodside, 2013). Beyond this, partial membership scores also exist as fsQCA permits continuous set calibration (Ragin, 2008). Based on the membership values, fsQCA uses Boolean algebra to determine which combinations of conditions result in the outcome (Fiss, 2007). Both the presence and absence of each condition are tested independently to explore configurations leading to the presence and absence of RAC.

4.2.3. Calibration

Analyzing data in fsQCA requires a translation of the raw data, consisting of both the causal conditions and the outcome, into fuzzy set values (Ragin, 2000, 2007) by transforming the data into set membership scores ranging between zero and one. To calibrate the data, that is the process of transforming conventional variables into set memberships, researchers need to set three different anchors (Ragin, 2008). This includes two anchors to define full non-membership and full-membership as well as a cross-over point. While the continuum between these two extremes reflects varying degrees of membership, the crossover point represents cases that are neither in nor out of the set — the point of maximum ambiguity (Schneider et al., 2010). As fsQCA allows continuous set membership calibration, the loss of information is minimized (Ragin, 2000). After defining the set membership anchors, fsQCA 2.5 is used and the log-odds method was applied for the automatic calibration procedure (Ragin, 2008).

As the outcome of interest in this study is RAC, a fuzzy set variable of above-average attractiveness was generated (see also Fiss, 2011). That is, based on the average scores of the construct, which consists of 10 items (for the three sub-dimensions), 53.1 was chosen as the cross-over point. Based on the membership values, fsQCA uses Boolean algebra to determine which combinations of conditions result in the outcome (Fiss, 2007). Both the presence and absence of each condition are tested independently to explore configurations leading to the presence and absence of RAC.

4.2.4. Analysis of necessary conditions

The analysis of necessary conditions determines if any of the five conditions can be regarded as necessary for causing the outcome. Therefore, it was examined whether a single condition is always present or absent in all cases where the outcome is present (or absent) (Fiss, 2007; Ragin, 2006). A condition is regarded as necessary if the consistency score exceeds the threshold of 0.9 (for example Schneider et al., 2010). The consistency measures the degree to which the cases align to the particular rule: the more cases that fail to meet this rule for necessary conditions, the lower will be the consistency score (Ragin, 2006).

With regard to RAC conditions, the consistency scores range between 0.36 and 0.78 (see Table 3). Furthermore, for the non-occurrence, or absence, of RAC consistency scores of 0.43 to 0.71 were observed. As none of the conditions exceed the required threshold, the five conditions (both their presence as well as their absence), are neither necessary for causing RAC nor the absence of RAC.

4.2.5. Analysis of sufficient conditions

The analysis of sufficient conditions involves three steps (Fiss, 2011; Ragin, 2000, 2006, 2008): construction, preparation, and analysis of the truth table. First, a truth table, listing all logically possible causal combinations of the five conditions, is constructed (for examples see Wagemann & Schneider, 2010). Based on the set membership scores calibrated before, each observation is assigned to a particular configuration in the truth table. Each row of the truth table displays a specific combination of conditions. The truth table consists of 32 different theoretical causal combinations ($2^5$; k = number of conditions) ranging from some empirical instances with many, some only a few, and two configurations that are not empirically observed.

Secondly, the truth table is reduced to meaningful configurations. Based on their frequency of empirical instances, some configurations will be classified as relevant and others as irrelevant. This is accomplished by selecting a frequency threshold, referring to the number of cases in each row. In our study a frequency threshold of three (for

<table>
<thead>
<tr>
<th>Condition</th>
<th>Customer attractiveness</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>0.73</td>
<td>0.69</td>
<td>0.48</td>
<td>0.45</td>
</tr>
<tr>
<td>~Trust</td>
<td>0.61</td>
<td>0.54</td>
<td>0.33</td>
<td>0.30</td>
</tr>
<tr>
<td>Dependency</td>
<td>0.36</td>
<td>0.30</td>
<td>0.17</td>
<td>0.15</td>
</tr>
<tr>
<td>~Dependency</td>
<td>0.15</td>
<td>0.10</td>
<td>0.07</td>
<td>0.05</td>
</tr>
<tr>
<td>Financial benefits</td>
<td>0.39</td>
<td>0.33</td>
<td>0.20</td>
<td>0.18</td>
</tr>
<tr>
<td>~Financial benefits</td>
<td>0.20</td>
<td>0.15</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Non-financial benefits</td>
<td>0.43</td>
<td>0.36</td>
<td>0.23</td>
<td>0.21</td>
</tr>
<tr>
<td>~Non-financial benefits</td>
<td>0.18</td>
<td>0.15</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Costs</td>
<td>0.42</td>
<td>0.36</td>
<td>0.23</td>
<td>0.21</td>
</tr>
<tr>
<td>~Costs</td>
<td>0.15</td>
<td>0.10</td>
<td>0.07</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Note: ~indicates the absence of a condition; cons. = consistency; cov. = coverage.
example Ragan, 2007) was chosen. Thus, configurations with two or less observations are treated as remainders. In addition, a minimum acceptable level of consistency was defined for the remaining rows. By doing so, configurations are classified as either sufficient or not sufficient for achieving the outcome. In our model, the consistency scores range between 0.34 and 0.90. The lowest acceptable consistency score was set at 0.75 (Ragan, 2006; Ragan, 2008; Woodside, 2013) because of the exploratory nature of the study. Causal conditions exceeding this predefined consistency cut-off value of 0.75 are regarded as sufficient for the outcome and configurations below are considered as not sufficient.

Thirdly, the fsQCA software strives to achieve a reduced set of logic statements that describe the underlying causal patterns (Ragan, 2007). As the algorithm is based on counterfactual analysis, which relates to the evaluation of plausible outcomes of those theoretical combinations which lack empirical instances (Ragan, 2008), core and peripheral conditions as part of the configurations can be detected. The results are reported in Table 4. The solution table shows that not only one but multiple configurations (three solutions) are possible which lead to the existence of RAC. The solution coverage refers to the explanatory power of the three solutions, that is, how much of the outcome is covered by all configurations (Rihoux & Ragan, 2009). In our model, the three identified configurations account for about 61% of the membership in the outcome.

Beyond this, two measures are available to determine the fit of each configuration. First, the consistency measures the extent to which a configuration corresponds to the outcome (Ragan, 2008). All of the three identified configurations exceed the cut-off value (≥0.75) and thus can be considered as sufficient for achieving the outcome. Ragan (2008) considers the question of set-theoretic consistency, that is the degree to which the cases sharing a given combination of conditions agree in displaying the outcome in question; as well as necessity. Woodside (2013) elaborates on how to read visualizations of findings incorporating a conjunctive statement and outcome. Table 5 shows the XY plots for models 1c and 2c of membership in the outcome (Y).

Secondly, the coverage assesses the proportion of cases that follow a particular path and captures the empirical importance of an identified configuration (Fiss, 2007). The raw coverage quantifies the proportion of memberships in the outcome explained by each term of the configuration, while the unique coverage measures the proportion explained solely by one solution excluding memberships that are covered by other solutions (Ragan, 2006). As the unique coverage of each configuration exceeds the value of 0, each solution contributes to the explanation of the outcome (otherwise it should be eliminated).

The solution table indicates that for each configuration a different pattern of core, peripheral as well as neutral conditions exist. In solution 1a, trust, financial benefits and the absence of costs are identified as core conditions for RAC, while the absence of non-financial benefits represents the single peripheral condition in this configuration — no matter whether dependency is present or absent, as indicated by the blank field. Solution 1b reveals that besides trust and financial benefits, non-financial benefits become a core condition, with the absence of dependency as the single peripheral condition. Interestingly, the presence or absence of costs related to the customer is irrelevant for RAC in this configuration. Finally, in solution 1c benefits play a pivotal role for RAC as both financial and non-financial benefits are identified as core conditions. With regard to peripheral conditions dependency and costs are crucial. Most notably, for all of the identified solutions, dependency is not a core condition. However, both the presence and absence of dependency were found to be able to promote RAC as a peripheral condition.

4.2.6. Analysis of absence of RAC

Configurations leading to RAC might be quite different from those leading to its absence, and therefore the non-occurrence of the outcome, and the possibility of causal asymmetry needs to be examined. Thus, fsQCA analysis was conducted with the absence of RAC as the outcome variable — coded 1 if firms show below-average attractiveness and coded 0 in all other cases. Applying identical cut-off values (consistency: 0.75; frequency threshold: 3), a different pattern of solutions was found for non-occurrence of RAC. As can be seen in Table 4, four configurations of causal conditions for the absence of the outcome exist. For solutions 2a and 2b the absence of financial benefits plus dependency and costs are core conditions. Furthermore, comparing both solutions indicates that the single peripheral conditions trust (2b) and non-financial benefits (2a) can be treated as substitutes. The third solution 2c shows negations for all conditions: a lack of the two benefit conditions as well as a lack of trust being core conditions, while the absence of both costs and dependency are peripheral conditions. Finally, in solution 2d the presence of financial benefits is the single peripheral condition. In addition, four core conditions exist: lack of trust as well as lack of non-financial benefits plus costs and dependency. Our findings provide clear evidence of asymmetric causality: different sets of core and peripheral conditions are observable for the existence and non-existence of RAC which do not merely constitute a reversal of the same conditions. This means that explanations of the presence of RAC do not automatically provide insights for the absence of RAC.

5. Findings and discussion

Based on the literature review and the first qualitative research phase we propose the following definition of RAC: RAC is an attitude of the supplier towards the customer firm, which encapsulates previous experiences and especially future expectations with the supplier; therefore RAC incentivizes the supplier to maintain and/or to improve an existing business relationship with the customer by investing in the business relationship.

Based on the qualitative research phase, RAC consists of several dimensions, as perceived by the supplier: a customer firm’s Future Profitability Performance, Future Customer Intimacy, and Future Relationship Intensity. The conditions (or drivers) of RAC were divided into the dimensions of Trust, Financial Benefits, Non-Financial Benefits, Costs, and Dependence, again as perceived by the supplier. These dimensions are conceptualized as being interdependent, thus forming configurations, in line with assumptions of SET.
This simplified formula shows, first, that current financial benefits are present in all the three configurations leading to RAC. There were no configurations leading to RAC without the presence of financial benefits. Secondly, depending on whether non-financial benefits are present or not, different combinations of trust, dependency and costs also lead to RAC. If non-financial benefits are present (besides financial benefits), either the presence of trust and the absence of dependency, or the presence of dependency and costs lead to RAC. If non-financial benefits are not present (but financial benefits are present), trust and the lack of dependency lead to RAC.

Thus, the relationship with the customer firm is evaluated as attractive for the supplier, if it seems to provide current financial benefits, but such financial benefits were not enough by themselves. If non-financial benefits, for example a strong reputational aspect, are also present, there are two ways for achieving RAC: first, when dependency is absent through trust in the relationship, and secondly, when dependency is present, RAC can be achieved, even in the presence of costs currently occurring. When non-financial benefits are absent, trust and the absence of costs also lead to RAC.

Relational non-attractiveness of the customer (that is, low levels of RAC) occurs through four different configurations; in three of these current financial benefits are absent. In three cases, dependency and costs are present at the same time. Relational non-attractiveness results from relationships which currently do not offer financial benefits for the supplier, or that have high levels of dependency and costs (besides other conditions). The formula for the absence of RAC is:

$$\text{DEP} \sim \text{FINB} + \text{NONFB} + \text{COS} + \text{TRU} + \text{DEP} \sim \text{FINB} + \text{COS} \sim \text{TRU} \sim \text{DEP} \sim \text{FINB} \sim \text{NONFB} \sim \text{COS} \sim \text{TRU} + \text{DEP} + \text{FINB} \sim \text{NONFB} + \text{COS} \sim \text{RAC}.$$ 

The four configurations that relate to relational non-attractiveness of the customer were (1) dependency, a lack of financial benefits, the presence of non-financial benefits, and costs, or (2) trust, dependency, but the absence of financial benefits, and the presence of costs, or (3) lack of trust, lack of dependency, lack of financial benefits and lack of costs, or (4) lack of trust, presence of dependency, and presence of financial benefits, lack of non-financial benefits, and presence of costs. Simplifying the previous algorithm results in:

$$\sim \text{FINB} + \text{COS} \sim \text{DEP} \sim \text{(NONFB + TRU)} \sim \text{NONFB} \sim \text{TRU} \sim \text{(NONFB + TRU + DEP + FINB + COS) \to \text{RAC}}.$$ 

The formula shows that the customer is relationally non-attractive either through combinations of the absence of financial benefits, presence of costs, dependency and either the presence of non-financial benefits or trust; also the absence of non-financial benefits along with the absence of trust and either presence or absence of the following three: dependency, financial benefits, costs can lead to non-attractiveness. It is noteworthy that in cases leading to the absence of RAC, when non-financial benefits were absent, trust was also absent. The absence of financial benefits, the presence of costs, or the presence of dependency in themselves were not enough to result in relational non-attractiveness of the customer; further conditions as part of a configuration needed to be present/absent to reach this outcome.

A post-hoc qualitative phase with a further five interviews with suppliers from the group of respondents who answered the questionnaire probed their understanding of the results. All respondents found the three configurations leading to RAC reasonable and useful in deconstructing the contextual complexity of how different conditions interact in bringing about RAC. Three of the respondents mentioned that some configurations might be more characteristic for specific industries or market situations. For example, the acceptance of dependency and costs when financial and non-financial benefits are present (configuration 1c) assumes, in their view, that the supplier is relatively new to the market and less selective in terms of working with customers. One
respondent argued that the presence of dependency is more manageable under normal conditions than in turbulent environments, such as during the global financial and economic downturn.

This study challenges previous research by providing an understanding of different but similarly relevant ways to achieve RAC. Despite the view that trust is essential for maintaining business relationships (Dwyer et al., 1987; Kozak & Cohen, 1997; Wilson, 1994), the findings indicate that RAC can be achieved without trust (see solution 1c). Interestingly, in this case financial benefits play a significant role, because if in the same configuration (1c) the presence of financial benefits is replaced by the absence of financial benefits, the absence of RAC is achieved. Although all three configurations which lead to RAC (1a, 1b, 1c) include financial benefits, it is not a necessary condition. Also, there exists a configuration (2d) which leads to the absence of RAC despite the presence of financial benefits.

6. Conclusion and implications

Existing research on business relationships views CA primarily as the outcome of a number of isolated variables. However, this study suggests that such traditional linear causal analysis allows only a limited understanding of the phenomenon of CA and introduces the concept of the relational attractiveness of the customer (RAC) by focusing on a particular existing relationship with a customer company. Applying a SET framework helps to discover not only single drivers of RAC, but sets of conditions (configurations) that determine RAC. The cost-reward logic of SET is in accordance with Halinen’s (1997) view on attractiveness which incorporates present and future expectations. SET allows for a more fine-grained understanding of the phenomenon of interest. RAC is achievable through different ‘recipes of success’: first, the combination of the presence of trust, financial benefits, absence of non-financial benefits and the absence of costs. Secondly, the presence of trust, the absence of dependency and the presence of financial as well as non-financial benefits lead to RAC. Thirdly, the presence of dependency, financial benefits, non-financial benefits and costs lead to RAC, too. Additionally, within these configurations we observe core and peripheral elements.

Neither financial benefits nor trust are indispensable to achieve RAC. This finding is in accordance with Gounaris (2005), who emphasizes the importance of taking into consideration other aspects besides trust when examining relationship development. Surprisingly, there are no examples where only and exclusively financial benefits led to RAC. However, all three configurations leading to RAC included financial benefits. Another important finding is that RAC can be achieved without trust if both financial and non-financial benefits are present despite the presence of dependency and costs (solution 1c). Therefore, commitment-trust-based considerations of relationship management and relational attractiveness (Dwyer et al., 1987; Morgan & Hunt, 1994) need to be viewed through a contextual perspective by considering that attractiveness is also achievable without the presence of trust in the relationship. These findings demonstrate that financial benefits are relevant to achieve RAC but they are by no means sufficient. Thus, these findings provide support for SET (for example, Blau, 1964; Hald et al., 2009; Thibaut & Kelley, 1959), which assumes the coexistence of a number of different conditions to foster attractiveness within exchange situations.

The findings also identify asymmetric relationships between the conditions and RAC. The idea of asymmetry related to attractiveness is in accordance with the findings of Woodside and Baxter (2012) that being a nasty customer can prevent the company from becoming a preferred customer no matter how favorable the other conditions are. Configurations leading to the absence of RAC are considerably different from those leading to the presence of RAC, and they are not simply the opposite of the first sets. This indicates that linear causal methods such as regression-based analyses provide only insufficient understanding of the complexity of drivers of RAC. We explored four configurations leading to the absence of RAC, from which the absence of financial benefits was present in three sets. Similarly, costs and dependency were present in three sets leading to the absence of RAC. Absence of trust and absence of non-financial benefits were parts of two sets.

The study makes a managerial contribution especially to marketing practitioners on the customer side by providing different ways (three combinations of different conditions) with which the customer can achieve high attractiveness in the eyes of the supplier, and therefore can help to foster relation-specific investments by the supplier. A methodological contribution of this research is that it shows the complementary characteristics of a set-theoretic approach, fsQCA, as a suitable method to explore configurations of RAC. It allows for an analysis of how trust, dependency, financial and non-financial benefits as well as costs combine producing RAC and therefore provides a tool to deal with high levels of causal complexity (Ganter & Hecker, 2014; Woodside, 2013), which was necessary for the research design based on the finding of our Phase 1 study.

The study has some limitations, for example, we examined only the supplier’s perspective, but the analysis of dyadic data would potentially shed light on relationship mutuality aspects in developing attractiveness. Additionally, in this research we did not find major differences between manufacturing and services in terms of their perception on RAC; however, industrial specificities might play a role, which make particular sets of conditions more characteristic to one industry than to another. Similarly, the international cultural context of the respondents does not allow exploring country or culture-specific aspects of RAC. Consequently, more research is needed to investigate RAC from a dyadic perspective and to test and potentially elaborate the explored combinations of conditions leading to RAC in different industrial and cultural contexts.

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Chapter III

Making the ‘Qualitative’ in fuzzy set Qualitative Comparative Analysis Work:

The Example of Relational Attractiveness of the Customer
Making the ‘Qualitative’ in fuzzy set Qualitative Comparative Analysis Work:

The Example of Relational Attractiveness of the Customer

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1 from January 2015 onwards
Abstract

This paper studies the relational attractiveness of the customer (RAC) and explores ways in which the customer can achieve attractiveness in the eyes of the supplier. We show how fuzzy set Qualitative Comparative Analysis (fsQCA) is capable of dealing with the methodological challenges posed by complex business phenomena such as RAC. This method is especially useful in addressing causal complexity, that is the interaction between different drivers (conditions) leading to attractiveness. It also helps to answer the question as to whether alternative solutions (different configurations of conditions) can lead to attractiveness, and considers the asymmetrical nature of the attractiveness phenomenon. Despite the originally qualitative nature of fsQCA, it has primarily been applied to the analysis of large quantitative data sets in business research. This study offers a step-by-step approach to carry out fsQCA on qualitative data, based on the analysis of 28 in-depth interviews with senior managers on the supplier side. The study offers a Membership Evaluation Template (MET) that is useful to assign fuzzy set values to conditions identified in qualitative data. This research also incorporates aspects of RAC previously not analyzed in configurations such as relationship characteristics (Relational Fit), the network context (Comparison Level of Alternatives) as well as the time dimension (Maturity of Relationship).

Keywords

relational attractiveness, customer attractiveness, fuzzy set QCA, qualitative data analysis, Membership Evaluation Template
Making the ‘Qualitative’ in fuzzy set Qualitative Comparative Analysis Work: The Example of Relational Attractiveness of the Customer

1. Introduction

Business relationships are complex phenomena and research should develop approaches to address this complexity. Relationships are characterized by being multi-faceted, comprising several important aspects (Holmlund, 2004; Möller & Halinen, 1999; Storbacka, 2011). This is exemplified by the fact that core constructs of business relationships, such as trust (Morgan & Hunt, 1994), performance (Palmatier et al., 2007), relationship quality (Naudé & Buttle, 2000), or network pictures (Ramos et al., 2012) are characterized as a set of different but interrelated conditions. Therefore, business relationships are the outcome of synergies or feedback mechanisms of its constituting elements (Slater & Narver, 1995; Forkmann et al., 2012).

This aspect of business relationships represents a serious methodological challenge: often business relationships are so specific or complex (Håkansson & Ford, 2002) that they cannot easily be researched using normal neo-positivistic research methods based on quantitative analysis such as regression analysis or structural equation modelling. On the other hand, using more interpretivist or social constructionist research approaches which get to grips with ‘thick’ descriptions and interacting constructs often means employing qualitative methods using single case study analysis or multiple case study comparisons which can lack rigor (Hartley, 1994). In this context it has been suggested recently that Qualitative Comparative Analysis (QCA) can provide a way to bridge the divide between these two different ways of research by using detailed and ‘thick’ descriptions while being able to quantitatively
model interaction effects with some claim towards generalizability (Woodside, 2010; Leischnig & Kasper-Brauer, 2014). The challenge with using QCA, however, is that most applications in business research to date have used quantitative input data based on questions using Likert scales or semantic differentials (Fiss, 2011; Schneider & Eggert, 2014; Woodside & Baxter, 2013; Woodside et al., 2012), thereby neglecting the power of QCA to base causal inferences on detailed qualitative input data.

To address this challenge, this article provides some discussions about how qualitative data can be used as part of a QCA in the context of business relationships. We use the relational attractiveness of the customer (RAC) as our core relational phenomenon (Tóth et al., 2015). RAC refers to the attitude of the managers on the supplier side towards the customer firm; in particular it comprises an evaluation of the customer company’s future attractiveness as a relational partner (Manstead, 1996). Such an attitude incorporates both the inter-organizational as well as the interpersonal levels of the relationship (Ellegaard, 2012) and belongs to the eyes of the beholder, i.e. the managers on the supplier side (Ellegaard & Ritter, 2006). RAC has strategic relevance in business markets that are often characterized by an oligopolistic market structure and therefore suppliers are becoming more selective with regard to whom they sell to or build relationships with (Schiele et al., 2012). Customer companies with limited attractiveness, for example, due to limited volume purchases, need to find alternative ways to increase their attractiveness and thereby gain access to the required supplier capabilities (Christiansen & Maltz, 2002). In such a relational context, having ‘good’ suppliers is equally important to having ‘good’ customers. The benefits of attractive customer companies are, for example, that suppliers use more skilled human resources in the interactions with them, they gain access to more relevant information from the supplier, and are favored by more
supplier commitment (Cordón & Vollmann, 2002). Furthermore, attractiveness encourages the supplier to dedicate more relationship-specific investments, as has been shown by Schiele et al. (2012) in an innovation context; therefore attractiveness can contribute to the long-term success of the customer company.

To understand the drivers of customer attractiveness in a holistic manner by incorporating the interactions between different antecedent constructs (conditions), this study takes a realist approach that is informed by Social Exchange Theory and Gestalt theory, which facilitates the investigation of costs, benefits and other conditions of RAC from a configurational perspective. A total of 28 in-depth interviews were conducted with senior managers on the supplier side. These interviews provide the qualitative input data for a fuzzy set Qualitative Comparative Analysis (fsQCA) that resulted in three causal recipes in order to achieve RAC and two causal recipes for the absence of RAC.

The study makes several methodological as well as theoretical contributions. Methodologically, we introduce in a structured way how to use qualitative data in systematic between-case comparisons such as QCA. In particular, we provide a qualitative calibration logic and process. This is important as previous studies using QCA in the management and marketing area have mostly relied on quantitative input data. From a theoretical point of view, contributions of this study are, first, to explore configurations leading to RAC which incorporate the interplay between focal company constructs and dyadic as well as network-related (environmental) constructs, such as relational fit or the comparison level of alternatives. This is important as focusing exclusively on focal company constructs represents a reductionist perspective (Kabadayi et al., 2007) in business relationships. Secondly, a hitherto neglected aspect, i.e. the time perspective, is incorporated by analysing RAC.
in the context of the maturity of the relationship. This is important because relationship stages have been identified as crucial moderators of relational phenomena (Wilson, 1995; Jap & Ganesan, 2000).

The article progresses as follows: a short introduction to QCA, epistemology and the theoretical framing leads to the development of research propositions. This is followed by introducing the fuzzy set QCA analysis process and analysis. Finally, a discussion of results and various potential implications (methodological and managerial) as well as conclusions is provided.

2. Using Qualitative Comparative Analysis (QCA)

QCA is a data analytic strategy which selectively brings together certain features of variable-oriented (quantitative) and case-oriented (qualitative) methods and which allows the assessment of complex patterns of multiple and conjunctural causation (Rihoux & Grimm, 2006). To address the methodological challenges in researching relational attractiveness of the customer, QCA is used with fuzzy set properties based on qualitative data. QCA is deemed as an appropriate analytic method to provide systematic case-oriented knowledge (Ragin, 2008) that offers a configurational logic based on Boolean algebra. There are numerous benefits of applying QCA:

First, QCA can be applied to both the analysis of qualitative as well as quantitative data. Consequently, it is able to bridge the often-lamented qualitative-quantitative divide (Mahony & Goertz, 2006). QCA can be applied to the analysis of varying sample sizes, including small to intermediate-size samples (between 5 and 50 cases) for which systematic analytical techniques are traditionally somewhat lacking (Vink & van Vliet, 2007). In management research QCA (typically fuzzy set QCA) is more
frequently applied to large samples (Fiss, 2007; Fiss et al., 2013; Leischnig & Kasper-Bauer, 2014; Mariadoss et al., 2014). However, there are some examples of mostly crisp-set QCA studies on smaller samples in the management area (Winand et al., 2010; Poveda & Martínez, 2013). In political science and sociology there exist far more fuzzy set QCA applications for the analysis of intermediate-size samples using qualitative data (Lilliefeldt, 2012; Sil, 2004). For this reason, our article will outline in some detail the features and steps to deploy a fuzzy set QCA using in-depth managerial interviews.

Secondly, many social phenomena, including business attractiveness considerations, often show non-linear causality. Therefore, some common research methods (such as linear statistics, causal modelling, or descriptive case studies) are less able to address the inherent causal complexity of such phenomena in a systematic manner (Woodside, 2013). QCA allows systematic cross-case comparisons, while at the same time does not disregard within-case complexity, such as the interactions between antecedent variables, thereby allowing for an understanding of multiple conjunctural causation (Rihoux & Lobe, 2009). This assumes that the outcome of interest is often generated by a combination of causally relevant conditions (AB \rightarrow Y), but also additionally that several different combinations of conditions may lead to the same outcome (AB and CD \rightarrow Y). Depending on the context, the outcome may result from combinations when a particular condition is present and also when it is absent (AB \rightarrow Y but also aC \rightarrow Y; with capital letters indicating the presence of a condition, and small letters their absence) (Rihoux & Ragin, 2008; Greckhamer et al., 2008). As a characteristic of causal complexity, usually there exists no symmetry between the combinations of conditions for the occurrence of the outcome and the outcome’s non-occurrence (Schneider & Wagemann, 2012).
Thirdly, QCA can integrate the research benefits of previous case-oriented approaches with the features of a variable-oriented approach (Ragin, 1987). The underlying research approach for QCA is that the same outcome may follow from different combinations of causal conditions, thus representing \textit{equifinality} (Ragin, 2008). In other words, this type of analysis can show how aspects are distributed across a ‘property space’ and build up ‘types’ to achieve the same outcome (Lazarsfeld, 1937). This applies in particular to business research, as business networks and relationships can be seen as complex systems with interconnected actors and structural patterns (Ford & Håkansson, 2013; Håkansson & Waluszewski, 2013; Henneberg et al., 2010).

Finally, the ability of QCA to develop new theoretical arguments is one of the core strengths of the method. Thus, this research method responds to LaPlaca’s (2014) challenge regarding the need for more explanatory approaches in order to being able to give better answers to the “How?” and “Why?” questions besides the more established “What?” question. QCA is especially strong in providing answers to the “How?” question by offering different causal recipes (solutions) for the same outcome (and its negation, the non-occurrence of an outcome).

Based on these considerations, the aim of this study is to develop further the set-theoretic analysis in management research by providing a detailed methodological description about how qualitative data as input to a fuzzy set QCA can be used in small to intermediate-sized samples in the context of understanding how the customer company can achieve attractiveness in the eyes of the supplier. This allows us to contribute to the standards of good practice in qualitative business research using QCA. Before this is done, a concise framing of the study through a discussion of its epistemological background and informing theories is provided.
3. Epistemological Background and Informing Theories

The underpinning epistemological position of this study is realism, and hence it represents an open system view on reality (Ehret, 2013), where causal mechanisms are governed by logic and necessity, but have the potential to generate new features of reality. Easton (2010) defines the key assumptions of realism as the world existing independently from our knowledge of it, and that this knowledge is fallible and theory-laden. The rather unique perspective of realism on causation is discussed by Sayer (2000): it is proposed that a combination of modified naturalism with the necessity for an interpretive understanding of social phenomena underpins causal models. This view implies a ‘both/and’ rather than an ‘either/or’ position on causality, in other words, several combinations of antecedents can achieve the same outcome (see the equifinality characteristics of QCA). This also suggests that causal conditions can play different roles, for example, either necessary or sufficient conditions.

Because of this configurational complexity, a realist research paradigm can be regarded as more appropriate than positivism or social constructionism when aiming to investigate relational attractiveness of the customer (Bhaskar, 1975). By using fuzzy set QCA this study subscribes to but also further methodologically enhances this perspective on causality represented by realism, in line with recent discussions in the social sciences (Olsen, 2004). Thus, using realism as an epistemological background looks at the causal conditions, including their interplay, as parts of a ‘given’ reality and allows for a more exploratory view on the relationships between them, as well as their effect on specific outcomes.

Social phenomena are often set theoretic in nature (Merton, 1975) and therefore there is a need for a configurational approach that can handle causal complexity. To
this end, Gestalt theory is one of the most powerful theories in explaining configurational complexity. Gestalt theory is based on the principle that the whole is greater than the sum of its parts. There are different individual components of an object or a phenomenon and the configurations of these components can create the ‘whole’ (Read et al., 1997; Langacker, 1987). Gestalt theory derives propositional ‘Gestalten’ from process or behavioral patterns with the help of systematic principles of interpretation (Wildgen, 1981). Thus, in Gestalt theory causal conditions become fused together (Smith, 1988), as also represented in the principles of QCA.

The conditions of RAC have been identified based on Social Exchange Theory (Hald et al., 2009; Thibaut & Kelley, 1959) and further developed and refined by case knowledge as part of our research being informed by an ‘abductive’ process (Dubois & Gadde, 2002). Social Exchange Theory offers explanations on how an actor decides to build or maintain relationships with other actors by weighting costs and benefits. This applies not only to inter-personal social contexts but to a business context as well, as demonstrated by Cropanzano and Mitchell (2005). In investigating the relational attractiveness of the customer through the lens of Social Exchange Theory, Tóth and colleagues (2015) identify five conditions leading to RAC: Trust, Dependency, Financial Benefits, Non-Financial Benefits, and Costs. In this study, the first two of these original conditions have been broadened after the in-depth analysis of managerial views and narratives.

4. Theoretical Framing and Proposition Development

In order to build and develop customer relationships the supplier needs to find the customer company attractive enough to do business with over time, i.e. in business markets attractiveness is relevant from both the customer’s as well as from the supplier’s perspective (Mortensen, 2012). Commitment is unlikely to be developed
unless such attractiveness is present (Håkansson, 1982; Halinen, 1997). However, until recently, the supplier’s perspective has not been investigated in detail and there exists a need to better understand what makes a customer company attractive in the eyes of the supplier in order to foster further relational activities in the future. Thus, the core concept in this study is the relational attractiveness of the customer (RAC) – for the purpose of this research we follow Tóth et al. (2015) in defining the phenomenon, as an attitude of the supplier towards the customer firm, which incorporates previous experiences and future expectations with the supplier; therefore RAC incentivizes the supplier to maintain and/or to improve an existing business relationship with the customer by investing in the business relationship.

This paper addresses substantial methodological challenges of exploring the interaction of RAC conditions, how they form configurations for achieving RAC by using fuzzy set QCA to analyze qualitative data. The relevant conditions for achieving RAC are based on the managerial perceptions from the supplier side, however, as is shown by Figure 1, some are more related to the focal (supplier) company (Financial and Non-Financial Rewards, Costs), while others incorporate the managerial perceptions of dynamics within the dyad (Relational Fit with customer), the network context (Comparison Level of Alternatives), or the time perspective (Maturity of relationship with customer). The decision of using conditions from different spheres (focal company, dyad, network, time) aims at providing a more nuanced understanding of multi-faceted recipes to achieve RAC. To this end, we aim to develop a more systemic, as well as holistic contextual understanding of RAC and how it can be achieved.
Research on attractiveness is mostly built on the cost-benefit logic of Social Exchange Theory (Ellegaard & Ritter, 2006; Schiele et al., 2012). Despite the accepted importance of dyadic and network issues for the mutuality of relationship development (Hald et al., 2009; Molm et al., 2000 and Ellegaard, 2012), empirical research on RAC has hitherto neglected these issues for three reasons. First, the relational aspects of attractiveness have been undervalued and their empirical investigation is limited, especially from a configurational perspective. For example, aspects of Relational Fit include not only trust, but a broader range of relational aspects, such as smoothness of communication or shared values. Secondly, although

Note: Categorization of conditions is inspired by Leischning & Krasper-Brauer (2014)
the importance of the fact that relational alternatives may be available in the wider network has been established for maintaining relationships (Cook & Emerson, 1978; Johanson & Mattsson, 1992; Håkansson & Johanson, 1993), empirical research on attractiveness that includes such a network aspect is scarce. Therefore, the Comparison Level of Alternatives (CLA) needs to be considered. CLA reflects not exclusively on power within the relationship, but acknowledges dependencies from a more holistic perspective that considers the network and the relative replaceability of the customer company. Thirdly, introducing Maturity of the customer relationship as one of the conditions for RAC (applying the categories of Jap & Ganesan, 2000) acknowledges that relationships evolve over time, and change their characteristics at different time points (Turnbull et al., 1996).

Previous literature offers various suggestions about how to achieve attractiveness and highlights the complexity involved in the formation of attractiveness (Ellegaard, 2012; Hald, 2012; Melkman, 2006). This implies that there is likely to be no best way of achieving RAC, but that alternative routes exist. A recent study by Tóth et al. (2015) using quantitative data substantiated this claim. By contrast, our research explores a broader contextual understanding of how RAC can be achieved, thereby further developing and qualifying previous research. To do this, we introduce a number of research propositions aiming to enhance the researcher’s insights and expectations regarding causal configurations, similar to the process in Ordanini et al. (2013). However, the exploratory nature of the QCA method makes it practically impossible to formulate all the potential and relevant outcomes of the analysis, due to the manifold interaction processes of the causal conditions (Rihoux, 2009).

The main propositions of this study are therefore situating the research process within the features of the QCA method, as well as relating it to theoretical
considerations of RAC. We thus propose initially that different equifinal configurations exist (combinations of conditions forming a solution which all have the same outcome, in the case of our research the existence of RAC):

\[ P_1: \text{There exist several configurations of conditions (solutions) which result in relational customer attractiveness (RAC).} \]

The Maturity of the relationship is an important condition of attractiveness. Halinen (1997) and Mortensen (2012) recognize that the nature of attraction evolves over time. Similarly, Dwyer et al. (1987) look at attractiveness as a sub-process that is part of the development regarding how companies assess each other in different relationship stages. Ellegaard and Ritter (2006) note that attractiveness is an important factor for the future development of relationships during both the initial and subsequent stages. Mackenzie and Hardy (1996) empirically investigate to what extent relationship duration influences partnering attractiveness. In order to investigate the different causal recipes (equifinal configurations) for RAC over time, i.e. by relationship stage, we propose:

\[ P_2: \text{The configurations of conditions (solutions) which result in relational customer attractiveness (RAC) differ with maturity of the relationship.} \]

The Comparison Level of Alternatives (CLA) condition has its roots in Social Exchange Theory (Thibaut & Kelley, 1959) and represents considerations of alternative rewards outside of the current relationship in a broader network context. More specifically, in this study three aspects of CLA are taken into consideration: first, the awareness of potential alternatives (Cook et al., 1983). Secondly, CLA includes the perceived opportunity of potentially replacing the customer company
with an alternative one (Zeithalm et al., 1990). This aspect can be influenced by dependencies on, or competitiveness of the customer (Wilkinson & Young, 1994) as well as market structures, whether the relationship is situated in more of a supplier or a customer-dominated market (Schiele et al., 2012). Thirdly, the relative strength of the temptation to replace the customer is also considered, which can be best described by the notion of alternative attractiveness (Ping, 1994; Sharma & Patterson, 2000). We therefore propose that solutions differ relative to CLA in a relationship:

\[ P_3: \text{The configurations of conditions (solutions) which result in relational customer attractiveness (RAC) differ by comparison levels of alternatives (CLA).} \]

While Baxter (2012) limits customer attractiveness drivers primarily to Financial Rewards, Cordón and Vollmann (2002) suggest that RAC cannot be achieved solely by willingness-to-pay on the part of the customer company, arguing that Financial Rewards are not necessary for RAC. Fiocca (1982) puts emphasis on the importance of financial benefits (value of purchase, future potential purchases of the customer). However, the author also notes that other factors, such as prestige, technology and network aspects should also be taken into consideration. Christiansen and Maltz (2002) point out that there are cases where the customer cannot account for large volumes of purchases and therefore needs to find alternative ways to achieve attractiveness. We propose that although in many cases financial rewards are of crucial importance (i.e. sufficient), there are alternative ways to achieve attractiveness:

\[ P_4: \text{Financial Rewards is not a necessary condition for RAC.} \]
The potential asymmetry in achieving RAC compared to the absence of RAC has been mentioned before, for example, Schepis and colleagues (2014) note that the attractiveness as well as the absence of attractiveness are influenced by the firms’ network connections which implies a complexity where non-linear causal mechanisms become important, and symmetry between positive and negative driver configurations is unlikely. The latter can be seen as a limitation of linear regression-based models investigating attractiveness (La Rocca et al., 2012; Mackenzie & Hardy, 1996). Therefore we propose:

\[ P_5: \text{The causal mechanisms leading to the presence of RAC are different from those leading to the absence of RAC (causal asymmetry).} \]

The resulting conceptual causal model for drivers (conditions) of RAC builds on Social Exchange Theory and Gestalt theory which allows for the integration of different conditions on focal company, dyadic, network and time levels: Financial as well as Non-Financial Rewards, Costs, the Comparison Level of Alternatives, Relational Fit, and the Maturity of the relationship.

5. Stepwise Analysis using fuzzy set QCA with Qualitative Data

The following part provides an overview of the analytical fuzzy set QCA process by explaining the main steps in carrying out the analysis, in particular: sampling and data collection, coding of conditions, designing membership sets for conditions, and the calibration, including the Membership Evaluation Template, dichotomization, and assigning fuzzy values. These are followed by the truth table, the configurations for RAC and for the absence of RAC, the analysis of necessary and sufficient conditions, and the analysis of extreme cases (Very High RAC).
5.1. Sampling and Data Collection

For a comparative qualitative analysis, each case should be comparable based on common qualitative features and cases are selected for the same research purpose. This is due to the fact that each case appears as a ‘whole’, as part of the holistic perspective of Gestalt theory that is aligned with the concept of configuration of causal conditions (Rihoux, 2006). Importantly, and contrary to assumptions of simple causal models, such as regression analysis and structural equation modelling, there are no ‘deviant’ cases or ‘outliers’ (Rihoux & Lobe, 2009). QCA furthermore does not require large, statistically representative, samples (Ragin, 2008), although it can be applied to large samples as well (Fiss, Sharapov & Cronqvist, 2013). Ragin and Becker (1958) suggest purposeful sampling when applying configurational thinking, specifically considering ‘what a particular case is a case of’. As a non-probabilistic sampling technique for smaller samples, the main goal is to either focus on particular characteristics in the universe of cases, or to illustrate features of a process based on the research interests that enables the researcher to answer the research question (Denzin & Lincoln, 2000). This sampling strategy does not require to achieve a representative sample, instead some relationships between the observations are expected (Silverman, 2000). Ragin (2000) elaborates on this idea, explaining how relevant populations can be constituted based on the consideration of the different causal conditions. That means, for example, aiming to find suppliers that probably have attractive (or not attractive) customers, and focusing more on competitive markets instead of monopolistic ones in the sampling, so that the Comparison Level of Alternatives condition can also become relevant.

Following the guidelines of Ragin (2000), various aspects were taken into consideration for the sampling in this study. A specific trait of the sampling is that
different perspectives are considered: both company-related and manager-related considerations. The company-related aspects were, first, that the case company should be a supplier firm to other businesses. Secondly, the case company should be an actor within a competitive market, excluding monopolistic supply relationships, because under monopolistic market conditions alternatives do not exist and the relational aspects are consequently different. Thirdly, the contacted suppliers have a substantial proportion of both attractive and less attractive customer companies. Manager-related sampling aspects were, first, that the responding manager has sufficient knowledge about the customer company, which typically means direct contact with the particular customer firm (in line with a key informant approach; Phillips, 1981). Secondly, purposeful sampling ensured that that the manager has been involved in the decision-making process of developing, maintaining or terminating the customer relationship (Mitrega et al., 2012). In practical terms this means that the managers included in the study were at a fairly senior level, but seniority in itself was not sufficient to be part of the sample. Case knowledge regarding the customer firms was paramount.

To reduce bias in overlaps between managerial views, the companies were contacted separately from each other (no snowball accumulation was used) based on a proprietary UK business list. The respondents were asked to select a particular business relationship to answer questions regarding RAC, without stipulating whether this relationship is more or less attractive. Table 1 shows the profiles of the supplier firms and managers interviewed as well as basic information about the chosen customer company.
<table>
<thead>
<tr>
<th>#Case</th>
<th>Position of Manager (Supplier Side)</th>
<th>Industry of Supplier</th>
<th>Size of Supplier</th>
<th>Industry of Customer</th>
<th>Size of Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managing Director</td>
<td>human resource management</td>
<td>small</td>
<td>social enterprise</td>
<td>large</td>
</tr>
<tr>
<td>2</td>
<td>Senior Dealer Marketing Manager</td>
<td>automotive</td>
<td>large</td>
<td>automotive dealer</td>
<td>medium</td>
</tr>
<tr>
<td>3</td>
<td>Head of Strategic Marketing</td>
<td>manufacturing (equipment for energy sector)</td>
<td>large</td>
<td>tool hire</td>
<td>large</td>
</tr>
<tr>
<td>4</td>
<td>Director of Sales</td>
<td>hospitality</td>
<td>large</td>
<td>financial services</td>
<td>large</td>
</tr>
<tr>
<td>5</td>
<td>Managing Director</td>
<td>storage management</td>
<td>medium</td>
<td>corporate relocations</td>
<td>medium</td>
</tr>
<tr>
<td>6</td>
<td>Managing Director / Customer Experience &amp; Complaints Executive</td>
<td>financial services</td>
<td>large</td>
<td>football</td>
<td>large</td>
</tr>
<tr>
<td>7</td>
<td>Managing Director</td>
<td>accountancy systems</td>
<td>medium</td>
<td>NGO</td>
<td>large</td>
</tr>
<tr>
<td>8</td>
<td>Managing Director</td>
<td>confectionery</td>
<td>small</td>
<td>food retail</td>
<td>large</td>
</tr>
<tr>
<td>9</td>
<td>Vice President of Technology</td>
<td>cloud &amp; technology services</td>
<td>medium</td>
<td>charity</td>
<td>large</td>
</tr>
<tr>
<td>10</td>
<td>Product Lifecycle Executive Manager</td>
<td>engineering &amp; electronics</td>
<td>large</td>
<td>wind farm</td>
<td>large</td>
</tr>
<tr>
<td>11</td>
<td>Program Director</td>
<td>education</td>
<td>large</td>
<td>governmental</td>
<td>large</td>
</tr>
<tr>
<td>12</td>
<td>Managing Director</td>
<td>architecture design</td>
<td>small</td>
<td>construction</td>
<td>medium</td>
</tr>
<tr>
<td>13</td>
<td>Customer Director</td>
<td>consumer goods</td>
<td>large</td>
<td>food retail</td>
<td>large</td>
</tr>
<tr>
<td>14</td>
<td>Domestic Retail Director</td>
<td>water &amp; waste water</td>
<td>large</td>
<td>consumer goods</td>
<td>large</td>
</tr>
<tr>
<td>15</td>
<td>Indirect Channel Executive Sales Manager</td>
<td>petrochemicals</td>
<td>large</td>
<td>oil products distributor</td>
<td>large</td>
</tr>
<tr>
<td>16</td>
<td>UK &amp; Ireland Sales Director</td>
<td>heavy equipment (for construction)</td>
<td>large</td>
<td>construction</td>
<td>medium</td>
</tr>
<tr>
<td>17</td>
<td>Sales Director</td>
<td>recycling</td>
<td>large</td>
<td>financial services</td>
<td>large</td>
</tr>
<tr>
<td>18</td>
<td>Market Intelligence Director</td>
<td>information technology equipment &amp; services</td>
<td>large</td>
<td>governmental</td>
<td>medium</td>
</tr>
<tr>
<td>19</td>
<td>Managing Director</td>
<td>coatings &amp; plastics</td>
<td>large</td>
<td>automotive pigment supplier</td>
<td>large</td>
</tr>
<tr>
<td>20</td>
<td>Customer and Partner Experience Director</td>
<td>software &amp; online services</td>
<td>large</td>
<td>multichannel retail</td>
<td>large</td>
</tr>
<tr>
<td>21</td>
<td>Managing Director</td>
<td>courier delivery services</td>
<td>large</td>
<td>office stationary</td>
<td>large</td>
</tr>
<tr>
<td>22</td>
<td>Commercial Support and Planning Director</td>
<td>baking</td>
<td>large</td>
<td>food retail</td>
<td>large</td>
</tr>
<tr>
<td>23</td>
<td>UK Business Director</td>
<td>telecommunication</td>
<td>large</td>
<td>home retail</td>
<td>large</td>
</tr>
<tr>
<td>24</td>
<td>Senior Team Leader and Communication Executive</td>
<td>advertising</td>
<td>medium</td>
<td>transportation</td>
<td>large</td>
</tr>
<tr>
<td>25</td>
<td>Managing Director</td>
<td>consultancy</td>
<td>small</td>
<td>NGO</td>
<td>medium</td>
</tr>
<tr>
<td>26</td>
<td>Managing Director</td>
<td>event management</td>
<td>small</td>
<td>media</td>
<td>small</td>
</tr>
<tr>
<td>27</td>
<td>Sales Director</td>
<td>logistics</td>
<td>medium</td>
<td>retirement homes</td>
<td>medium</td>
</tr>
<tr>
<td>28</td>
<td>Managing Director</td>
<td>electronic equipment</td>
<td>large</td>
<td>multichannel retail</td>
<td>large</td>
</tr>
</tbody>
</table>

**Note:** Size of Supplier/Customer is classified by the number of employees, according to UK governmental guidelines (www.gov.uk): small company is defined as a business below 50 employees, medium between 50 and 250 employees and large 250 employees and above.
About one-third of the selected supplier companies are SMEs and two-thirds are larger companies (i.e. more than 250 employees). However, the size of the company was not a selection criterion, because there is no clear empirical evidence or theoretical reasoning suggesting that size of the supplier influences the perceived attractiveness of the customer. Nevertheless, dependencies in a market context can influence attractiveness (Schepis et al., 2014; Hald et al., 2009; Emerson, 1972) and this network aspect is incorporated in the study via the Comparison Level of Alternatives (CLA) condition.

5.2. From Coding to Calibration

The process of assigning set membership scores in qualitative research is one of the least explored areas of QCA. According to Ragin (2008), in fuzzy set QCA the set membership scores range from 0=fully out of a set, to 1=fully in the set, with fuzzy intermediate scores indicating degrees of partial membership in a set; 0.5 represents the cross-over point (neither in nor out of the set). Any qualitative data calibration depends on substantive knowledge based on the researcher’s own accumulated experience, derived from the study of specific cases (Ragin, 2008). Therefore, recent research efforts tried to make calibration more transparent and systematic (Basurto & Speer, 2012; Thiem, 2013). However, set membership for a condition based on qualitative data often cannot be calibrated based on simple heuristics, e.g. the number of critical events related to a condition. For example, based on absolute frequencies (such as: interviewee mentioned trust more than 3 times in the interview), no clear assessment about set membership of the condition Trust can be made because there exists a lack of clear category boundaries (e.g. with what frequency of mentioning is the construct of trust ‘fully in the set’?), and contextual understanding should be taken into consideration. Besides frequency it is also the
intensity with which a qualitative statement is made that can play a role in the extent to which a case is a member of a particular set. Furthermore, variety matters in qualitative data: there may be a number of different aspects related to the same condition, and their combinations can result in the set membership score. For example, the same set membership score for the condition Relational Fit can be achieved in multiple ways: one manager talks about geographical proximity and organizational similarities, while another one may emphasise the role of fit in negotiation styles between the companies.

In order to make the qualitative calibration process more transparent, this study proposes the use of a Membership Evaluation Template for QCA that will be discussed in more detail. In order to follow a systematic structure, this study proposes a five-step approach to construct fuzzy set membership scores based on textual data that build on the organic process of the integration of coding and calibration. Figure 2 shows the flow of the different steps.
The coding for each condition is followed by the specification of set values for each condition (including the number of value categories and the meaning of these categories). The calibration process begins with structuring the information gained from coding with the help of the Membership Evaluation Template (highlighting the various aspects of a condition, their intensity and a short contextual description per case), which paves the way for the next step, the dichotomization. Dichotomization is based on the decision whether a particular case is ‘more in’ (value 1) or ‘more out’ (value 0) in the set-membership (this provides an initial crisp-set coding). Finally, considering the results of the dichotomization, the researcher decides about more detailed membership categories, for example, between ‘fully in’, ‘mostly but not fully in’, or ‘more or less in’ (building a six-value set after Ragin, 2008, when used with the three mirror-image ‘out’ categories).

5.2.1. Coding of Conditions

Qualitative coding is an analytical process in which textual data are categorised to facilitate analysis (Hartwood & Garry, 2003). A combination of analytical coding (interpreting and reflecting on the meaning of the data) and topic coding (some codes are pre-defined based on concept definitions) was carried out (Richards, 2005). For analytical details (e.g. node classification system and different code queries) the guidelines of Bazeley (2007) were followed. Initially for the analytical coding the conditions Trust, Dependency, Financial and Non-Financial Rewards, and Costs were used. However, additional topic coding shed light on the limited explanatory power and conceptual simplicity of the conditions Trust and Dependency in relation to RAC. This led to the development of these two conditions into Relational Fit and the Comparison Level of Alternatives (CLA), respectively. Table 2 shows the identified conditions and their operational definitions:
### Table 2 Conditions, their operational definitions and theoretical background

<table>
<thead>
<tr>
<th>Conditions of RAC</th>
<th>Operational Definition of Condition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rewards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Current and expected financial benefits of the relationship with the Customer</td>
<td>Blau, 1964; Thibaut and Kelley, 1959; Lambe et al., 2001; Emerson, 1976</td>
</tr>
<tr>
<td>Non-Financial</td>
<td>Current and expected non-financial benefits of the relationship with the Customer, such as reputational benefits, and benefits related to branding, knowledge sharing, networking, recommendations/referrals</td>
<td></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>Current and expected costs of managing the relationship as well as operational costs.</td>
<td>Blau, 1964; Thibaut and Kelley, 1959; Das &amp; Teng, 2002; Molm, 1991</td>
</tr>
<tr>
<td><strong>Comparison Level of Alternatives (CLA)</strong></td>
<td>The Comparison Level of Alternatives reflects on the perception and knowledge of the availability of potential alternatives that broadens the relationship-specific dependency aspect with a contextual network perspective.</td>
<td>Partly literature (Blau, 1964; Cook and Rice, 2003; Thibaut and Kelley, 1959; Emerson, 1962; Lambe et al., 2001) and partly based on emerged coding.</td>
</tr>
<tr>
<td><strong>Relational Fit</strong></td>
<td>The perceived fit at a relational level between Customer and Supplier, including different relational aspects such as trust, communication frequency and intensity, geographical proximity, similarities and differences between organizational cultures and relational fit at the level of inter-personal relationships.</td>
<td>Starting point was trust (Copranzo et al., 2005; Molm et al., 2000) informed by emerging coding. Some aspects of Relational Fit were identified based on previous literature and then in data (e.g. shared values and strategies, Mortensen et al., 2008), some derived from data (e.g. geographical proximity, transparency).</td>
</tr>
<tr>
<td><strong>Maturity Level</strong></td>
<td>The maturity level describes the perceived maturity of the relationship from the Supplier’s perspective. The maturity level condition is not based on a linear measure that means that the actual length of the relation does not directly indicate the maturity level and the different maturity phases may not follow a step-by-step linear sequence. For example, a once declining relationship may change into a build-up phase or a new relationship can reach the declining phase without reaching maturity.</td>
<td>Ellegaard and Ritter (2006) suggest that attractiveness may differ in different stages of business relationships. For the maturity categories Jap and Ganesan (2000) is applied.</td>
</tr>
</tbody>
</table>

*Rewards* for the focal company (the supplier) are core components of the SET logic: the expectation of generating rewards makes relational association with a partner attractive (Blau, 1964). In the long run parties are likely to remain in a rewarding relationship (Lambe et al., 2001). In other words, the relationship should be ‘over-
rewarded’, so that the rewards exceed the costs (Cook & Rice, 2003). Two characteristic evaluation aspects of Financial Rewards that arise from the interviews are volume and value (margins) of orders from the customer. Homans (1958), building on SET, empirically investigates that Financial Rewards (for example, profitability) and Non-Financial Rewards (for example, emotional rewards like acceptance) can equally contribute to achieve attractiveness. In fact, they sometimes act as alternatives to each other. Non-Financial Rewards can occasionally outweigh the importance of financial rewards: “So there is some reputational benefit to working with a high profile customer.” (Product Lifecycle Executive Manager, large engineering and electronics company, Company #10), or: “I would say market knowledge, this customer also sets trends in the market, so we can see where they go, see where the industry’s going from that perspective” (Managing Director; large chemical company, specialized in coatings and plastics, Company #19)

The Cost condition exhibits some asymmetry compared to rewards, because a single unit of cost can be perceived more negatively than an additional single unit of reward is perceived positively (Molm, 1991; Kahneman & Tversky, 1979). Conformity (Emerson 1976), costs of coordination (Das & Teng, 2002), social costs like a lack of respect or liking (Gefen & Ridings, 2002) and opportunity costs of foregone exchanges with alternative partners (Lambe et al., 2001) came up as relevant perceived costs in the interviews. These considerations of costs are often relative, in comparison to different customers (such as time and travelling costs): “So we’ve got two dealers in [place A], so if I visit [place A], then I’m gone for a long time, overnight accommodation, travel costs. Whereas if I visit [another place B], I can do [place B] in a morning and be back in the office, it costs me X [less] in fuel.” (Senior Dealer Marketing Manager, large automotive company, Company #2).
Comparison Levels of Alternatives (CLA) roots itself in Social Exchange Theory (Blau, 1964; Thibaut & Kelley, 1959) and relates to network aspects of RAC. It incorporates perceived dependencies of the supplier company based on the relationship with a customer, the extent to which the supplier feels being locked into a customer relationship, and the extent to which the market provides potential substitution for that customer relationship. As the illustrative quote shows, the replaceability aspect can be a key aspect of CLA: “They’re a good sized customer so if we lost the business, to replace that would be very difficult elsewhere.” (Managing Director; large chemical company, specialized in coatings and plastics, Company #19).

Relational Fit considers dyadic aspects of RAC, in particular the mutuality aspect of attractiveness (e.g. shared values and strategies, Mortensen et al., 2008; complementary capabilities, Jap, 1999; social compatibility, Harris et al., 2003; or inter-personal attraction, Ellegaard, 2003). The absence of Relational Fit, for example, conflicts regarding values, can prevent the supplier from continuing or deepening the relationship with the customer: “Our values mean we wouldn’t work with a business for example that acted immorally. It might be acting legally but we wouldn’t work with a business that was more like you see on TV like a loan shark company.” (Managing Director, small human resource management firm, Company #1).

Importantly, special attention was paid to incorporate future prospects in the Non-Financial, Financial Benefits and Cost conditions because characteristically the future potential aspect plays an important role in the managerial evaluations of customer attractiveness. In previous studies the conceptualization of Non-Financial Benefits was more restricted, for example, in Kumar and colleagues (1992).
Furthering the understanding on conditions of RAC, this study uses conceptualizations based on managers ‘theories-in-use’ that can be broader than previously used conceptualizations. Based on the interviews analyzed, aspects such as brand-related benefits, benefits of getting recommendations, being able to produce a good case study for potential customers in the same industry, or just liking the time spent with the particular customer are included in the condition constructs.

Finally, the Maturity Level of the relationship condition has been newly included in the configurational analysis because as the relationship matures over time, the nature of attractiveness changes (Halinen, 1997; Mortensen, 2012). As one of the interviewees stated: “They know that in this market [Supplier X] is the dominant player, so they then go after that market themselves. [The relationship with a particular Customer] has matured into a purely ‘transactional time’, ‘replacement time’ business.” (Managing Director, large electronic equipment firm, Company #28) The four relationship stages (exploration, build-up, maturity, and decline phase) were borrowed from Jap and Ganesan (2000). In this study, these stages are not linear and predetermined. For example, a decline phase can turn back to maturity phase, or the exploration phase can be followed by a decline phase.

5.2.2. Designing Membership Sets for Conditions

Membership sets are inseparable from the coding of conditions. However, membership sets are meant to show the quality (i.e. the value or degree) to which a case belongs to the determining characteristic of a condition. For example, membership value can relate to the set of customer relationships with high relational attractiveness (RAC, the outcome in question). The term RAC is the simplified and shortened version of this more exhaustive definition of the set. The membership value in RAC indicates whether a specific case falls within the range of fully in with
regard to the outcome. The use of adjectives is suggested in set definitions (Schneider & Wagemann, 2012), for example, the adjective ‘high’ (or ‘good’) serves as a qualitative label. Different value-sets can vary by condition or outcome (Ragin, 2008), which means that different conditions can have different fuzzy value sets based on the researcher’s substantive case knowledge or theoretical arguments. Ragin (2008) provides a detailed explanation about the meaning of values for different fuzzy set value categories. It is recommended to use even number value fuzzy sets (Schneider & Wagemann, 2012), because odd number sets leave some ambiguity around undecided ‘neither in nor out’ cases. The use of crisp-sets (0/1 sets) has some limitations, because social phenomena seldom occur as dichotomies (Schneider & Wagemann, 2012). For example, instead of Relational Fit being fully present or fully absent in a business relationship (crisp-set), it is more likely to be located somewhere in between the two extremes. Therefore, to investigate the causal complexity of RAC, this study applies fuzzy set QCA.

In this research the condition of Maturity and the outcome of RAC were calibrated on four-value fuzzy sets, and the other conditions on six-value fuzzy sets. For example, the data available on Relational Fit across the interviews allowed the application of a six-value fuzzy set for this condition, because of the sufficient breadth and depth of available data. The choice of a four-value fuzzy set for the Maturity condition was influenced by a combination of case-based knowledge and theoretical reasons, in particular the categorization of Jap and Ganesan (2000) covering four main relationship stages: exploration, build-up, maturity, and decline (each showing increased levels of Maturity), which is in accordance with literature on time-related dynamics of customer attractiveness (Ellegaard & Ritter, 2006; Ellegaard, 2012).
5.2.3. Membership Evaluation Template (MET)

Calibration is the process by which set membership scores are assigned to cases (Schneider & Wagemann, 2012). It is not a mechanical transformation of ‘text’ into ‘numbers’ but relates to the logic of assigning values that represent meaningful and complex categories (not measures). As Verkuilen (2005) notes, membership is neither probabilistic nor a quantitative variable of the interval level, and it does not fit easily into the standard classification of scale types. One of the principle assumptions of QCA is that phenomena can vary by kind (similar to ‘qualitative variations’) and by degree (similar to ‘quantitative variations’) (Rihoux & Lobe, 2009), and these variations are represented by decisions made on how the categories were identified as well as what set membership values were assigned to each specific case.

In order to make the calibration process more transparent, Basurto and Speer (2012) suggest using preliminary measures. The authors demonstrate this with the example of the condition of Participatory Governance, where preliminary measures are, for example, the frequency of meetings or the frequency of other information-sharing activities, as well as how many member organizations participated in these meetings. Preliminary measures represent an important step towards a more transparent calibration, although the technique can be simplistic and less sensitive to contextual differences.

As an alternative, this study provides a Membership Evaluation Template that incorporates frequency, intensity, and context-dependent flexibility/variety to guide the calibration process for each condition. This template is completed as part of the calibration for each condition or outcome by case, and is used for the decision on a membership value score of all conditions/outcome in that case. Table 3 presents an
example (i.e. the condition of Relational Fit) for the template. This tool can be especially useful in the case of conditions where there are no relevant events or other quantifiable variables usable for the calibration. The examples are presented for demonstration purposes and are not exhaustive.

### Table 3 Membership Evaluation Template (MET) for the Relational Fit Condition

<table>
<thead>
<tr>
<th>Membership Evaluation Template (MET)</th>
<th>Case example: Senior Manager, Automotive Industry</th>
<th>Intensity</th>
<th>Context-specific Description</th>
<th>Illustrative Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects (Relational Fit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequent conflicts</td>
<td>High</td>
<td>Even minor problems end up in conflicts</td>
<td>“There’s always going to be conflict, but the conflict is always exaggerated when we’re dealing with them. (…) Any potential discrepancy, argument, interaction, always end up in conflict with them.”</td>
<td></td>
</tr>
<tr>
<td>Trust issues (both at personal and inter-organizational levels)</td>
<td>Moderate</td>
<td>No trust, contact person is described as intelligent but very opinionated and argumentative</td>
<td>“I don’t trust them. (…) [Our company] doesn’t trust them.”</td>
<td></td>
</tr>
<tr>
<td>Customer’s opportunistic behavior</td>
<td>Medium</td>
<td>Branding issues and problems with information sharing</td>
<td>“…they are more interested in their brand than in our brand”</td>
<td></td>
</tr>
<tr>
<td>Difference in size of organizations</td>
<td>Low</td>
<td>Organizational inertia deriving from size</td>
<td>“Because they are relatively small, they can move a lot quicker than we move.”</td>
<td></td>
</tr>
<tr>
<td>Differences in organizational cultures</td>
<td>Moderate</td>
<td>Different negotiation styles (difficulties) and lack of the sense of collaboration</td>
<td>“[Customer] is supporting the contact person’s argumentative behavior.”</td>
<td></td>
</tr>
<tr>
<td>Changes in ownership</td>
<td>High</td>
<td>The holding company behind the Customer became part of a company where Supplier bought a 40% stake</td>
<td>“…when the tail tries to wag the dog…”</td>
<td></td>
</tr>
<tr>
<td>Overall Case Description from a Relational Fit Perspective</td>
<td></td>
<td>A sustainable but very difficult relationship with various problems at an interpersonal level (e.g. hidden agendas) as well as differences in corporate communication style (e.g. negotiations). The Customer’s professional qualities are highly valued but power games around branding issues and ownership create a distrustful atmosphere with regular conflicts.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Dichotomized Set Membership for Relational Fit (1 = more in; 0 = less in)

<table>
<thead>
<tr>
<th>Set Membership in Six-Value Fuzzy Set</th>
<th>0.2 (“mostly but not fully out”)</th>
</tr>
</thead>
</table>

**Dichotomization**

Following the guideline of the Membership Evaluation Template, the cases were first dichotomized (Rihoux & Lobe, 2009), considering whether the case is *more in* or *more out* of the set membership, based on the logic of crisp sets (Ragin, 2008). This requires the decision about the thresholds where a case is more in than out in a particular set. Due to its simplification, however, stopping at the level of dichotomization would often not reflect reality in an appropriately detailed way; the overuse of crisp sets for social phenomena has been criticised by Schneider and Wagemann (2012). Dichotomization is an important step towards the process of value assignment in four- or six-value fuzzy sets. The case described in Table 3 was classified as ‘more out’ (crisp set: 0) regarding the membership in the set of customer relationships with good Relational Fit.

Note: Data are used from an interview with senior manager in the automotive industry (Company #2). The examples are presented for demonstration purposes and are not exhaustive. The example shows a “relatively low” relational fit in the supplier-buyer relationship.
5.2.5. Assigning Fuzzy Values

When assigning values in a set, it is crucial to consider the potential universe of cases instead of only the data available (Ragin, 2008). For example, the researcher should not narrow their perspective only to cases included in the analysis in order to define what ‘good’ Relational Fit means, because if the sample consists of cases mostly with rather poor Relational Fit, the intended meaning of the original set changes and the calibration faces major reliability issues. For this research the universe of cases encompasses existing (not planned, potential or past) customer relationships as they are seen from the supplier’s perspective. Another criterion is that both the supplier and the customer are based in the UK, which lowers the probability of bias occurring due to cultural differences.

Two coders reviewed the transcripts of the interviews independently and provided set scores for the conditions and the outcome (Henik, 2014), a process that was supported by the Membership Evaluation Template. There were no major differences in membership scores between the two researchers – minor discrepancies were resolved through discussion, and partially using the third author’s opinion. In the specific case illustrated in Table 3, the membership for the customer relationship with good Relational Fit was assigned a value of 0.2, referring to “mostly but not fully out” of the set.

6. Analysis and Findings

6.1. Truth Table and Boolean Analytical Basis

The information from the calibrated dataset (i.e. fuzzy values were identified based on qualitative data by case for the conditions and the outcome) is summarized in the truth table by sorting cases into $2^k$ logically possible combinations (truth table rows),
where \( k \) is the number of conditions – in this study this means 64 (\( 2^6 \)) theoretical combinations. After constructing the truth table, Fiss (2011) describes logical minimization, and the production of simplified combinations based on Boolean algebra. The general purpose of the minimization process is to simplify the information in the truth table by dropping logically redundant conditions (Rohlfing, 2012) and producing the formula for sufficiency (Schneider & Wagemann, 2012). The minimization process includes two main stages: first, limiting the analysis only to those rows in the truth table that have a minimum number of cases (in this study at least one case). Logical remainders are configurations (i.e. lines in the truth table) which are logically correct but have no observations and depend on the researcher’s decision whether to include any of these cases based on theoretical reasoning (Fritzsche, 2013). In this study, only empirically observed configurations were included and others were treated as remainders. Secondly, minimum consistency levels for solutions are considered. The consistency cut-off for the configurations in the truth table was set at 0.9 (there is an ongoing discussion about the lowest acceptable threshold, which is often set at 0.75, but generally speaking the higher consistency the better; Schneider & Wagemann, 2010). The truth table rows were reduced to simplified combinations based on Boolean algebra (Rihoux & Ragin, 2009) that resulted in the solution formula with multiple paths (equifinality).

6.2. Analysis and Results

A condition is necessary if whenever the outcome is present, the condition is also present. But there can be cases that are members of the condition but not the outcome (Schneider & Wagemann, 2010), therefore the analysis of necessary conditions assesses the consistency with which instances of the outcome displaying
the causal condition tend to be necessary (Ragin, 2008). A minimum level of a 0.9 consistency is suggested for the analysis of necessary conditions (Fiss, 2007; Ragin, 2008). None of the conditions in this study exceeded the consistency level of 0.9, therefore there are no necessary conditions in the solutions based on this threshold (in line with proposition 4). A condition is sufficient whenever the condition is present and the outcome is present too, or more generally speaking the condition can be regarded as sufficient if, across the cases, set membership in it is lower than or equal to each case’s membership in the outcome (Schneider & Wagemann, 2012). The raw coverage is the percentage of all cases’ set membership in the outcome and is covered by a single path. Unique coverage shows the percentage of all cases’ set membership in the outcome uniquely covered by a single path (Ragin, 2008). Table 4 shows the results of the fsQCA, four solutions for the presence of RAC (High RAC) and two solutions for the absence of RAC (Not-High RAC). For the interpretation of the solution tables the format published by Ragin and Fiss (2008) is applied. The black circles indicate the presence of a condition; circles with ‘X’ indicate the absence, while large circles indicate core conditions, whereas small ones are peripheral conditions.

6.2.1. Configurations for RAC and for the Absence of RAC

There are four sufficient configurations for RAC that all pass the minimum threshold of consistency. This applies to the overall solution consistency as well. In terms of coverage, the solutions account for 70 percent of membership in the group achieving RAC, which represents a high coverage value (comparable to the $R^2$ variance explained indicator of variable-based analysis; Schneider & Grofman, 2006). There are two solutions offered for not mature relationships (1b and 1c), one for mature relationships (1d) and for one solution maturity does not matter. Also, there are
different solutions provided for high CLA (1b and 1d), low CLA (1a; more specifically in cases with low membership in customer relationships with high CLA), and also there is a solution (1b) where it does not matter whether CLA is high or low.

Table 4 Overview of Solutions for RAC

<table>
<thead>
<tr>
<th>Relational Attractiveness of the Customer</th>
<th>Presence</th>
<th>Absence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1a 1b 1c 1d</td>
<td>2a 2b</td>
</tr>
<tr>
<td>Maturity</td>
<td>⊗ ⊗ ●</td>
<td>⊗</td>
</tr>
<tr>
<td>Financial Rewards</td>
<td>● ⊗ ●</td>
<td>⊗ ⊗</td>
</tr>
<tr>
<td>Non-Financial Rewards</td>
<td>● ● ⊗</td>
<td>⊗ ⊗</td>
</tr>
<tr>
<td>Costs</td>
<td>⊗ ⊗ ⊗ ●</td>
<td>● ●</td>
</tr>
<tr>
<td>CLA</td>
<td>⊗ ● ●</td>
<td>●</td>
</tr>
<tr>
<td>Relational Fit</td>
<td>● ● ●</td>
<td>⊗ ⊗</td>
</tr>
</tbody>
</table>

Consistency  0.89  0.95  0.95  0.94  0.93  0.95  
Raw coverage  0.52  0.36  0.36  0.48  0.43  0.36  
Unique coverage  0.10  0.03  0.02  0.07  0.16  0.08  
Solution coverage  0.70       0.52  
Solution consistency  0.87       0.94  

Note: black circles indicate the presence of the conditions; circles with “x” indicate the absence; large circles indicate core conditions; small circles indicate peripheral conditions.
For the Absence of RAC two solutions were identified. In the case of 2a maturity does not matter but the CLA is low, whereas in 2b CLA does not matter but the relationship is less mature. The solution consistency for the Absence of RAC calculations is high with a value of 0.94, with a reasonable coverage of 52 percent. Although no necessary conditions are identified, the lack of Costs (that is low membership levels in the customer relationship with high Costs) for RAC, the lack of Relational Fit (low membership level in the customer relationship with good Relational Fit) and the lack of Financial Rewards (low membership level in the customer relationship with high Financial Rewards) for the Absence of RAC are relatively close to the necessity threshold. It is arguable that these therefore represent necessary conditions in a practical sense (Olsen, 2009). The analysis of core and peripheral conditions shows that lack of maturity, the presence of non-financial rewards and relational fit are core conditions for RAC (and in solution 1b the absence of financial rewards is a core condition besides the presence of non-financial benefits), and that all others are peripheral conditions. For the Absence of RAC, the absence of non-financial rewards and the presence of costs proved to be core conditions.

The Boolean formula represents the briefest way of describing a functionally complete logic system (Kabanets & Cai, 2000). The Boolean formula for the four configurations leading to RAC is:

\[
\neg COS \ast \left( RELF \ast FR \ast \left( NFR \ast \neg CLA + \neg MAT \ast \neg NFR \right) + CLA \right) \\
\ast \left( MAT \ast RELF + \neg MAT \ast \neg FR \ast NFR) \right) \rightarrow RAC
\]

The simplified formula shows that besides the absence of Costs there are more alternative ways to achieve attractiveness: either a combination of Relational Fit, Financial Rewards and some other conditions or CLA and Relational Fit (if it is a
more Mature relationship) or CLA and Non-Financial Rewards (even though when Financial Rewards is absent, but the relationship is not a Mature relationship). The second Boolean formula shows that a common trait to achieve the Absence of RAC is when managing the relationship is expensive, it does not result in major Financial or Non-Financial Rewards and the Relational Fit is not very good:

\[ COS \times \sim FR \times \sim NFR \times \sim RELF \times (\sim CLA + \sim MAT) \rightarrow \sim RAC \]

Where “\(\sim\)” is the absence of a condition, “\(*\)” is the “logical and” and “\(\oplus\)” is the “logical or” and the abbreviations are as follows: MAT maturity, FR financial rewards, NFR non-financial rewards, COS costs and CLA comparison level of alternatives.

### 6.2.2. Configurations for Very High RAC

The analysis of extreme outcomes is demonstrated by Fiss (2011). Such an analysis explores how Very High RAC can be achieved, thereby extending the search for RAC. This requires recalibration that is about assigning new values to the RAC condition with a different reference point that is Very High RAC that is different to RAC. For example, a case where the customer firm was somewhat attractive (membership of RAC “more in than out”, but close to “neither in nor out”) has set membership of “more out than in” when the question is the membership in Very High RAC. The previous calibration of other conditions, however, remains unchanged. Table 5 shows the results of the fuzzy set QCA analysis of Very High RAC, with only one sufficient configuration existing, showing a reasonably high raw coverage (47 percent).
### Table 5 Overview of Solutions for Very High RAC

<table>
<thead>
<tr>
<th>Condition</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity</td>
<td>⊘</td>
</tr>
<tr>
<td>Financial Rewards</td>
<td>⊙</td>
</tr>
<tr>
<td>Non-Financial Rewards</td>
<td>⊙</td>
</tr>
<tr>
<td>Costs</td>
<td>⊘</td>
</tr>
<tr>
<td>CLA</td>
<td>⊘</td>
</tr>
<tr>
<td>Relational Fit</td>
<td>⊙</td>
</tr>
<tr>
<td>Consistency</td>
<td>0.93</td>
</tr>
<tr>
<td>Raw coverage</td>
<td>0.47</td>
</tr>
<tr>
<td>Unique coverage</td>
<td>0.47</td>
</tr>
<tr>
<td>Solution coverage</td>
<td>0.47</td>
</tr>
<tr>
<td>Solution consistency</td>
<td>0.93</td>
</tr>
</tbody>
</table>

**Note:** Black circles indicate the presence of the conditions; circles with “x” indicate the absence; large circles indicate core conditions; small circles indicate peripheral conditions.

Not surprisingly, Very High RAC can be achieved through the combination of Financial as well as Non-Financial Benefits, the lack of Costs, low CLA, and good Relational Fit. However, these conditions were combined with low maturity levels,
i.e. at early stages of the relationship customers could achieve extreme levels of attractiveness while such an extreme outcome could not be replicated in more mature relationships. Furthermore, a sensitivity analysis was carried out by checking configurations at different consistency levels (0.75, 0.80, 0.90) but only minor changes were observed regarding neutral permutations that occur and the specific number of solutions, while the interpretation of the results remained substantively the same (Fiss, 2011). Therefore, the results of the fuzzy set QCA are robust.

7. Discussion and Methodological Implications

Drawing on the literature on customer attractiveness and Social Exchange Theory, this study proposed that the perceptions of senior managers on the supplier side regarding drivers of the relational attractiveness of the customer firm combine to form configurations. On the one hand, these results contribute to the existing knowledge on attractiveness by supporting as well as challenging the relevant theoretical discussion on relational attractiveness. On the other, there are methodological contributions, especially with regards to good research practice in using qualitative data as input for QCA.

First, the findings reveal that several different configurations of conditions contribute to the presence as well as the absence of RAC. This supports the first proposition that is multiple causal recipes for RAC exist. Furthermore, these different configurations relate to different levels of maturity of the underlying buyer-supplier relationship, in line with Proposition 2 as well as with theoretical assumptions in the literature (Halinen, 1997; Mortensen, 2012) and previous empirical investigation (Mackenzie & Hardy, 1996). However, these studies did not offer insights about the underlying mechanisms, whereas this study makes a contribution by offering
different causal recipes to achieve attractiveness in more mature compared to less mature relationships. Furthermore, it is noteworthy that each of the configurations contributing to RAC include the absence of Costs, and that the configurations contributing to the absence of RAC all include the absence of Financial as well as Non-Financial Rewards, the absence of Relational Fit, and the presence of Costs. Thus, these causal conditions can be interpreted as critical, yet not necessary for achieving RAC.

Our study further develops two conditions of RAC described by Tóth and colleagues (2015): the Relational Fit condition incorporates more relational aspects than the previous Trust condition, and the Comparison Level of Alternatives takes a network perspective rather than focusing only on dependencies within the dyad like the previous Dependency condition. However, our third configuration (1c) of the presence of RAC is consistent with the first configuration described in Tóth and colleagues (2015). Our study advances our knowledge on this specific causal recipe for RAC by showing that it is more characteristic for less mature relationships (Maturity is absent in 1c). Apart from a minor difference in the CLA – Dependency condition, our first configuration (1a) is also consistent with previous findings in showing that RAC can be achieved when the relational aspect is strong (Relational Fit or Trust is present) and both Financial as well as Non-Financial Rewards are also present. Noteworthy is the fact that a similar pattern emerges in the analysis of Very High RAC, combined with the absence of Costs and CLA and in the context of the absence of Maturity. Future research should address whether there are potential ways to achieve Very High RAC in more mature relationships as well, or what the barriers are to achieve such extreme outcomes in more advanced customer relationships.
Three new insights regarding the composition of the configurations emerge: the second configuration of RAC (1b) shows that in non-mature relationship with the availability of potential alternatives, the customer can achieve attractiveness in the eyes of the supplier if they associate major Non-Financial Rewards with the relationship. The fourth configuration (1d) shows that in a mature relationship, even when alternatives are available, good Relational Fit together with the absence of Costs, can make the customer attractive, no matter whether Rewards are present. Our results show that different causal recipes exist for relationships with different Comparison Level of Alternatives (in line with proposition 3): configuration 1a for cases where CLA is moderate, 1b and 1d for cases when CLA is high and 1c for any level of CLA.

Secondly, configurations 1b and 1d demonstrate that attractiveness can be achieved even without major Financial Benefits (in line with proposition 4), particularly if it is either a less mature relationship (the mechanism in this case is the presence of Non-Financial Benefits) or a mature relationship (with the mechanism of the absence of Costs and a good Relational Fit). While not undervaluing the importance of Financial Rewards, these causal recipes can offer alternative ways for customer companies to achieve attractiveness when they do not have significant volumes of purchase or other major financial values to dedicate to the supplier. This is in accordance with the theoretical argument of Christiansen and Maltz (2002). However, these findings challenge the predominantly Financial Rewards-oriented view of Baxter (2012) on attractiveness.

Thirdly, the findings indicate asymmetric causal effects for RAC and the absence of RAC, thereby supporting proposition 5. Nevertheless, the combination of a lack of Financial Rewards, lack of Non-Financial Rewards as well as a lack of Relational Fit
seems to be consistent in bringing about the absence of RAC, while the
(symmetrical) presence of these conditions contribute to achieving RAC. This
symmetry is limited as RAC can also be achieved without Financial Rewards or
Relational Fit in the context of other solutions.

A key contribution of our work is methodological in nature: we provide an example
of applying fuzzy set Qualitative Comparative Analysis to the analysis of qualitative
data based on a medium-sized sample (Ragin & Sonnett, 2005; Rihoux & Lobe,
2009). More specifically, we outline a systematic and detailed way of interpreting
qualitative data for fsQCA by suggesting the use of a Membership Evaluation
Template that can help in developing a more rigorous calibration process by offering
a structured outline. It also helps to identify various aspects that contribute to a
condition. We show how a multi-step process of using qualitative data to generate
fuzzy set input values can be used in QCA. Specifically, this guidance incorporates
issues regarding sampling, the synergy between coding and calibration, designing
membership sets, the use of the Membership Evaluation Template, dichotomization,
assigning fuzzy values, and construction of the truth table. The analysis of sufficient
and necessary conditions, producing configurations for both the presence as well as
for the absence of the outcome condition, the analysis of extreme outcomes, and
interpretation of the outcome are also discussed.

Dichotomization proved to be particularly useful in progressing with the calibration
process. Although our study is not exhaustive with regard to describing all aspects of
the methodological process (for example, the ways in which to resolve contradictory
configurations or some ongoing methodological discussions regarding different
consistency levels), it provides an overview of the main qualitative steps of using
interview data in a QCA in the management area. Moreover, we provide, through
empirical demonstrations, an argument which highlights the substantial research potential of applying a qualitative analysis strategy in comparative business research based on QCA.

8. Managerial Implications

Besides methodological orientation of our paper, it provides some important managerial implications regarding aspects of RAC: the four configurations of RAC offer alternative causal recipes for customer companies to make themselves attractive to their suppliers. Different solutions apply for less and more mature relationships, as well as for cases where the customer can or cannot provide major Financial Rewards. As the data were collected from the supplier side, the configurations explored reflect how supplier managers perceive the customer’s attractiveness, therefore it can inform the strategy development on how the customer firm intends to build and maintain particular supplier relationships.

In order to discuss potential managerial implications, we went back to five of the interviewees, provided them with a summary of the research and conducted additional interviews. The managers welcomed the idea of alternative causal recipes instead of a standardized solution for a ‘prototype’ attractiveness make-up in business relationships. In addition, asymmetrical effects in achieving RAC, and the absence of RAC were reported as something closer to practice and managerial experience.

The first configuration (1a) was considered by our respondents as a ‘default’ way to achieve attractiveness (Financial as well as Non-Financial Rewards and Relational Fit, with no major Costs and low Comparison Level of Alternatives). The fourth configuration (1d) was seen as a solution that is based on a customer company which
is relationally attractive from a portfolio-perspective, that means a ‘good to have’
customer in order to leverage firm resources (e.g. asset utilization) and reduce risks.
Configurations 1b and 1c can be alternative ways for a customer to become attractive
in a less mature relationship phase, but as one of the interviewees pointed out, it
comes down to strategy and managerial approach: “Currently we are negotiating
with some relatively new customers on different rewards. In some cases if they don`t
have significant financial rewards to bring to the table, they can leverage the
relationship with for example, branding efforts. Assuming that they have a decent
brand and are prepared to go on report and help us to build references. But then it
all comes down to the managerial approach. Is manager at the supplier firm
genuinely interested in positioning the company or do they just want to hit the sales
scores? We are interested in the long-term perspective.” (Managing Director, small
consultancy firm, Company #25). This tells us that the strategic orientation of the
customer firm is a potential future condition of RAC.

Another interviewee noted that ‘low’ costs (as a peripheral condition) appear in all
configurations and he believes that in a less mature relationship it can be an
important advantage to be not very demanding on the cost side in order to achieve
attractiveness. However, he also came across a counter-example: an attractive
customer relationship that is currently relatively expensive to manage; nevertheless,
it has a great potential for significant future purchases and therefore the supplier
invests in this relationship.

9. Conclusions, Limitations and Further Research

We conducted 28 in-depth interviews with senior managers on the supplier side from
various industries in the UK and used a fuzzy set Qualitative Comparative Analysis
to explore how the customer firm can achieve attractiveness in the eyes of the supplier. This study develops a deeper contextual understanding on the configurations of RAC by incorporating a broader relational perspective (Relational Fit), the network angle (Comparison Level of Alternatives) and adds the time perspective by introducing Maturity as a new condition besides the previously addressed costs-rewards considerations (Costs, Financial and Non-Financial Rewards). The results show four equifinal configurations of these conditions that lead to RAC, and two that lead to the absence of RAC. Additional interviews were conducted with managers to gain first-hand feedback on potential managerial implications. The logic of causal asymmetry and the idea of ‘no one best way’ to achieve an outcome were welcomed and deemed to be close to business practice. We learnt, however, that the strategic perspective may matter more than we allowed for in our model design: its influence is not restricted to whether there is a good fit between the supplier’s and the customer’s strategies (which is addressed in the Relational Fit condition), but it is also important whether the supplier’s strategy is more oriented towards a long term development of customer relationships, or whether it is more sales focused and oriented towards success in the short term.

The methodological development of the paper is to demonstrate empirically a way how fuzzy set Qualitative Comparative Analysis can be carried out step by step with medium size number of cases, using qualitative (interview-based) input data. Additionally, the Membership Evaluation Template is suggested as an approach to support the calibration process for each case. The Membership Evaluation Template helps to identify not only different aspects contributing to a specific condition, but also their intensity, i.e. to what extent did the interviewee put emphasis on particular aspects. A short context-specific description is also included in the Membership
Evaluation Template that is intended to capture a broader picture of the case in which the condition is embedded. Prior to assigning a fuzzy set value to the condition, the Membership Evaluation Template offers the stage of dichotomization that represents the researcher’s preliminary decision on whether the set membership for the condition is ‘more in’ or ‘more out’.

Limitations, however, exist and provide guidance for further research. The reliance of this study on a Social Exchange Theory framework means that not all the potentially relevant conditions are covered. For example, future research could address more strategic considerations among the conditions of RAC. Fuzzy set QCA is a powerful tool that supports theory building by validating or falsifying theories and exploring new alternative ways for further theory development. The generalizability of the results of a qualitative application of fuzzy set QCA to a mid-sized sample is limited and further configurations are also possible besides the identified ones. Future research should attempt to assess to a greater extent how different business phenomena are created. In enabling this, fuzzy set QCA has great potential to explore common patterns and stretch our theoretical understanding by applying a configurational logic. This applies to primary data but also to the analysis of in-depth interviews and case studies as well as quantitative databases.
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Chapter IV

Corporate Online References:

Conceptual Development and Empirical Investigation using Social Network Analysis and fuzzy set Qualitative Comparative Analysis
Corporate Online References: Conceptual Development and Empirical Investigation using Social Network Analysis and fuzzy set Qualitative Comparative Analysis

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Abstract

This study introduces Corporate Online Referencing as an important aspect of referral marketing. Three types of online referrals are studied: logos, case studies and testimonials from partners that appear on corporate websites. These online referrals are (mostly) initiated by the focal firm (Identifier) that publishes them on their website. The provider of the reference (Identified), by allowing the publishing of the collaboration information, makes themselves available for third party enquiries. Therefore, Corporate Online Referencing is a source of stimulating Word-of-Mouth in a business context.

The study takes the Relational View of the Firm: referrals are considered as jointly created resources where the Identified provides a resource endowment to the partner. The questions of how such referrals are created and how they represent inherent parts of a referral network, are empirically investigated. Following a more exploratory qualitative phase, to examine the referral network, Social Network Analysis is applied. To gain a better understanding of the relational complexity of how Corporate Online References are created, additionally a fuzzy set Qualitative Comparative Analysis is undertaken.

Corporate Online References have the potential to contribute to the focal firm’s competitive advantage through resource mobilization. It was found that Identifiers create referrals through different configurations of conditions, such as improving reputation, building partner portfolios, the perceived replaceability of the partner, and attracting new partners. Reciprocity is not immediate between the two parties.
and if improperly done, Corporate Online References can negatively affect the
Identifier’s attractiveness. Corporate Online References can form a network that is a
sub-type of referral networks.

**Keywords:** corporate online reference, referral marketing, referral network, fuzzy
set QCA, Social Network Analysis, Word-of-Mouth
Corporate Online References: Conceptual Development and Empirical Investigation using Social Network Analysis and fuzzy set Qualitative Comparative Analysis

1. Introduction

Firms need to communicate their offering to their partners in a credible manner (Grönross, 2004). Positive referrals and satisfied partners represent a successful way to achieve such credible communication (Mangold et al., 1999). Referral marketing, i.e. using references from partners as an inherent part of relationship management (Jalkala & Salminen, 2009) is an important marketing activity. Considerable research exists about referrals and their impact on customer behaviors, such as recommendations and customer purchases (Olaru et al., 2008; Chevalier & Mayzlin, 2006), or employee referrals (King & Grace, 2010). The majority of this research is, however, based on business-to-consumer situations. Although some research advocates the importance of referral marketing activities in business-to-business situations (Buttle, 1998), e.g. the impact of referrals on organizational buying decisions (Aarikka-Stenross & Makkonen, 2014), this area of interest needs further empirical investigation. Thus, this study stems from this relatively under-researched but important area of business marketing.

Referrals are conceptualized as positive verbal or written assurances of the focal company's skills, reliability, or offering quality by an existing partner (e.g. a customer company) to inform a potential new partner organization (based on Verhoef et al., 2002). Referrals are powerful in mobilizing intangible resources, such as reputation and goodwill, within networks (Thornton et al., 2013) and can therefore contribute to creating competitive advantages (Day, 1994). Referrals from satisfied
partners are among the firms’ greatest marketing assets (Engel et al., 1969). Based on the evidence that a growing body of referrals is presented online (Jalkala & Salminen, 2009; Trusov et al., 2009), such online publicity influences inter-organizational relationships by creating a higher level of transparency (Berthon et al., 2003). Therefore this research studies inter-organizational referrals in an online context, more specifically Corporate Online References (COR).

While the extant literature highlights the importance of business-to-business marketing communication tools (Gilliland & Johnston, 1997) as well as the power of online communications in a business context, especially in sales (Avlonitis & Karayanni, 2000) and product management activities (Cunningham & Tynan, 1993), issues around online referrals have not been dealt with in detail. Despite the wide-ranging application of COR on corporate websites, related empirical research is very limited. An exception is the content analysis of testimonials and case studies carried out by Jalkala and Salminen (2009) with the focus on client referrals. This study takes a broader perspective and studies referrals from customers and other partners as well. The research utilizes the Relational View of the Firm, because this approach is useful in capturing the mutual interests of the parties in maintaining their relationship and therefore jointly create COR as a resource for relationship development within a broader network context.

The two main research objectives are the following: first, this research explores why and how companies create COR by studying the conditions that motivate their use, including the analysis of the benefits and potential problems associated with referencing activities. Secondly, the research builds up a network view of COR and demonstrates how these references form a referral network. A multi-stage research design is followed, combining two waves of interviews with Social Network
Analysis (SNA) relating to COR data from more than 1000 websites of companies based in a major city in the United Kingdom. Finally, a fuzzy set Qualitative Comparative Analysis (fsQCA) is conducted with data from the second wave of interviews with managers that are members of the ego-network of a particular organization (a university) within the explored referral network. These stages build upon each other in a synergistic way: the results of the first qualitative stage help to identify conditions for the creation of COR; the second stage of SNA explores the morphology of a referral network; and in the third phase, the ego network and a number of 2nd-order relationships of a highly referred organization in the COR network are studied in detail to explore different motivational configurations for creating COR.

The study makes a valuable contribution to existing knowledge on the subject of referrals by identifying and conceptualizing COR, exploring its conditions and resulting referral network. Beyond these theoretical aspects, the methodological contribution relates to showing an application of the combination of fsQCA and SNA that is rare but promising in terms of beneficial synergies (Fischer, 2011). The study introduces and enhances the understanding of COR by identifying the phenomenon and the managerial motivation to create it. This is important because COR is a vital business-to-business marketing communication tool that can be applied successfully for image building and attracting new partners. Furthermore, in some contexts, it can act as a strategic signaling tool to the anticipated network, i.e. the set of referred partners can signal the expansion strategy of the focal firm. The study, first, introduces COR as a specific category of referrals, secondly, it positions COR in the theoretical framework of the Relational View of the Firm (Dyer & Singh, 1998; Gulati & Singh, 1998) informed by supplementary theories, thirdly, it
provides propositions, and finally, the study empirically investigates them by analysing the conditions of COR, a specific referral network of COR and the configurations leading to a more central position as well as less central positions within this referral network are examined.

2. Corporate Online References: A Special Case of Referrals

In referral marketing, the terms *recommendations*, *references* and *Word-of-Mouth* (WoM) are often used without distinction as synonyms for *referrals* in a simplified manner (Grierson & Brennan, 2014). Thus, relevant literature in this study is discussed mostly using the term ‘referral’. Based on the conceptualization of Anaza (2014), referrals are defined as the creation and distribution of messages as a means of spreading positive information about the focal firm and/or its products/services. A referral can be seen as an organizational marketing communication tool that is created through the interaction between actors, and where one actor intentionally depicts the other one in such a way that third parties may find the receiver of the reference more attractive to collaborate with. The link between referrals and the concept of attractiveness is important in this context. On the one hand, the focal company intends to increase its attractiveness in the eyes of potential future partners by publishing or receiving referrals from particular partners. On the other hand, referrals can indicate the type of partners the focal company is attracted to do business with, vis-à-vis market attractiveness (Kraljic, 1983). The higher a market’s attractiveness, the greater the expected benefits to gain by investing in that market.

Referrals are pervasive between actors and in networks (Van den Bulte & Wuyts, 2007). They are an important source of pre-purchase information (Katz & Lazarsfeld, 1970). Some of their roles are to reduce perceived risks, generate greater
empathy, and to increase the perceived credibility and relevance of the receiver (Murray, 1991; Sweeney et al., 2008). Referrals can influence the purchase process at multiple stages, e.g. awareness, interest, as well as the final purchase decision (De Bruyn & Lilien, 2008). Referrals are a network phenomenon: referrals create a specific type of information network (Dwyer, 2007), the referral network. Referral networks can include some reciprocal cross-references (Buttle, 1998). In a business environment where trust between actors is not highly developed or where there is a high complexity in products and services, referrals offer an alternative way to obtain a significant competitive advantage (Haywood, 1989). What makes referrals even more prevalent is the fact that decision makers tend to overestimate the diagnostic power of accessible information that is shared through referrals, thereby limiting their ability to consider alternative options adequately (Herr et al., 1991). Referrals proved to be more effective sales tools than personal selling or advertising (Brown & Reingen, 1987). They play a particularly important role for, for example, decisions about new product offering purchases while under time pressure (Sweeney et al., 2008) as well as in the marketing of services that are normally associated with higher uncertainty (Helm, 2003; Shostack, 1977; Möller, 2010). Referrals can help to acquire new customers or suppliers (Mitręga et al., 2012) or other types of organizational partners from new industries (Brossard, 1998). Another reason why it is worth investing in referral relationships is because referral partners enjoy a different treatment to their alternatives (Perez et al., 2013).

At an operational level, Verhoef et al. (2002) describe the referral as an act or a combination of acts relating to one party communicating positive things about the other party, i.e. providing a reference which may consist of decision-relevant information for third parties. Providing a reference also delivers various relational
benefits (see Table 1): increased reputation for the company, increased purchase
(Sweeney et al., 2008), as well as helping with retention (Ennew et al., 2000; Schmitt
et al., 2011) and loyalty (Helm, 2003). Partnerships that were acquired based on
referral information tend to last longer and are more profitable than those triggered
by advertisements, sales pitches or price promotions (Reichheld, 1996).

Table 1 Benefits and potential costs of Corporate Online Referencing from the
perspectives of the Identifier and the Identified

<table>
<thead>
<tr>
<th>Identifier</th>
<th>Identified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential Benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Reputation benefits (legitimacy / status)</td>
<td>Additional online presence</td>
</tr>
<tr>
<td>Portfolio building (overall image benefits)</td>
<td>More lead to homepage (i.e. increased number of visitors)</td>
</tr>
<tr>
<td>Increased attractiveness to potential clients (especially if Identified is from a targeted, attractive industry)</td>
<td>Positive brand associations if Identifier’s company / brand is perceived as renown / innovative</td>
</tr>
<tr>
<td>Increased loyalty from Identified (it may come with increasing investments)</td>
<td>Strengthened relationship between the partners / Goodwill</td>
</tr>
<tr>
<td><strong>Potential Costs</strong></td>
<td></td>
</tr>
<tr>
<td>If inconsistently done, can damage the image</td>
<td>Time invested in third party enquiries</td>
</tr>
</tbody>
</table>

*Note: Aspects are based on literature (especially Brown & Reingen, 1987; Helm, 2003; Kumar et al., 2010; Payne et al., 2005) and the qualitative data analysis (Phases I & III).*

Wilson (1994) also argues that the partner providing the referral receives benefits,
e.g. goodwill. This is backed by an experiment of referral behavior by Kumar et al.
(2010) showing that those who made referrals can also expect increased loyalty from
the receiver of the referral, and thereby increase their commercial interactions with
them. Kumar et al. (2010) compare Customer Lifetime Value (CLV) and Customer
Referral Value (CRV) and find that even if the CLV of partner is moderate, they may
be able to contribute to the company’s profits indirectly by providing referrals and
helping to gain new partners.
There are various types of referrals. For example, pre- and post-purchase referrals (Buttle, 1998), testimonials (Jalkala & Salminen, 2009), quality-oriented and price- and value-oriented referrals (Mangold et al., 1999), positive and negative referrals (Helm, 2003; Mangold et al., 1999), organic (not encouraged by the referral-receiver, the focal company) and stimulated referrals (Schmitt et al., 2011). Furthermore, physical and online referrals can be distinguished (for example, Word-of-Mouth and eWord-of-Mouth) (Sweeney et al., 2008), and as an example of the latter COR.

COR is a specific category of referrals that is published online in the form of a corporate logo, testimonial or case study. In the context of the Relational View of the Firm, COR is identified as a specific type of resource endowment, because a positive opinion from a partner or a published association between them is provided as an endowment from the Identified, which represents relational rent from the Identifier’s perspective. The provider of the reference is the Identified whose opinion or the association with whom is published on the website of the Identifier (focal company) that is the recipient of the referral. As the Identified agrees to engage in managing potential third party enquires, COR can stimulate Word-of-Mouth (by the Identified for the benefit of the Identifier). Another characteristic of COR is strategic signaling, as the set of published partners can signal the Identifier’s strategic intentions. COR shares some characteristics with other referral activities; however, the combination of the discussed characteristics is unique to COR.

First, similar to eWOM, COR is characterized by online enhanced resource mobilization and decreased information asymmetry (Hennig-Thurau et al., 2004). The public availability makes COR accessible to a wider group of actors (including stakeholders and competitors) that is unlikely to happen in an exclusively physical environment, or in case of traditional references. Secondly, COR is based on mutual
agreement and therefore is not an organic referral that is created without the consent of the Identified. In this respect COR is similar to the referral relationship between brand ambassador and the recommended brand (Gromark & Melin, 2011). COR is jointly created, for example, both partners contribute to the content of COR. Thirdly, COR relationships between Identified and Identifier build into networks as they can create a web of referrals (Wellman & Gulia, 1999). Fourthly, COR stimulates future referrals, as referrals are contagious in nature (Wilson, 1994): COR can open the door for future Word-of-Mouth.

**Figure 1 Corporate Online References: referral relationship between Identifier and Identified**

![Diagram of Corporate Online References](image)

*Note: The Identifier is the firm that published the referral on their corporate website.*

Figure 1 provides a conceptual depiction of COR. In the case of Word-of-Mouth B says, for example, “*A is great, because they did a good job on our joint project*”, whereas in COR A communicates “*We [A] are great, because we did a good job on*”
our joint project with B”. Besides, Company A could continue: “…if you want to make sure we did a good job, feel free to check it with B…” and with this they possibly stimulate Word-of-Mouth (by B). Thus, A is the Identifier, while B is the Identified. The similarity between eWord-of-Mouth and COR is that both aim to have an impact on the decision-making of third parties and influence attitude formation (Hass, 1981), but the involvement of the parties is very different. In COR if a company allows themselves to be identified by many partners, it indicates attractiveness and a type of leadership role in the network (Turnbull & Meenaghan, 1980), because a relatively high number of companies (Identifiers) regard them as an attractive source of reference and assume that their evaluation by potential partners will therefore be positively perceived.

COR has three main facets (see Figure 2): first, logos in the ‘Our Partners’ (or ‘Our Clients’) section of the website, or alternatively the same type of listing partly of fully without logos; secondly, case studies either fully accessible on the homepage, or uploaded as a document under the titles ‘Case Studies’ or ‘Success Stories’, describing successful collaborations with partners (normally a brief case descriptions of up to two pages); finally, testimonials from clients and other partners that are positive statements about the Identifier firm or their products/services. These testimonials are normally published in the form of quotes with names and company names, or sometimes in the form of short videos.
Figure 2 The three main facets of Corporate Online References: logos, case studies and testimonials

Note: Logos were created with www.freelogoservices.com; names and company names are presented for illustration purposes only.
There is no clear agreement on how referrals such as COR are created: some authors examine them as organic outputs of relationships, some others see them as actively stimulated referrals or as results of a combination of these organic and stimulated processes. Boles et al. (1997), for example, takes a more organic view, arguing that the likelihood of creating a referral inherently increases with the growth of relationship quality (Naudé & Buttle, 2000). Relationship maturity, however, does not play such a significant role: more mature and less mature relationships can equally produce referrals (Johnson et al., 2003). The more ‘active approach’ argues that partners should proactively seek out referrals (Johnson et al., 2003), engage in referral campaigns (Ennew et al., 2000) and provide extrinsic motivations (Ryu & Flick, 2007), make relationship-specific investments into referrals (Helm, 2003) or stimulate the creation of referrals in various ways (Wilson, 1994).

While the concept of COR is relatively straightforward, it remains unclear how some organizations become more successful in using or receiving more COR than others. More empirical investigation is needed to understand what motivates a company to engage in creating COR and consequently how can a company receive more CORs from their partner portfolio (i.e. to achieve being the Identified by various Identifiers) in order to gain relational benefits such as increased online visibility within the network, and the increased loyalty of the Identifiers. These motivational questions provide the basis for some of the propositions, which are investigated by exploring combinations of conditions from the Identifier’s perspective, i.e. why they ask for referrals from the Identified and how COR is created through different configurations of conditions. Other parts of this study investigate the network of COR as an example of referral networks and study a particular ego-network within this network with greater detail.
3. Theoretical Positioning

The theoretical positioning of this study is primarily based on the Relational View of the Firm (Dyer & Singh, 1998; Gulati & Nickerson, 2008), informed by the Resource Dependence Theory (RDT), the Industrial Network Approach (INA) and the Corporate Social Capital literature (CSC). The Relational View of the Firm embraces the underlying idea that critical resources are often resources created in collaboration between multiple firms, exploiting their absorptive capacity; that is the ability to recognize the value of new, external information and assimilate as well as apply it in a business context (Cohen & Levinthal, 1990). On this basis, referrals stand out as key resources that are generated by interactions within a network context; therefore their management is a fundamental element in developing and sustaining competitive advantages (Fombrun, 1996; Haywood, 1989). Figure 3 provides an overview of the theoretical framework for COR, with the Relational View of the Firm as a central approach and the Resource Dependence Theory, the Industrial Network Approach and Corporate Social Capital as informing approaches with a connection to the core part.
The relational view provides a framework that describes how resources are created in relationships, and the idea of relational rents and complementary resource endowment applies to COR as well. According to Dyer and Singh (1998) the greater the investments are from the partners in relationship-specific assets, the greater the potential is for relational rents. The authors define relational rents as supernormal profit generated in an exchange relationship that cannot be created by either firm in isolation, only through idiosyncratic contributions of particular partners.

In the case of COR, joint efforts are needed both from the Identifier as well as from the Identified. On the one hand, the Identifier initiates the creation of the referral, which implies that they have previously made some efforts to improve the quality of the relationship, for example, by providing high quality products/services or acting in a collaborative, proactive way. On the other hand, the Identified manages the organizational processes, i.e. approving the request from the Identifier and helping
them to create the referral, which includes making themselves available for third party inquires.

One way to generate relational rents is to leverage the complementary resource endowments of a partner. Complementary resource endowments are distinctive resources of partners that collectively generate greater rents than if used separately (Dyer and Singh, 1998). This is particularly relevant to COR, because the Identified by agreeing to be associated with the Identifier and by making themselves available for further questions about their joint work, offers a resource endowment to the Identified. The creation of COR is a joint effort that generate benefits that are barely possible to create without collaboration.

Some companies create a hub for market information and being an Identified for COR for several partners can be one way to achieve this position by providing information to third parties. However, these resource-related efforts require some limits. As Achrol (1991) notes, resource flows among participant firms cannot be at the expense of time and coordination function of system activities.

There are important contact points between the Relational View of the Firm and other approaches that inform the theoretical positioning of the study. The first informing theory is Resource Dependence Theory. Although it fails to acknowledge that the direct sharing of resources and the indirect transferability of benefits are associated with resources (Lavie, 2006), it recognizes the interdependencies with other organizations and the influence of external factors on organizational behaviour (Hillman et al., 2009).

Interestingly, Pfeffer and Salancik (1978) refer to the existence of reference networks that stabilize inter-organizational relationships by developing commitment that binds business partners together. The authors call for more empirical
investigation into this specific way of resource mobilization and propose that “[in referral networks] we suspect that the frequency and cohesiveness of such networks would increase when competition is high and communication facilities are available, such as local organizations where the parties can get together” (p. 149-150).

Besides the existence of referral networks, the authors discuss three more aspects that are of crucial importance for COR. First, they mention that some forms of reciprocity are present in referral relationships. Secondly, they posit that the public disclosure of a relationship helps to obtain commitment and support. For example, when an organization makes board membership ‘visible’, the fact that they are publicly known, makes the board members more committed to the organization. Finally, the organization can gain legitimacy by merit of their reputable partners, because these links provide confirmation to the rest of the world about the importance and quality of the focal company.

The second supplementary approach is the Industrial Network Approach because it explores interconnectedness (Hertz, 1999), network competencies (Ritter, 1999; Ritter & Gemünden, 2004) and strategic signaling (Möller & Svahn, 2003) that are essential for COR. The core idea of the Industrial Network Approach is that “No business is an island” (Håkansson & Snehota, 1989, p. 256). The Industrial Network Approach provides alternative views to the myths of action, independency and resource-completeness in networks. On the contrary, firms are perceived as interdependent and interconnected in a network of direct and indirect relationships, facing relational complexities per se (Ford et al., 2003). They are interacting with each other in order to achieve solutions, and their resources are incomplete because no company alone possess resources (Ford et al., 2003). Corporate relationships cannot be managed in an isolated way and a firm can access other resources through
other relationships (Easton, 1992). In this context, as a specific type of referrals, COR is thus seen as an instrument for ‘managing in relationships’ (Walter et al., 2001).

Ritter (1999) develops the construct of network competence that describes the firm’s ability to manage particular aspects of the network. Network competence and access to resources are positively related to each other. One type of interconnectedness is the combination of advantages that occurs when companies allow access to one another’s resources (Ritter, 2000). This interconnectedness can be increased by networking activities. Networking capability is an organizational capability oriented towards managing relationships through different relationship stages, including the initiation, development and termination of relationships (Mitręga et al., 2012).

Another relevant phenomenon to COR under the umbrella of the Industrial Network Approach is strategic signaling. Strategic signaling is the communication of anticipated network pictures (Öberg et al., 2007) that intentionally or unintentionally provides some information to new and existing partners as well as stakeholders about the network position the company intends to obtain and where they want to expand their activities. Öberg et al. (2007) empirically investigate how mergers and acquisitions signal such strategic information. Möller and Svahn (2003) explore the phenomenon in the context of strategic nets, stressing that gaining a strong demand position, i.e. when several companies wish to do business with the focal firm, is essential for strategic signaling. In some contexts, COR can be considered as strategic signaling, because emphasizing the association with particular companies (i.e. publishing them on the corporate website) can indicate the type of companies (for example, in terms of industry) the firm wants to attract as new partners.
The third informing stream of research is Corporate Social Capital theory. This is a diverse area of research that has its roots in sociology and social psychology. There are two core approaches of Social Capital that applies to corporate contexts as well: a more membership-based and a more structural approach. Bourdieu (1986) belongs to the first group; the author defines Social Capital “as the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – ... to membership in a group – which provides its members with the backing of collectively-owned capital, a ‘credential’ which entitles them to credit, in various sense of the word” (p. 51, emphasis added by the authors). The more structural approach is presented by Coleman (1988) and Putnam (1993) who describe social capital as the set of resources embedded within the network, accessed and used by actors within the network. In line with this more structural approach, Knoke (1999) defines Corporate Social Capital as the processes of forming and mobilizing actors’ network connections within and between organizations to gain access to other actors’ resources. This study takes the latter approach as it is more capable to describe resource mobilization with the help of COR in a network context. Putnam (2000) describes two core functions of Social Capital: bridging and bonding. Bridging is the process of connecting actors that did not know each other previously and bonding is what brings existing relationships closer together. Interestingly, in an online environment a third function also takes place, which is the maintenance function (Ellison et al., 2007). The online presence does not necessarily bring the actors together, but the public visibility of the relationship encourages more efforts to be taken into maintaining the relationship. These three functions are interesting from a COR perspective as well, because they explain some relational dynamics, especially
the interplay between physical and online business environments. In relation to this interplay, as Hampton and Wellman (2003) discuss, technology (i.e. web-based technologies) may enhance place-based communities and facilitate the creation of (corporate) social capital. Research on Corporate Social Capital informs this study with the concept of different types of bonding and the idea of resource mobilization and accumulation. In terms of the joint creation of greater benefits, however, the Relational View of the Firm provides a more comprehensive framework.

4. Informing Propositions
The referral marketing literature identifies various conditions that can lead to referencing, for example, coincidental communication, the Identifier’s or Identified’s promotional effort as incentives, the feeling of the need to talk about an experience (Mangold et al., 1999), personal, inter-personal and situational characteristics (Sweeney et al., 2008); and different contextual conditions (Buttle, 1998). Despite the fact that there is no common agreement concerning the main conditions, a number of authors consider several conditions as influential (Helm, 2003; Kumar et al., 2010; Payne et al., 2005), which suggests a contextual complexity. Special attention should be paid to some case-specific characteristics, especially to the fact that COR is a specific type of referral created through mutual collaboration. It is normally initiated by the Identifier, who then receives the approval from the Identified to publish the logo/name, testimonial, or case study of the Identified on the corporate website after agreeing on the details of the content of the reference material. As the initiation of the referral is mostly related to the Identifier, their motivations are most relevant for understanding the creation of COR. Referral literature identifies various conditions and different authors suggest different
combinations of conditions. Therefore it is expected that, depending on the context, alternative ways exist for the motivation to engage in COR, i.e. equifinality applies to this process. Equifinality means that a given outcome can be reached by many potential means represented by different causal recipes (Fiss, 2011).

\[ P_1: \text{Multiple combinations of different conditions (configurations) can create the motivation for the Identifier to engage in COR.} \]

Reputation-building is a major task in business marketing both at a dyadic level (Roper & Davies, 2010; Preston, 2004) as well as by integrating referrals at a network level (Helm & Salminen, 2010). There is a strong link between reputation and referrals (Williams et al., 2012) and online referrals (Park & Lee, 2007). Among others, Saxton (1997) draws attention to how firms can benefit from their relational partner’s reputation base. Changes in status partly derive from the structural embeddedness of firm strategies in networks, where status gain as well as status leakage can occur due to association with others (Podolny, 2005). Besides, associations with reputable partners can increase the firm’s legitimacy in some contexts (Baum et al., 2000). Thus, similarly to some other marketing communication activities (Balmer & Greyser, 2006), it is proposed that COR is motivated by the opportunity to gain a better reputation.

\[ P_{1a}: \text{The Identifier’s motivation to achieve a better reputation represents an important condition that contributes to the creation of COR.} \]

The portfolio of partners represents the accumulated experience obtained from collaborating with a diverse set of partners (Hoang & Rothaermel, 2005). The company’s relationship portfolio comprises relationships with various types of actors
and these relationships are potential resources for the company (Ivens et al., 2009). Managing customer partner portfolios is part of the company’s network management activities (Möller & Halinen, 1999). Firms intend to increase their competitiveness by building a portfolio of relationships (Krapfel et al., 1991), which is in line with referral activities helping to publicize relevant outcomes of these efforts.

\[ P_{1b}: \text{The Identifier’s motivation to build a partner portfolio represents an important condition that contributes to the creation of COR.} \]

Referrals play a vital role in attracting new partners (Lamb et al., 1982). The fact that a company has existing partners or works with a particular partner can attract new ones (Ryu & Feick, 2007). Companies must seek new partners with a good strategic fit (Saxton, 1997). Although keeping existing partners is generally more cost-effective than getting new ones, there is a natural churn and referrals can help in making up for the loss of existing partners (Helm, 2003). The company’s efforts of making themselves more attractive in specific markets by demonstrating their related experience is key to attracting new partners (Ritter & Andersen, 2014) and to inducing idiosyncratic relationship-specific investments (Tóth et al., 2015).

\[ P_{1c}: \text{The Identifier’s motivation to attract new partners represents an important condition that contributes to the creation of COR.} \]

Replaceability is an important aspect of partner selection (Eyuboglu & Buja, 2007). The comparison level of alternatives (Dwyer et al., 1987) and the relative ease of replacing a partner, i.e. perceived interdependence (Kumar et al., 1995) jointly create this condition. Lower replaceability of the partner indicates more willingness to make more relationship-specific investments (Wycherley, 2002) and more efforts to
build a committed relationship (De Ruyter et al., 2001). Creating COR requires relational efforts from both sides, thus, the perceived replaceability of the partner is expected to play an important role in motivating.

\[ P_1d: \text{The Identifier’s perception on the replaceability of the Identified represents an important condition that contributes to the creation of COR.} \]

Referrals do not always work out well (Ryu & Feick, 2007). For example, even if the content of the referral is positive, in case the source credibility of the referral is perceived unfavourably, the overall impact on the perception can be negative (Smith & Vogt, 1995). This negative perception can make the Identifier less attractive in the eyes of potential future partners.

\[ P_2: \text{In COR, the Identified can achieve both an overall positive or negative effect on how the Identifier is perceived.} \]

Similarly to Easton and Håkansson (1996), Payne et al. (2005) conceptualize markets as networks (among other markets the authors discuss referral markets/networks too). Within the referral market domain they distinguish between two levels of analysis: the market domain level (a macro perspective) and a sub-segment or group level (for example, an ego-network) for referral network analysis. The analysis of the latter can open new doors for a more effective business network segmentation (Henneberg et al., 2009), i.e. by identifying attractive and less attractive segments of potential partners and stakeholders. The focal firm’s business strategy depends on their network overview and can be perceived as a matter of managing the firm’s network horizon (Holmen & Pedersen, 2003), how managers learn and/or create opportunities in business network settings that can be seeds for
potential strategic change (Johanson & Vahlne, 2011), and how they can manage business relationships throughout all the development stages in a complex environment (Mitrega et al., 2012). The increased visibility of embedded connections is strategically relevant in order to identify relevant stakeholder groups in the network (Payne et al., 2005) and to better understand the network structure, for example, by exploring 1st, 2nd and even 3rd order networks (Uzzi, 1997), for which this study uses the concept of Corporate Online Reference Networks (CORN).

\[ P_3: \text{COR can form networks (Corporate Online Reference Network, CORN), similar to other referral networks.} \]

In business networks, actors with high centrality play a brokerage role because of their distinguished position in getting access to information and in distributing them (Harland & Knight, 2001), as well as by building a bridge between a number of partner companies (Lambert & Cooper, 2000). Anderson et al. (1994) point out that the connectedness of firms differs from one another, deriving partly from constructive and deleterious effects on their network identities during interaction with other businesses. According to the authors, the firm’s intention to get connected and develop a relationship within the network can be increased by their network identity: anticipated resource transferability, activity complementarity and actor-relationship generalizability that represents the relational fit between two firms and their relevant networks. A core characteristic of network identity is that firms are more willing to share resources if they are not competitors (Swaminathan & Moorman, 2009). With regard to COR as an intangible resource, this means that less competitive actors, i.e. organizations from the third sector, are expected to have a more central position in the CORN.
\textit{P_4:} Organizations which are in a highly central position play a more neutral role within the CORN.

Referrals, including COR, are resource endowments from the Identifier’s perspective. The action of the Identified is to approve that the referral can become publicly available on the Identifier’s website as well as shape its content. The efforts invested in this action are likely to be reciprocated: Buttle (1998) and Wilson (1994) note that a way to reciprocate references is to create cross-references. Furthermore, Payne et al. (2005) draw attention to reciprocal referrals as an important type of referrals in referral markets.

\textit{P_5:} It is common to reciprocate the COR with reciprocal or cross-COR.

\section{Methodology and Research Design}

The choice of methods is influenced by theoretical considerations on studying business networks and relationship development. Lavie (2006) further developed the idea of inter-organizational asset interconnectedness, which is an important aspect of the Relational View of the Firm (Dyer & Singh, 1998; Gulati & Nickerson, 2008), i.e. the theoretical foundation of this study, into a network context. The author suggested to analyze how the network structure influences the creation of competitive advantages. In relational networks, such as the referral network CORN, firms occupying central positions with a greater number of network ties have superior access to specific information and are likely to increase their relationship performance in the future (Dyer & Singh, 1998; Gulati, 1995; Walker et al., 1997). This information-rich position provides the firm with better access to complementary resources from potential partners.
In line with Lavie (2006), and in order to explore the interconnectedness of actors in the referral network, SNA is applied. To incorporate relational complexities as part of the analysis, this is combined with fuzzy set Qualitative Comparative Analysis (fsQCA). FsQCA has a good epistemological fit with the Relational View of the Firm as is demonstrated by Ho and Lu (2014) and Kapsali and Roehrich (2014).

This study is exploratory in nature, with the aim of understanding the conditions that encourage (or discourage) the Identifier to create COR (Propositions 1a-1d), exploring configurations of engaging in the creation of COR (Proposition 1), and understanding the nature of COR in a network context (Propositions 2 to 5). To address these propositions, the combination of different research methods as well as types of data are needed. The three stages of data gathering and analysis follow a qualitative – quantitative – qualitative sequence (Miles & Huberman, 1994). The exploratory qualitative phase (Study 1) leads to a more quantitative SNA (Study 2), followed by a qualitative investigation with the help of fsQCA (Study 3).

5.1. Study 1: Conditions of COR

As little is known about the details of COR, this first-phase exploratory study was directed towards understanding the Identifier’s motivation in creating COR as well as experiences about related benefits and difficulties. Firms based in the same UK major city were included in the empirical investigation, because geographical proximity is expected to help the creation of collaborative networks (Torre, 2008), thereby it is reasonable to define geographical boundaries of an online enhanced local network (Ellison et al., 2007) for the empirical investigation of COR.
5.1.1. Study I: Data collection

Semi-structured interviews with 12 senior managers involved in the decision-making process of COR in different firms were conducted. Additional follow-up phone calls were also conducted when needed. The companies were selected from a list provided by the major business association of the city. All of the interviewees had been working for at least three years in a senior position, and were selected based on the breadth of experience regarding decisions about referral activities as well as their knowledge about collaborations with other firms. The industries included were architectural design, consultancy, education, electrical manufacturing, as well as heavy equipment, financial services, IT services, local government, and logistics (see Table 2). The objective was to obtain information from various industries in order to gain insights into COR motivations.

Table 2 Managers and their companies in the 1st round of interviews

<table>
<thead>
<tr>
<th>#Case</th>
<th>Position of Manager</th>
<th>Industry</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managing Director</td>
<td>architectural design</td>
<td>small</td>
</tr>
<tr>
<td>2</td>
<td>Managing Director</td>
<td>consultancy</td>
<td>small</td>
</tr>
<tr>
<td>3</td>
<td>Director of Sales</td>
<td>consultancy</td>
<td>medium</td>
</tr>
<tr>
<td>4</td>
<td>Head of Communications</td>
<td>education</td>
<td>large</td>
</tr>
<tr>
<td>5</td>
<td>Head of Corporate Relations</td>
<td>education</td>
<td>large</td>
</tr>
<tr>
<td>6</td>
<td>Online Communications Director</td>
<td>electrical equipment</td>
<td>large</td>
</tr>
<tr>
<td>7</td>
<td>Senior Manager, Corporate Relations</td>
<td>financial services</td>
<td>medium</td>
</tr>
<tr>
<td>8</td>
<td>Senior Account Manager (Note: working closely with the Communications Department)</td>
<td>heavy equipment</td>
<td>large</td>
</tr>
<tr>
<td>9</td>
<td>Senior Sales Manager</td>
<td>IT services</td>
<td>small</td>
</tr>
<tr>
<td>10</td>
<td>Head of Business Intelligence</td>
<td>local government</td>
<td>large</td>
</tr>
<tr>
<td>11</td>
<td>Managing Director</td>
<td>logistics</td>
<td>medium</td>
</tr>
<tr>
<td>12</td>
<td>Senior Manager, Corporate Relations</td>
<td>project management</td>
<td>medium</td>
</tr>
</tbody>
</table>

*Note: The size of Supplier/Customer is classified by the number of employees, according to UK governmental guidelines ([www.gov.uk](http://www.gov.uk)): small company is defined as a business below 50 employees, medium between 50 and 250 employees and large 250 employees and above.*
The managers were asked about their firm’s online referral activities, how the organizational decision is made about which partners to publish on the website, their motivations and experiences about benefits and difficulties. They were also asked whether they normally check the COR activity of other companies, and if yes, how do they use this information. Importantly, in all cases either the corporate website on the interviewee’s screen or printed screenshots from the website with the COR provided by the interviewer, were available throughout the interview. These visual sources proved to be useful in helping the managers to recall specific experiences from the referral activities.

This research phase was initiated with the main aim of understanding the Identifier’s perspective, including motivations to create referrals and related experiences. However, during the discussions of mutual collaborations that resulted in COR, a blueprint quickly emerged about whether they were aware of being Identified by any of their partners in online referrals. They were asked to share any experiences that had arisen from these, if applicable.

5.1.2. Study I: Analysis

The interviews lasted between 30 and 70 minutes, were audiotaped and partially transcribed. The leading author listened to the tapes to identify sub-themes in the decision-making process about COR, such as conditions and previous managerial experiences. Notes for the content analysis were sorted, compared and discussed by the authors. *A priori* themes were identified with the help of a template (Crabtree & Miller, 1999; King, 1998) and were combined with some themes that emerged from the data (Marshall & Rossman, 1995). The analysis of the 1st round of interviews was carried out in a rather systematic manner in order to identify the conditions of COR and how they are embedded in the decision-making process. Some factual data
discussed during the interviews (e.g. specific collaborations, portfolio of partners) was triangulated by online sources (e.g. company websites, news published online).

5.1.3. Study I: Results and Insights

Results show that although there were some examples of strategic considerations of COR in the firm’s marketing communication activities, this was not a common pattern. Overall, interviewees reported that although the decisions about COR were made at a strategic organizational level, the process was somehow disengaged from other decisions made about particular business relationships. Information about corporate referencing (including online references) was typically not tracked at a corporate level (i.e. in their databases) and no long-term communication plan was identified that included COR activities, except for the general consideration of re-evaluating the COR selection decisions annually or biannually. The lack of strategic planning seemed to be characteristic, even though managers said to usually check other firms’ COR: “We look at references, because we want to know what they do, and whom they work with” (Manager #11). Also, some of them expect to be checked online by representatives of other companies: “... people go on your website to check you out! Sometimes it is about whether you exist or what you said about what you are doing and with whom is true” (Manager #3).

A better understanding of managerial perceptions about the role of COR provides helpful input for the conceptualization process. For example, one of the managers explained “online referencing is like shouting to the world that we are working with them and we are looking at keeping that interaction as well” (Manager #2). Some characteristic patterns were identified in the interviews as conditions in creating COR from the Identifier’s perspective: improving reputation, building a portfolio of partners, attracting new partners, and the perceived replaceability of the partner. The
reputation aspect seemed to be reasonably important: “We put those on the website who have the best reputations and the most attractive logos, the ones people know. So if you are working for those companies... Well, for example, the fact that we were working with [City] Museum and [City] University, may sound pretty impressive” (Manager #11). Considerations on reputation-effects arose in the form of quality matters, i.e. Identifiers associated with a reputable organization were perceived delivering a high-quality service, because their services proved to be sufficient for receiving the reference.

The aspect of building a ‘good enough’ public portfolio with the help of COR was emphasized too, because “if you are too specific you are less likely to get a job” (Manager #2). As one of the managers pointed out: “If we show the logos, it gives life to the whole thing, because it gives recognition. Even if they don’t know who it is, they see the differences in the logos” (Manager #3). The importance of the portfolio became apparent also when one of the contacted managers was not able to give an interview about COR because the company he worked for only had one customer and although he said they intended to use COR, they needed a portfolio of partners first.

The motivation to attract new partners from strategically important sectors appears to be vital for COR: “part of this decision-making process is which are the attractive sectors from where we want to have new clients and which are achievable... for example, it is good to be working with industries which are leading edge” (Manager #5).

Furthermore, the relative ease of replacing the partner in the portfolio with an alternative one apparently had also an influence on the referral decision: “Sorry to say, but it wouldn’t be difficult to eliminate your university’s logo from our set of
partners. We work with another two or three universities, so to have one of them among the partners is not an issue...” (Manager #12). The patterns of COR conditions seem to support each part of the first proposition (P1a-d).

Contrary to the previous expectations, the reciprocal nature of a referral relationship did not seem to exhibit immediate rewards: “...if you did this favor [allowing the reference], they are more likely to do a favor for you” (Manager #7); “we put them on our website, so they have the right to expect something from us along the road” (Manager #4). These insights do not support Proposition 5 on immediate reciprocity of referrals. There may be, however, some other forms of reciprocity in a number of these referral relationships in the longer term. It is also possible that reciprocity is not immediate or eventually never ends up happening. Further investigation is needed to learn whether the idea of reciprocation is not strong enough to generate action and if it is more likely to happen if the Identified finds future benefits in this action.

Interestingly, as stated in Proposition 2, COR can create also negative perceptions for the Identifier. However, the issue identified in this context was not low source credibility of the Identified. The case arose from the interviews shows how based on COR, the perceived lack of strategic fit (Olson et al., 2005) between Identifier and the potential partner keeps the latter away from initiating a business relationship. As an example, the Managing Director of an architectural design company (Manager #1) reported that when they had been looking for a partner company for building engineering tasks, they checked corporate websites: “a building engineer in the city put some toilets in the offices of the City Council... (...) Then they put them [City Council] on the website which implies that they have done a big work, a big project for the City Council. So we thought we are just far too small to work with them...
Later on it turned out that they were eventually trying to work with SMEs like us, but we had already found someone else by that time...

This is a case of the Matthew-effect (Merton, 1968), i.e. those who possess something, shall have more from it, and those who possess less, shall have less in the future. Grønhaug (1987) identified the Matthew-effect in referrals in a business context, more specifically to the case of negative Word-of-Mouth. Here the Identifier signals that they work with large organizations and the potential future partner (a small company) misreads this as if they intended growing their business primarily with large companies and therefore they worked at a price level that was less affordable for a small company.

While discussing the outcomes of their referral activity, interviewees mentioned overall image benefits of using COR, and in some cases, the increased frequency of communication between them and the Identified. However, similarly to the creation of COR, typically they did not consider the influence of COR in acquiring new partners at a strategic level. Direct requests based on COR were reasonably rare, with some exceptions. For example, the architectural design firm was called about whether they could create a similar design to what they did for a local warehouse. Some limitations of COR were identified, such as the lack of willingness to refer to particular partners even if they did an excellent job. For instance, one of the interviewees who worked on a successful crisis management project, explained why they could not get a COR: “Look, you may get marvellous counseling services, but do you really want your friends and colleagues to know that you need them?” (Manager #3). Besides the sensitive nature of the collaboration, organizational inertia and patent rights came up as barriers to getting referrals, although only in a minority of the discussed partnership cases.
Study II: SNA of the CORN

This study proposes that COR, similarly to other referrals, can develop into referral networks (i.e. CORNs). Reingen and Kernan (1986) state that “referral networks can be studied usefully in their own right” (p. 371) and note that referral networks depict a specific relational content between the actors that can help the researcher to study the social structure behind the referrals, as well as making comparisons about the similarities and differences between the actors and referral flows. Brown and Reingen (1987) empirically investigated referral activities and modelled referral ties as directed ties that are typically embedded in non-directed ties, such as business relationships or inter-personal relations. The referral network consists of relational form (i.e. a tie is or is not present between the actors) and relational content (that is the substantive type of relation, i.e. the reference).

Wasserman and Faust (1994) encourages researchers to clarify the meaning of ties for any network study; what does the tie mean from the perspective of the nodes; whether ties are intentionally created and mutual; whether they are proxies of some underlying relationships; the directionality of the ties, and whether they are salient to other actors. The authors also encourage to create meaningful interpretations of the network structure and node positions. To follow these guidelines, some specific clarifications are provided: the referral tie in COR is salient to anyone; however, one needs to put some effort into opening and skim-reading the corporate website, which indicates a minimum level of existing interest before gaining this information.

Nodes (both Identifier and Identified firms) are organizations that belong to the same local business community. These node roles are not exclusive, i.e. the same node can play both roles at the same time. The reference ties are intentionally created, initiated normally by the Identifier, approved and shaped by the Identified. Creating COR
requires mutual agreement; otherwise organizations can face legal consequences based on the UK Data Protection Act 1998.

A tie represents a referral relationship: COR is embedded in business relationships, similar to many other referral relationships. Figure 4 is an adaptation from Reingen and Kernan (1986) that shows how referrals are embedded in actual relationships.

**Figure 4 Referral ties embedded in business relationship ties, adapted from Reingen & Kernan (1986)**

![Diagram of referral ties embedded in business relationship ties](image)

*Note: The figure is adapted from the referral graph of Reingen & Kernan (1986), applied into a business context, where lines without arrows represent business relationships and lines with arrows are referral relationships (with the originating company being the Identifier, and the pointed to company being the Identified in the context of COR).*

The idea of embeddedness is similarly supported by Nohria and Eccless (1992): “[…]the physical network of relationships serves as a substrate on which the electronic network can float or (...) be ‘embedded’. What the electronic network can
do is accelerate as well as amplify the communication flow, but its viability and effectiveness will depend critically on the robustness of the underlying social structure. (...) It is vital to maintain a critical ratio of face-to-face to electronic interactions. It may even be more critical to maintain face-to-face relationships with those (...) who can serve as bridging ties...” (p. 304). The COR is directional (not mutual), but the business relationship in which it is embedded is non-directed (mutual).

SNA helps to represent relationships in a formal and comparable way building on graph theory (Bellotti, 2014). A basic assumption of SNA is that individual actors are embedded in a network of relations and social behaviour can be studied sufficiently by understanding the structure and some contents of the network (Wellman, 1983). Some principles of SNA are that actors are interdependent; relational ties between actors represent the transfer or flow of resources; and that network modelling is possible both from an individual perspective (ego-network) and from a more structural macro perspective where structure is seen as lasting patterns of relations (Wellman, 1988). The tie represents a COR referral relationship; the network position of the nodes can be measured based on the number of incoming ties as suggested by Ball et al. (2001).

SNA was employed to identify the patterns and structure of CORN, i.e. how referrals (ties) between companies (nodes) build a network. CORN is a directed network, similar to other referral networks (Reingen & Kernan, 1986). The direction of the tie points from the Identifier to the Identified, because the Identifier publishes the COR of the Identified on their corporate website. The tie direction is different from the case of Word-of-Mouth where the reference provider plays a more active role that differs from the more passive role of the Identified in CORN.
5.1.4. **Study II: Data Collection**

The major association of businesses of a UK city (an advisory organization that has administrative roles as well) provided the list of companies for this research project under the condition that organizational names were treated confidentially. Complementary to the list, some data about company size, industry classification and contact details including the link to the corporate homepage (where this is applicable) was also shared for each company on the list.

Referral data were collected manually from 1002 corporate websites. COR seldom includes active hyperlinks that take the visitor to the partner’s website (this is especially true for testimonials and case studies), thus, with an automated script only a fragment of data could have been collected. Landing pages, ‘About Us’, ‘Our Partners/Our Clients’, ‘Case Studies’, ‘What our clients say’ and ‘Our Expertise’ sections were checked first, but other sub-pages were skim-read too. To make sure that no CORs were missed, domain-specified advanced Google searches were performed with the key words ‘partners’, ‘clients’, ‘customers’, ‘logos’, ‘case studies’, ‘success stories’ and ‘testimonials’ to identify all related textual data on a particular website. On average about 7 minutes were spent on each company website and 2 minutes on double-checking. The data were transferred into a matrix of Identifiers (column) and Identifieds (row) where ‘0’ meant the ‘absence of COR’ and ‘1’ meant the ‘presence of COR’. Out of 1002 companies 743 had corporate websites, and among the corporate websites three were under construction. Altogether 740 company websites were included in the COR database. The database is a combination of referral data collected from the corporate websites and company data.
5.1.5. Study II: Network Analysis

The UCINET 6 software was utilized to perform SNA on the referral network data, including NetDraw 2.123 within UCINET for visualization. This study incorporates two stages of network research: the macro (referral network level) as well as the micro (ego-network level) perspective. The information about the referral relationships was systemized into a relational matrix in binary form, depending on the presence or absence of the referral relationship between the companies. Table 3 shows a part of the CORN relational matrix.

Table 3 A part of the relational matrix for the University’s ego-network

<table>
<thead>
<tr>
<th></th>
<th>UNI</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>A</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>C</td>
<td>1</td>
<td>0</td>
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<tr>
<td>D</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: “1” represents the presence, “0” the absence of the referral relationship.

As referral relationships were directed from Identifier to Identified, the created relational matrix was asymmetrical with the Identifiers in the first column and the Identified in the first row. Basic network indices (such as average degree, density, and reciprocity) were calculated with UCINET and further network characteristics such as structural typology and the identification of central nodes were studied with the help of the sociogram generated in NetDraw.
5.1.6. Study II: Results and Insights

The explored referral network is shown in Figure 5. This network is an empirical example case of how inter-organizational referrals can form into CORN.

**Figure 5 The Corporate Online Reference Network (CORN)**

Note: 334 organizations (nodes) and 1098 referrals (ties) are represented by this graph.

The findings support Proposition 3 about the formation of the CORN. Mapping CORN is a useful visualization tool for partial mapping of the business network in which referrals are embedded – in this specific case the layers of ties go up to the 6th-order of relationships according to the terminology of Uzzi (1997). From a structural point of view, it is important to consider whether there are multiple centres in the network or whether it forms a more core-periphery structure (Borgatti & Everett, 1999). The analyzed referral network has a core-periphery structure with a definite core group of firms in the middle that are referring to each other more often, and another group that connects to this core group loosely, with one or two references.
About half of the companies with a functioning website (334 companies, 45%) were involved in COR activities either as an Identifier, an Identified or both. There were altogether 1098 references among these 334 companies. The average number of references an Identifier receives was 1.84 in average. The density was very low (0.002): according to Van den Bulte and Wuyts (2007) this makes reputational damage in the network difficult because of the slow flow of information compared to a network with higher density. However, inter-personal networks can accelerate the flow of information.

A tie is reciprocal when both firms in the referral relationship acted both as Identifier and Identified, i.e. they mutually referred to each other (cross-COR). The number of reciprocal ties within this network was only 14, i.e. about 1% of referral relationships (ties). Complemented by the qualitative understanding about how COR is created, the low proportion of reciprocal ties is another reason why Proposition 5 about the reciprocation of referrals cannot be supported. Reciprocation may work in alternative relational forms, but not at the level of reciprocating COR in the explored network.

A key underlying assumption of network marketing strategies is that some actors have better (more central) network positions and are therefore more influential than others (Iyengar et al., 2001). The central actors can be targeted as seeding points in network marketing campaigns (Hinz et al., 2011) that are relevant for the distribution of messages in the business-to-business arena as well. Interestingly, there are only a few highly central organizations within the explored CORN. When looking at the core group of the referral network, 5 organizations have an ‘outliers’, i.e. exhibit a highly central position compared to the others. Their in-degree is above 20 (more than ten times higher than the average in-degree), i.e. more than 20 partners published their logo or case study/testimonial on their websites. These organizations
are the City Council (54), a large Healthcare Provider (53), two Universities (30 and 23) and the Airport (21). Considering industrial characteristics and the low number of potential competitors of these five actors, they can be regarded as less competing within the network. There exists only limited competition between the two universities: one of them has a more international student base (with a clear research focus), whereas the other one is more popular among local students (with a teaching focus). Proposition 4 about the relative neutrality of highly central actors in the referral network is therefore supported by these findings.

In order to analyse Proposition 1 regarding the potential multiple configurations of conditions leading to the creation of COR, the ego-network of one of the highly central nodes was chosen that is one of the Universities. The ego-network of the University is shown in Figure 6a.

**Figure 6a The ego-network of the University**

![Ego-network of the University](image)

### 5.2. Methodological Challenge: Synergies between SNA and QCA

QCA is a comparative method whereby applying a case-oriented configurational approach, enables the systematic comparison between cases (Ragin, 2009). It helps to explore configurations, i.e. combinations of conditions that produce a given
outcome of interest (Rihoux & Ragin, 2009). The intrinsic logic of QCA is based on Boolean algebra. Through Boolean minimization complex expressions can be reduced into a parsimonious expression, i.e. into a short explanation of a certain phenomenon. The basics of QCA were developed by Charles Ragin and his colleagues in the 1980s (Ragin, 1987) with the intention to identify causal mechanisms with the assumption that these mechanisms were not necessarily identical across different cases and that in some contexts multiple causation explains contextualized mechanisms more sufficiently than linear causation. Ragin (2006) identifies a gap for methodological tools that can handle not only small-N or large-N studies, but studies within the intermediate range of case numbers.

This study benefits from applying a configurational logic by using QCA, because it allows us to explore causal relations in an equifinal, conjunctural and asymmetric way (Wagemann & Schneider, 2010). First, equifinality is the state where a system can reach the same outcome from different initial conditions and through a number of different paths (Katz & Kahn, 1978). Secondly, the conjunctural aspect of QCA proposes that each path normally consists of a combination of different conditions (even though single conditions are possible) (Ragin, 2008). Finally, the asymmetrical nature of QCA allows for exploring different conditions leading to the same outcome (for example, both condition A and condition B can lead to outcome C), whereas in a symmetrical logic only condition A can lead to outcome C and condition B might weaken or strengthen the correlation between the two (Ragin, 2008). Another methodological advantage of incorporating asymmetry in the analysis is that outlier cases can contribute to the results; they do not need to be eliminated.

QCA and SNA are both exploring complexities, but at different levels: QCA had mostly been applied to explore relational complexities, and SNA to study structures
and dynamics of networks (Ellis & Mayer, 2001). Bellotti (2014) points out that epistemologically there is a fit between QCA and SNA as both propose different alternatives (whether it is alternative configurations or alternative paths) and undertake relational dependencies of cases by offering viable solutions. Calling for synergies between qualitative investigations and more structural network studies, some scholars suggest that network analysis as such, should incorporate a qualitative view to better understand the content better behind structures (Crossley, 2011). Through this holistic understanding the researcher can capture the ‘insider view’ of the network (Jack, 2010) and explore the interaction through which networks are created as discursive formations (Mische, 2003).

Despite the promising synergies between QCA and SNA, the first academic discussions of potential combinations between them are relatively recent and to the best of our knowledge, the empirical investigations are limited to the political science arena. Fischer (2011) outlines some potential ways for sequential mixed-methods research designs combining the two methods. These combinations can focus, for example, on building typologies of networks (Cárdenas, 2012), provides an empirical demonstration for this case); the network position can be a condition of the configurational analysis (Stevenson & Greenberg, 2000), or even the outcome condition (Maggetti, 2009); and a network-style visualization of the QCA results (Yamasaki & Spreiter, 2006) is also possible. In this study CORN enables the identification of highly central and less central organizations; by choosing the extended ego network of one of the highly central organizations (a university), motivational configurations were explored among the members of this group.
5.3. Study III: Using fsQCA to Explore Configurations to Create COR

SNA provided valuable insights into structures and patterns of the referral network, the nature of reciprocity and helped the identification of central nodes. The content of the ties, i.e. how a COR is created, however, remains yet under-explored. Conditions for creating referrals had been identified in the literature study as well as with the first round of managerial interviews: reputation building, portfolio building, replaceability of the partner and the intention to attract new partners. As motivational drivers, the identified conditions broaden the current understanding of referral behavior in the case COR. Yet still the question of ‘How?’ can be more effectively addressed by taking a configurational approach, and by considering that multiple alternative ways may be possible to achieve the same outcome, i.e. the intention to publish a partner on the corporate homepage. Also, different configurations of conditions may exist for those organizations in more central positions and for those in more peripheral positions.

A comparative investigation was carried out into how the extended ego-network of one of the highly central nodes (a university) in the network was created. Managers of member organizations of the University’s ego network were interviewed to investigate what motivated them (i.e. which motivational configurations) to publish the University’s logo, testimonial or case study on their corporate websites (1); what motivated them to create a COR with another (less central) partner (2) and what made them not to create a COR with another particular partner (3).
5.3.1. **Study III: Data Collection**

Telephone interviews were conducted with the representatives of organizations belonging to the ego network of the University (where the University was the Identified, i.e. the contacted companies published the University’s logo/testimonial/case study on their websites).

These interviews allowed us the opportunity to ask the partners of the University about (1) the COR directed to the University as well as about the COR directed to (2) a local partner of choice (except for the other University, the City Council, the Healthcare Provider or the Airport) and (3) a decision about an existing partner for which no COR was created. This extended network, i.e. the University’s referral network with some 2nd-order relationships is shown in Figure 6b.

**Figure 6b The ego-network of the University with some 2nd-order relationships**

*Note: Nodes color-coded blue are included in the empirical study, white ones are company where the authors were not able to conduct an interview. Between the blue nodes, directed ties (see arrows) are relationships where COR were created, undirected ties represent relationships without COR.*
The directed ties represent COR referrals; the undirected ones are relationships without a COR. SNA helped to explore the structure of the network, the nature of reciprocity in COR and the identification of some highly central actors that were popular as being Identified on their partners’ websites.

The interviewees worked in various positions (for example, PR Manager, Head of Corporate Communications, Managing Director); the selection criteria was that the interviewed manager should be involved in the decision-making process about COR and has an overview about how the decision was made.

Two out of the 23 managers (Manager #1) and (Manager #2) reported that their organization has legal obligations to publish the University’s logo on their website due to partial funding from them. This information implied that they were not in a position to provide an interview as they did not have alternative choices for COR. Interestingly, however, these cases demonstrate that it is not only the Identifier’s interest to create a COR, but it can be important to the Identified as well. Four organizations had issues with finding the right person for the interview or were not available due to increased work load or other issues.

Altogether 17 managers were interviewed from 17 different organizations out of the 23 in the University’s ego-network (Table 4). All interviews were conducted on the phone; during the interviews as well as afterwards, notes were taken.

Table 4 Managers and their companies in the 2nd round of interviews (telephone interviews)

<table>
<thead>
<tr>
<th>#Case</th>
<th>Position of Manager</th>
<th>Industry</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Communications Director</td>
<td>culture / entertainment</td>
<td>medium</td>
</tr>
<tr>
<td>2</td>
<td>Member of Board</td>
<td>sports / leisure</td>
<td>medium</td>
</tr>
<tr>
<td>3</td>
<td>PR Manager</td>
<td>IT services</td>
<td>medium</td>
</tr>
<tr>
<td>4</td>
<td>Managing Director</td>
<td>telecommunications</td>
<td>small</td>
</tr>
<tr>
<td>5</td>
<td>Project Manager</td>
<td>architectural design</td>
<td>medium</td>
</tr>
<tr>
<td></td>
<td>(Note: responsible for communication activities too)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Position</td>
<td>Industry/Scope</td>
<td>Size</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------------</td>
<td>-------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>6</td>
<td>Senior Project Manager</td>
<td>architectural design (#2)</td>
<td>medium</td>
</tr>
<tr>
<td>7</td>
<td>Marketing Manager</td>
<td>architectural design</td>
<td>large</td>
</tr>
<tr>
<td>8</td>
<td>Managing Director</td>
<td>NGO</td>
<td>medium</td>
</tr>
<tr>
<td>9</td>
<td>Head of Corporate Relations</td>
<td>NGO</td>
<td>large</td>
</tr>
<tr>
<td>10</td>
<td>Marketing Manager</td>
<td>law firm</td>
<td>large</td>
</tr>
<tr>
<td>11</td>
<td>Managing Director</td>
<td>Logistics</td>
<td>medium</td>
</tr>
<tr>
<td>12</td>
<td>Senior Account Manager</td>
<td>heavy equipment</td>
<td>large</td>
</tr>
<tr>
<td>13</td>
<td>Communications Manager</td>
<td>art &amp; craft materials</td>
<td>medium</td>
</tr>
<tr>
<td>14</td>
<td>General Manager</td>
<td>apparel / fashion</td>
<td>medium</td>
</tr>
<tr>
<td>15</td>
<td>Senior Corporate Communications Manager</td>
<td>R &amp; D</td>
<td>large</td>
</tr>
<tr>
<td>16</td>
<td>Marketing Manager</td>
<td>Construction</td>
<td>medium</td>
</tr>
<tr>
<td>17</td>
<td>Project Manager</td>
<td>recruitment services</td>
<td>small</td>
</tr>
</tbody>
</table>

**Note 1:** The size of Supplier/Customer is classified by the number of employees, according to UK governmental guidelines (): small company is defined as a business below 50 employees, medium between 50 and 250 employees and large 250 employees and above.

**Note 2:** Managers #11 and #12 have been interviewed in the first round of interviews as well; the organizations of managers #1 and #2 had legal obligations to use the university’s logo on their website, therefore their views were not included in the fsQCA.

These interviews normally took about 25-30 minutes, with the longest lasting 45 minutes. The interviewees were asked about how they decide about COR and how they manage them in the long run; whether they normally publish most of their partners or only a few; their strategic orientation; and their experience with COR (e.g. benefits). They were also asked to answer the same questions about conditions related to the University (1); another local partner that has a COR (with the exception of the highly central organizations in the referral network) (2); and an existing partner with whom they have not created a COR and do not intend to do so in the near future (3). This block of questions included how they saw the role of prospective reputational benefits; creating a good portfolio; the intention to attract new clients, and the relative replaceability of the partner in creating the reference.
Altogether 43 partner cases were collected from the 17 companies, because not all organizations in the ego-network had partners to whom they did not make a reference or less central referred partners on their websites.

5.3.2. Study III: FsQCA Analysis

Instead of treating conditions as competing in explaining the outcome, fsQCA explores how conditions combine into configurations to generate the outcome (Woodside, 2013). Analyzing data in fsQCA requires that conditions are identified in raw data and that the researcher assigns fuzzy set values to them, considering the meanings of different membership categories in the sets (Ragin, 2008). These values were assigned to each condition, for each case, based on the qualitative answers of the respondents. A four-value fuzzy set was applied for the conditions Reputation, Portfolio, Attracting New Partners, and Replaceability. The choice of four-value fuzzy sets (and not six or more value sets) has been influenced by the richness of qualitative data and the respondents’ limitations to discuss these aspects in shorter telephone interviews. The creation of COR (as well as non-COR) as an outcome can be captured with a crisp set that uses binary values: “0” means absent and “1” means presence. The condition about whether the discussed COR created by the interviewee’s organization is directed to the University (“1”) or to another (“0”) is also identified in crisp sets. A truth table was created, and along with Boolean minimization (Rihoux & Ragin, 2009), while setting up a minimum of a 0.75 consistency threshold (Schneider & Wagemann, 2012), different configurations were identified.

According to Ragin (2008) a condition is necessary if whenever the outcome is present, the condition is also present. For the necessity analysis a minimum level of
a 0.9 consistency was applied (Fiss, 2007; Ragin, 2008). None of the conditions in this study exceeded this level; therefore there was no necessary condition in this case. However, for the lack of COR, weak reputation with a consistency of 0.88 almost reaches the threshold for necessity.

Schneider and Wagemann (2012) describe sufficiency as whenever the condition is present and the outcome is present as well. The raw coverage is the percentage of all cases’ set membership in the outcome and is covered by a single path. Unique coverage (Ragin, 2008) shows the percentage of all cases’ set membership in the outcome uniquely covered by a single path.

5.3.3. Study III: Results and Insights

Four solutions for the presence of COR and one solution for its absence were explored. Two of the configurations leading to COR (1c and 1d) showed how Identifiers could be motivated to create a COR when the Identified is a University. Even without the potential of attracting new partners, the University can become attractive for COR because of its reputation (1d). Otherwise a combination of reputational benefits and portfolio building motivations are important for achieving COR (1c). Not surprisingly, it seems that it is easier to motivate the Identifier to create COR if the replaceability of the partner is high, i.e. fewer motivational conditions can be enough when it is reasonably difficult to replace the partner. Similar dynamics apply to the first two configurations that can apply to various partners as well other than the University: under circumstances of low replaceability of the partner, portfolio building aspirations can be enough to build a COR reference (1a), otherwise a combination of portfolio building and the intention to attract new partners (1b) can be an alternative way. One trade-off of the ego-network based
sampling was that the data did not include cases where COR was absent and the Identified is the University, because all organizations in the sample had a COR directed to the University.

Table 5 shows the results of the fsQCA, the format is designed after Ragin and Fiss (2008). The first four configurations presented lead to COR and the fifth to its absence.
Table 5 Overview of Solutions for Corporate Online Referencing

<table>
<thead>
<tr>
<th></th>
<th>Presence</th>
<th>Presence</th>
<th>Presence</th>
<th>Presence</th>
<th>Absence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1a</td>
<td>1b</td>
<td>1c</td>
<td>1d</td>
<td>2a</td>
</tr>
<tr>
<td>University (Identified)</td>
<td>● ●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Improving Reputation</td>
<td>● ●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Building Portfolio</td>
<td>● ● ●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Attracting New Partners</td>
<td>● ○</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Perceived Replaceability</td>
<td>○ ○</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
</tbody>
</table>

Consistency: 0.97 0.90 1.00 1.00 0.77
Raw coverage: 0.51 0.55 0.32 0.12 0.57
Unique coverage: 0.09 0.10 0.06 0.01 0.57
Solution coverage: 0.77 0.57
Solution consistency: 0.93 0.77

Note: Black circles indicate the presence of the conditions; circles with “x” indicate the absence; large circles indicate core conditions; small circles indicate peripheral conditions.
The black circles mean the presence of a condition. Circles with ‘X’ mean the absence, while large circles are core conditions, whereas small ones are peripheral conditions.

6. Discussion and Contributions

This study contributes to the existing body of knowledge on referral marketing (e.g. Christopher et al., 1991; Buttle, 1998; Payne et al., 2005) by identifying COR as a category of referrals and its network (CORN) as a type of referral network. The explored configurations of conditions leading to the creation of COR provide alternative answers to Buttle’s (1998) question about motivational conditions.

As an overarching framework for marketing relationships, Christopher et al. (1991) introduces the Six Market Model. In this model, one out of the six types of marketing relationships is the referral market. The authors define relationship development on referral markets as linking up with actors that have the power to direct business to the company. This is in line with the meaning of the referral tie in CORN, which can be positioned in this framework as a sub-type of referral markets.

Buttle (1998) further develops the Six Market Model by linking referral activities to loyalty: advocacy, i.e. providing a referral is one of the highest rungs of the “loyalty ladder” (p. 244). This indicates that referral activities, such as creating a COR, are embedded mostly in strong, loyal relationships. To develop a more refined understanding, Payne et al. (2005) differentiates between advocate-initiated referrals and referrals that are initiated by the receiver of the referral. COR belongs to the latter category, however, its creation requires mutual effort from both the receiver (Identifier) and the referral provider (Identified).
The mutuality aspect of creating a COR can be explained by applying the Relational View of the Firm (Dyer & Singh, 1998) as the main theoretical approach, informed by the Resource Dependence Theory (Pfeffer & Salancik, 1978), some core studies on Corporate Social Capital (Coleman, 1988; Putnam, 1993) and the Industrial Network Approach (Håkansson & Snehota, 1989). The Relational View of the Firm introduces the construct of relational rents for the mutual creation of resources within the business relationship, which in total exceeds what the firms could have created in isolation. The Identified provides resource endowment to the Identifier by agreeing that they can publish the collaboration on the corporate website. Creating COR, however, can bring relational benefits to both sides: for example, reputational benefits. At the same time, the Identifier can build a better portfolio and increase its attractiveness in the eyes of potential future partners and the Identified gains increased online presence.

The informing theories mentioned above were particularly helpful in gaining a better understanding about referral activities in a network context. In particular, the idea of strategic signaling (Öberg et al., 2007) is relevant for COR, because in some contexts, COR signals the type of partners a company seeks out. Interestingly this signaling can be misunderstood by third parties, as demonstrated in the case of the small architectural design company in this study who decided not to contact another SME that had only large organizations among their referred partners on the corporate website. This was (erroneously) interpreted as the SME being interested in working exclusively with large corporations and that their prices may be too high for a small company.

Mapping the referral network by performing SNA allows for increasing the visibility of the network including 2nd, 3rd and higher-order relationships (Uzzi, 1997), and in
line with the suggestions of Dyer and Singh (1998), it leads to the identification of firms, which are occupying central network positions in the network. The explored network had a core-periphery structure and it became apparent that reciprocity was not usual in the form of reciprocating or cross-COR.

With regard to conditions that influence whether a company decides to engage in creating COR, three important conditions were identified: the intention to improve corporate reputation, the intention to build partner portfolio and the intention to attract potential future partners. The perceived replaceability of the partner (i.e. is it a more or less important partner compared to others) also plays a role in COR. However, individual motivational conditions held by the Identifier are not sufficient to incorporate the contextual complexity, which may lead to the decision to engage in creating COR. Therefore a configurational approach was applied using fsQCA.

This exploratory research yielded four different configurations leading to COR: two apply to cases where the Identified is a university, and the other two to other organizations. Not all conditions are included in all cases, so the managerial motivation to engage in COR building based on alternative considerations. In the case of the University as Identified, the expected reputational benefits were more characteristic in combination with partner portfolio building (however, expected reputation gain was enough if the perceived replaceability of the referred partner was low), and for other organizations development in partner portfolio building was combined with the increased ability to attract new partners (however, expected development of the partner portfolio was enough if the perceived replaceability of the referred partner was low).

The University could consider using some of the configurations of Study III to enhance their marketing strategy. Being an established, old university, it can exploit
its reputation (Naudé & Ivy, 1999). In case the University intends to generate more COR from its partners, depending on the availability of alternatives, the combination of potential future benefits for improving reputation and a better-built portfolio should be emphasized. Alternatively, if the partner does not have many alternatives to substitute the relationship with the University (i.e. the perceived replaceability of the University is low), the argument of reputational benefits can be enough to increase the partner’s motivation to engage in COR.

A methodological contribution of the study is that it combines SNA and fsQCA for a more fine-grained empirical analysis. Despite the synergies between the two methods, which both undertake relational dependencies (Bellotti, 2014), there is still a methodological gap as outlined by Fischer (2011) that needs to be narrowed.

7. Managerial Implications

COR is a specific type of referral with which an organization can increase its attractiveness among potential future partners and improve its corporate image, especially if the organization’s network identity and expansion strategies are in line with the choice of partners published on their website. Managers could benefit from a better understanding of how to manage corporate referral activities at a strategic level (Hogan et al., 2004) and how to seek out referrals proactively (Johnson et al., 2003). An understanding of the motivational complexities for creating a COR could help the organization to trigger its partners’ referral activities for their mutual benefits. Besides a strengthened relationship and the reputational benefits on both sides, referrals could help the Identifier to create a better portfolio and to attract future partners, whereas the Identified could enjoy increased online presence,
practically without additional costs, and in some contexts, favorable brand associations based on the published collaboration.

Managers could actively motivate their partners to engage in creating COR for their mutual benefit. Four configurations were explored that described the motivations of Identifiers in creating COR. Therefore if an organization aims to be published on a partner’s website (being Identified), they could consider the following guiding principles.

They could use the argument of the partner’s increasing ability to attract new partners and the development of their partner portfolio if they engage in creating COR (Configuration 1a). Alternatively, in case the company’s (Identified) perceived replaceability is low for the partner (Identifier), putting emphasis only on the portfolio development-related benefits of COR may be sufficient (Configuration 1b).

If the organization that aims to gain more presence on the partner’s website is a university, the promise of reputational benefits may be more appealing to the partner. Either the combined argument of improving reputation and developing the partner portfolio (Configuration 1c), or if the perceived replaceability of the university is low for the partner, the fact that they could increase their reputation with a COR may provide enough motivation to create one. This applies to cases even where the partner does not see the university’s potential to help them to attract new partners (Configuration 1d).

Not surprisingly, partners were not motivated to engage in creating COR if they could not see any potential benefits from it, such as improved reputation, developed portfolio, increased attractiveness in the eyes of the potential partners or if the perceived replaceability of the organization was relatively high (Configuration 2a).
COR, similar to Word-of-Mouth and other referrals, can develop into referral networks (Reingen & Kernan, 1986). However, a unique characteristic of online referencing compared to oral recommendations is that it is more trackable based on website data and can be visualized, so that the business network of a firm becomes more visible. This allows researchers as well as the company to study the interconnectedness between partners, competitors and other stakeholders and to plan potential collaborations based on this information. To some extent, firms’ strategic signals can also be identified based on COR, for example, the intention to gain more partners in a particular industry.

8. Conclusions

“Our corporate website is like a shop window, it really matters what you put in it. We want the best referrals there” (Manager #7, 2nd round of interviews) – similar to the shop window display of a company, referrals on the corporate website can play an important role in image building and in attracting new clients and other partners. Systematic academic inquiry on online referrals, however, lags behind business practices in many respects.

Overall, this research contributes to the referral marketing literature by identifying COR, and by highlighting its importance for corporate image building and in attracting future partners. It develops a more comprehensive understanding of why and how COR is created and how COR builds into a referral network (CORN). Theoretical lenses of the Relational View of the Firm were integrated into studying COR, informed by the Resource Dependence Theory, Corporate Social Capital and the Industrial Network Approach.
For the empirical investigation of COR a multi-stage research design was applied: in-depth managerial interviews were followed by the analysis of the referral network. Using SNA and focusing on part of the network, a second wave of interviews were conducted and analyzed from a configurational perspective using fsQCA.

The CORN of a group of local businesses was mapped and studied – this referral network case supports the proposition that similar to other referrals, COR can also grow into referral networks. The structure of the referral network was investigated, along with the low level of reciprocation in terms of COR, and central organizations were identified.

The extended ego-network of one of these central organizations (a university) was studied in greater detail. Conditions were identified through the 1st wave of interviews and later in the 2nd wave of interviews configurations of these conditions were explored leading to the decision to engage or to not to engage in the creation of COR.

Looking at the conditions and configurations for creating COR, the increased visibility of the business network by exploring the referral network, and a more in-depth understanding about the role of COR in strategic signaling, indicates that with further research we could explore the configurations leading to the decision to engage in COR at a large-scale network level (i.e. not restricting the scope for the extended ego-network of a particular organization). Future research may address the nature of reciprocity in referral relationships and the perspective of the Identified in greater detail. It would be particularly interesting to examine how the network identity of a company influences strategic signaling in the case of online referrals.
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Chapter V

Conclusions
Conclusions

The relevance and thus the contribution of this PhD research project are threefold. First, the theoretical relevance is based on the increased understanding of customer attractiveness with a relational and contextual aspect by providing multiple configurations to achieve it. This is complemented by the empirical investigation of an overlooked marketing communication tool is a business-to-business context, Corporate Online Referencing, which is powerful in increasing firms’ attractiveness in the eyes of potential new partners. The configurations resulting from the first two studies demonstrate the equifinal and asymmetric nature of attractiveness and un-attractiveness. Secondly, the methodological relevance is the application of fsQCA to the analysis of both quantitative and qualitative data; the methodological development in the latter case with the Membership Evaluation Template for the calibration procedure along with a practical guideline for future qualitative research (Study II). The combination of Social Network Analysis and fsQCA in Study III is devoted to the emerging methodological discussion in this area. Finally, the managerial relevance is that customer firms can choose between alternative routes (configurations) to manage their attractiveness in order to achieve greater relationship-specific investments from their suppliers. This is important because customers can increase their effectiveness in managing relationships by choosing the most suitable strategy to increase their attractiveness based on the relational context, and make relationship-specific investments accordingly. Corporate Online Referencing is one of the tools that can help to increase firms’ attractiveness in business markets – practical aspects of how-to (and how-not-to) are included in the third study. This final chapter of the thesis provides an overview of the findings and implications of the collection of the three studies as a research program. It also
highlights some future research ideas based on the PhD research project. Reflections on the PhD journey, including epistemological considerations and limitations are presented too.

5.1. Summary of Findings

In this concluding chapter, the findings from the three studies are summarised, showing how they contribute to knowledge in the area of business networks and relationships. Theoretical, methodological and managerial implications are discussed, followed by a brief outline of future research ideas based on the PhD research. Finally, this chapter offers some reflections on the PhD journey, especially around the shift between different epistemological viewpoints and some practical knowledge I learned through the practicalities of research.

Figure 1 shows how the findings of the three studies inform each other and how they fit in a research program. The structure of the multiphase design program is adapted from Creswell (2002) for the context of this PhD research.

As an overview to the following discussion, the core findings can be summarized as follows: Study I offers three configurations leading to attractiveness that Study II develops further as it extends the scope of some previously identified conditions,
introduces the time-perspective (Maturity condition) and explores new configurations. As interesting additional information, the importance of referencing between organizations was identified already in Study II and coded under the Non-Financial Rewards condition. Study III elaborates inter-organizational referencing, focusing on a specific case, namely Corporate Online Referencing. The findings of each study are discussed in more details below.

5.1.1. Study I

The findings of this study are based mainly on a quantitative investigation informed by a more exploratory qualitative phase. Five conditions of the Relational Attractiveness of the Customer (RAC) were identified following the interviews, in line with assumptions of SET: Trust, Financial Benefits, Non-Financial Benefits, Costs, and Dependence. Relational attractiveness and non-attractiveness of the customer occurs through different configurations. Interestingly, Financial Benefits were not enough by themselves to achieve attractiveness. Although Financial Benefits were present in all configurations leading to attractiveness (1a-c), it was not a necessary condition. Different combinations of trust, dependency and costs lead to RAC, depending on whether non-financial benefits are present or not. If non-financial benefits are present, either the presence of trust and the absence of dependency (1b), or the presence of dependency and costs lead to RAC (1c). If non-financial benefits are not present, trust and the lack of dependency lead to RAC (1a).

An example of Configuration 1a from the interviews: a large automotive supplier has a long-term relationship with a medium-sized dealer (customer). For the supplier there are healthy profits resulting from this relationship. Even though they do not have any reputational or other non-financial benefits associated with this
relationship, the supplier has trust in the customer. Altogether the supplier finds the relationship with the dealer attractive. Another example, specifically of Configuration 1b: a large water and waste-water services supplier firm works with a reputable FMCG company. The supplier is not dependent on the customer, and enjoys some non-financial benefits, such as word-of-mouth, due to the overlap between the end consumers of the customer firm and their own end consumers. Besides, they have trust in the customer and the Financial Benefits that are a result of this relationship are reasonably high. From the perspective of the supplier, this relationship is perceived as an attractive one. Finally, an example of achieving attractiveness through Configuration 1c: an accountancy software supplier works with a renowned NGO. This NGO is a rather large customer and the supplier feels being dependent on them. Although they are rather demanding that generates the supplier time-related costs and some extra training expenses, the Financial Benefits associated with them are good and more importantly, the Non-Financial Benefits are really strong. It is not of great importance to the Supplier whether trust is present in the relationship and that the inter-personal relationships have a rather administrative air to them.

For the relational non-attractiveness of the customer (that is the absence of RAC) four different configurations were identified. Surprisingly, non-attractiveness can be achieved even in the presence of Financial Benefits (2d), if it was combined with lack of Trust, high Dependency, lack of Non-Financial Benefits and significant Costs.
5.1.2. Study II

This research is a qualitative investigation of the relational attractiveness of the customer, using fsQCA. Two of the conditions of attractiveness (Trust, Dependency) had been further developed compared to Study I and a new one had been introduced (Maturity). Four configurations were explored that have overlaps with Study I, but provide some new information on the interaction between the conditions as well. As qualitative data showed more complexity than incorporated in the formation of conditions in the previous study, some limitations of the Dependency and Trust conditions were identified, especially in their explanatory power. These conditions needed to be further developed by the more in-depth understanding we gained from the interviews. The newly introduced Relational Fit condition builds on the previous Trust condition but it incorporates more relational characteristics, such as shared values and strategies, organizational similarities, and social compatibility. The Dependency condition has been extended within a network context, using the term Comparison Level of Alternatives. Based on the qualitative data an understanding emerged that suppliers consider not only dependencies within the relationship but also in a wider network context, in relation to potential alternatives, when evaluating the customer’s attractiveness. The time dimension, more specifically the Maturity of Relationship, is also new compared to Study I and it is based on the realization that as the relationship matures over time it influences attractiveness, and consequently it should be included in the analysis. The third configuration (1c) of the presence of RAC is mostly consistent with the first configuration of Study I. The presence of Financial Rewards combined with the absence of Non-Financial Benefits and Costs can lead to attractiveness, however, in Study II it applies for mature relationships. The first configuration (1a) shows similar patterns as the third configuration in in the
previous study. Configurations 1b and 1d provide new insights into how a customer firm can achieve attractiveness in the eyes of the supplier if there are no major Financial Rewards associated with them. One way is to provide major Non-Financial Rewards; the other is for more mature relationships, in which case the low level of Costs and a rather strong Relational Fit can make the relationship with the customer attractive. Finally, the study explored asymmetrical causal effects for the absence of RAC rather than for the presence of RAC. The two configurations leading to the absence of RAC show similarities with 2b in the previous study (low comparison level of alternatives, lack of Financial Rewards, and presence of Costs).

5.1.3. Study III

One of the important marketing communication tools with which a company can improve its attractiveness in the network is the reference or referral. Corporate Online References (logos, client testimonials and cases studies) are widely used, but to the best of my knowledge, are reasonably new to the business marketing arena, more specifically in referral marketing. Motivational conditions for creating a Corporate Online Reference were identified: increasing reputation, building a good partner portfolio and attracting new clients, and are influenced by the Replaceability of the partner in question. Configurations of motivational conditions were explored which either lead to a positive or a negative reference decision in the case of a specific ego-network. The example of a highly popular organization (a highly central node) and its partner companies that belong to the periphery of the referral network, show that these positions can be achieved through different configurations. In order to identify the studied highly central organization and its ego network, Social
Network Analysis is applied. Social Network Analysis also provides information about reciprocity in these referral relationships, which is the low level of reciprocation in the form of cross-referencing. In addition, we demonstrate how the referral network can be studied based on the network graph of Corporate Online References, and that if Corporate Online Referencing is not consistently done, can have a deteriorating effect on relationship building.

5.2. Contributions to Knowledge on Business Networks and Relationships

The findings of the three studies support and challenge existing knowledge in various ways. Studies differ from each other in the ways and means they explain how attractiveness is created (Ellegaard & Ritter, 2006; Hald et el., 2009; Schiele et al., 2012). This suggests that there are multiple configurations of conditions that can result in attractiveness. However, the existence of alternative causal recipes in case of the RAC has not been empirically investigated previously. Both Studies I and II offer multiple configurations to achieve RAC that demonstrates the presence of alternative ways and supports the findings of previous studies do not necessary falsify each other but can be complementary depending on the context.

The findings challenge previous academic discussion on the role of trust and financial rewards in creating attractiveness. In Study I, despite the general view that trust is essential for managing business relationships (Dwyer at al., 1987; Wilson, 1994), one of the explored configurations indicated that RAC can be achieved even when trust is absent. Furthermore, there are different configurations leading to the RAC and the configurations leading to RAC and non-RAC are asymmetrical.
Study II shows how attractiveness can be achieved even with the absence of major Financial Rewards. This contradicts the idea of Financial Rewards having absolute priority in creating attractiveness (Baxter, 2012). The time perspective is introduced to the configurational analysis of RAC by the Maturity condition (Jap & Ganesan, 2000). The previous Trust condition is extended into Relational Fit that incorporates shared values and strategies (Mortensen et al., 2008) and further relational aspects besides Trust. Furthermore, the network aspect is included in the analysis with the Comparison Level of Alternatives (Lambe et al., 2001).

A more exploratory contribution is that in Study III Corporate Online Referencing (COR) is identified as a marketing communications tool in a business network context to increase the attractiveness of the focal firm, i.e. a subtype of referrals. The study contributes to referral marketing literature by identifying motivational conditions to engage in referencing (Buttle, 1998) in the case of COR and exploring some of their configurations. It empirically investigates how CORs build a network, therefore demonstrates that the Corporate Online Reference Network (CORN) is a type of referral networks (Reingen & Kernan, 1986).

Methodological implications are: first, Study II provides a guideline of good practice to apply fsQCA for the analysis of qualitative data. The Membership Evaluation Template is a unique contribution which makes the calibration process more transparent and reliable. This template could be used, for example, for the fsQCA based on in-depth managerial interviews or secondary case-study data. Secondly, Study III demonstrates a way to combine fsQCA and Social Network Analysis, which is one of the methodological topics in the analysis of different networks that attracts increasing research interests (Fischer, 2011). The combination of the two
methods is rather rare, but creates some synergies between structural analysis (SNA) and the relational content (fsQCA).

Due to the sampling method recommended for QCA studies, i.e. purposive sampling (Ragin, 2009), the sampling aims to collect cases where the phenomenon of interest (RAC) is present. This limits the generalizability of the results because the analysed samples might not meet the criteria of being representative. Generalizability is preferred and refers to the extent the identified causal relationships can be found in different contexts – however, Gummesson (2000) emphasizes that the creation of new knowledge does not imply urgency of finding ‘ultimate truth’. Schofield (2000) argues that generalizability should not be handled as the ability to produce universally applicable causal relations but the context should be taken into consideration too. Yin (2003) develops this argument to the concept of ‘analytic generalisation’ as an aspect of research quality that enables theory building without the requirement of statistical generalizability. The idea of contextual dependency of the identified causal relations is aligned with the primary epistemological viewpoint of this thesis that is critical realism (Easton, 2010).

Managerial implications are related primarily to how the customer firm can influence its attractiveness in the eyes of the supplier. Study I and Study II offer causal recipes to achieve attractiveness that can be applied in different contexts. Study III brings attention to a specific marketing communication tool with which firms can increase their competitiveness - Corporate Online Referencing, which had been widely used but rarely considered strategically. The Corporate Online Reference Network helps to make an important part of the business network visible that is useful in planning marketing communication activities as well as policy making. The latter is
demonstrated by the interest in the results shown by the Chamber of Commerce in Manchester and the San Francisco City Council in the United States.

5.3. Limitations

Similar to other empirical studies, the findings of these three studies should be interpreted with in the context of their limitations. Identifying these limitations or boundaries to generalization, however, could open some doors for future research. There are definitely some trade-offs between a desirable focus and a more comprehensive view. First, and foremost, the first two studies are limited to the supplier’s view point on the relational attractiveness of the customer, and although the third study incorporates both the suppliers’ and the customers’ views, the empirical investigation is limited to the attractiveness of creating referrals. Therefore the customer’s perspective on attraction is not investigated in detail either. Attraction towards other partners such as governmental bodies or the phenomenon of market attractiveness (Kraljic, 1983) are not addressed. Secondly, there are some reasonable limitations in the number of conditions leading to attractiveness. For example, as identified in Study II, the strategic orientation (Webster, 1988) of the supplier (i.e. do they have more long-term plans on relationship-development or would they rather focus on reaching the desired monthly sales figures and follow tactical considerations) could play a role in deciding which customer firm they find more or less attractive. To some extent, the strategic component is included in the Relational Fit condition, but a separate condition in the configurational analysis could provide a more refined view. Finally, like most cross-sectional studies, the ability of these research projects to explore time-related aspects, such as changes in the nature of
attractiveness, is reasonably limited. Study II, however, includes Maturity as a condition – but still this determines time in a cross-sectional manner, unlike longitudinal research, which is more capable of detecting flows.

5.4. Future Research Outline

This PhD research provides a foundation for future research, especially for using dyadic data, extending the analysis of the referral network within a macro perspective for the configurational analysis and study of bias in attractiveness in greater details. Dyadic data on attractiveness would enable the researcher to identify changes in the nature of attractiveness within time and from both the supplier’s as well as the customer’s perspective that could mean a shift from a cross-sectional towards a more dynamic view. Study III explores different motivational configurations leading to a more central and peripheral position in the network, however, the scope of this investigation focuses on an ego-network of a particular organization. It would be interesting to take a macro perspective and apply this to all members of the referral network. This would require large scale data collection and therefore more significant resources. More specifically, all (or most of the) firms in the explored referral network should complete a survey that includes items of the motivational conditions leading to referencing. This would result in a database that enables the comparative analysis of specific ego-networks, the clusters of the more and the less popular (central) organizations. General motivational patterns could be studied within the referral network. Finally, the absence of attractiveness could be investigated more thoroughly. For example, why do some customers which are initially in an attractive position then change into being less attractive customers?
What are the behavioural biases that cause undesirable perceptions in attractiveness? Are there any problematic issues in relationship development that are caused by too high attractiveness, especially in a network context? If yes, what are these issues and why do they arise? These research questions apply to the case of suppliers too that could be an interesting alternative perspective to look at attractiveness.

5.5. Reflections on the PhD Journey

Finally, some reflections on the PhD journey are discussed in the conclusions of this thesis. There were some turning points when the different epistemological viewpoints evolved throughout the doctoral research process. Subsequently some examples are discussed about why it is worth moving the research away from our comfort zone and confront it with different views and methodological considerations. Also, the importance of networking is shown, both at an academic, as well as at a managerial level. Some useful practicalities are revealed too that helped or hindered the data collection.

5.5.1. A Journey in the Philosophy of Science: Positivism, Social Constructionism and Critical Realism

The journey in the philosophy of science is embedded in the process of doctoral studies, present as a constant formation of the researcher’s standpoint among different epistemological tendencies. From the starting date of the PhD this standpoint has been changed and formed in an interactive manner through confronting the current standpoints of others, and in some instances, by making inroads with other theories while keeping the core view. This thesis is written while
wearing the theoretical lenses of critical realism (Easton, 2010; Ryan et al., 2012), however, informed and formed by considerations originally derived from positivism (or post-positivism) in Study I, as well as from social constructionism in Studies II and III. Figure 2 shows the main philosophical assumptions that underlie the theoretical positioning and choices of methodology in this thesis. At a basic level it all comes down to the question of reality, which is pivotal to the study of any phenomenon (in this specific case attractiveness), because ontological and epistemological considerations provide an overarching frame for positioning the research questions, building the logic of theoretical argumentation, choosing specific methods and interpreting results (Alvesson & Sandberg, 2011).

![Figure 2 Overview of underlying philosophical assumptions](image)

In the beginning of this research project a positivist view of reality was taken and therefore a theory-based structural equation model was devised in Study I. The intention by a company to invest in a relationship was seen as a consequence of attractiveness of an exchange partner. This implies a positivist view because of the belief in Comte’s (1844) universal rule of inferring knowledge by observation and the superiority of empirical knowledge to normative knowledge, following a rather linear cause and effect logic that describes facts and events. The etymological roots
of the word ‘positivism’ signal its core philosophical view: it derives from the Latin word ‘positum’, a form ‘pono’ that is putting, setting or laying something down. The verb refers to the data put in front of the researcher for observation (Alvesson & Sköldberg, 2009). Considering the historical context, the importance of data and oppositional reasoning of positivism originate in the ideologies of the Enlightenment and open the door to a scientific discussion that is not always in alignment with the Christian Biblical principles that became a burden to development, as Galilei’s example demonstrates (Hallowell, 1975). Positivism has major merits in paving the way to academic discussion in its own right, without theological considerations. Modern positivism (neo- or post-positivism) still holds the view that observable aspects of reality are measurable or at least detectable through indices using instruments (Braithwaite, 1953). Kuhn (1962) in ‘The Structure of Scientific Revolutions’ breaks the monopolistic position of positivism and argues that the evolution of scientific theory does not emerge from the forthright accumulation of facts, but rather from a set of changing intellectual conditions and options. Together with Feyerabend, Hanson, Toulmin and other philosophers, they have created the building blocks of what today we call historical relativism (Alvesson & Sköldberg, 2009), that in essence states that scientific knowledge is socially conditioned and relative in nature as opposed to absolute truth (Suppe, 1977), paving the way for a social constructionist view (Berger & Luckmann, [1966] 1991).

Popper (1972) criticised Kuhn for undercutting the objectivity of science and therefore threatening the very rational basis of the scientific enterprise. According to Horan (1987) such theoretical discussions led to the introduction of ‘models’ that are bridging the gap between empirical experience and theory by formulating law-like statements. The intense debate on the power of observations also included post-
positivists taking the above mentioned historical relativism position, as well as structuralists like Chomsky (1968) and Lévi-Strauss (1962) and dialecticians such as Marx ([1887] 1967) and Hegel (Rosen, 1985). The criticism surrounding positivism established the theoretical reasoning to carry out more in-depth small N studies in order to analyse underlying patterns that reflected on core structures of reality (Alvesson & Sköldberg, 2009). Popper (1963) introduces the idea of falsification that is disproving a theory. Later it was demonstrated in the marketing domain that small N qualitative studies, especially case studies, are capable of validating or falsifying theories (Bonoma, 1985).

Social constructionism provided an alternative view in the scientific debate on reality. Berger and Luckmann ([1966] 1991) in The Social Construction of Reality declare a view in which reality is not something naturally given but socially constructed. The authors note: “Knowledge, in this sense, is at the heart of the fundamental dialectic of society. It ‘programmes’ the channels in which externalization produces an objective world. It objectifies this world through language and the cognitive apparatus based on language, that is, it orders it into objects to be apprehended as reality” (p. 83). Our perception therefore is based on typologies and knowledge is transferred by these created types (categories). The authors see everything as socially objective with subjectively real meanings. In this thesis, the more exploratory view on the conditions of attractiveness in Study II, as well as the identification of ties constituting a referral network in Study III, roots itself in social constructionism, because the phenomenon and its conditions are explored as they are constructed by the managers and typifiable (the term ‘to typify’ is borrowed from Berger and Luckmann, [1966] 1991) but not measurable.
The realist constructionism direction (for example, Latour, 2004) within social constructionism acknowledges the construction process itself, but as something ‘real’ and not socially constructed in itself. This can be regarded as a bridge from a complex and fragmented social constructionism to critical realism that originates from the British philosophical tradition, especially in the works of Bhaskar (for example, Bhaskar, 2013). Why acknowledge the existence of social construction?

The critical realist view on reality is that it exists independently from how we see it (Danermark, 2002): “While it is evident that reality exists and is what it is, independently of our knowledge of it, it is also evident that the kind of knowledge that is produced depends on what problems we have and what questions we ask” (p. 26). Alvesson and Sköldberg (2009) describe the view on causality taken from critical realists as it refers to the nature of an object, explaining what a certain object can or cannot do in terms of its effects, and instead of a linear cause and effect, there are configurations of causal mechanisms, rules and practices. Causality is therefore an intrinsic process within a system and instead of statistical predictability there is semi-regularity or identification of tendencies in particular contexts (Archer et al., 2013). Critical realism maintains a realist ontological perspective that the real world exists independently from our perceptions (Dobson, 2001). The position taken in all three studies draws primarily from critical realism, because it incorporates complexity that is the view that knowledge is not objective and completely certain but contextual and that there are possibly alternative valid accounts for social phenomena. The concept of mechanism is also important in these three studies as it is central for critical realism. According to Fleetwood and Ackroyd (2004) a set of mechanisms can describe a phenomenon, whereby mechanisms are tendencies that are combinations of certain components leading to particular outcomes. This implies
a configurational view of the phenomenon at hand, i.e. attractiveness, which is applied by using fsQCA in the three studies. To summarise, reality in positivism is based on facts. In social constructivism it is a socially construed reality, and critical realism provides a theoretical amalgamation of facts and the social world. Although all three views can be researched through qualitative as well as quantitative methods, positivism is more characteristic for quantitative, whereas social constructionism is normally more suited towards qualitative research (Teddlie & Tashakkori, 2009). Critical realism can provide a theoretical framework for a research design where qualitative and quantitative methods are combined (Olsen, 2004), as can be seen in the empirical part of this thesis.

5.5.2. Taking Research out of one’s Comfort Zone

It proved useful to discuss the PhD research with researchers taking different views on the research area and also with methodological experts when applying specific methods. Conferences, especially IMP Conferences based primarily on a conceptualization point of view and the ISBM Conference in terms of research design, provided valuable feedback.

Discussing specific details of the analysis such as consistency thresholds, with QCA experts Charles Ragin and Wendy Olsen, shed light on advantages and disadvantages of some decisions of the research design and helped me to take more of a systematic view while paying attention to the details. Presenting Study III at the Mitchell Centre for Social Network Analysis resulted in some feedback on how referral networks can be analysed and encouraged to combine Social Network Analysis with fsQCA. As a result of these discussions I got involved in the COMPASSS QCA community and
the International Network for Social Network Analysis (INSNA) group who provide interactive platforms for methodological discussions. It is likely that my future research will benefit from keeping up-to-date with ongoing methodological discussions.

5.5.3. Networking

There is nothing original about saying that networking is important. Despite being a mere tautology, many prospective academics tend to forget about it, both in an academic environment as well as with businesses. In terms of academic networking I see three major layers from the perspective of the PhD candidate: supervisors as the micro layer; university (divided into the department, the business school and the rest of the university) as the meso layer; and a wider international research community as the macro layer (Figure 3).

![Layers of Networking from a PhD Candidate Perspective](image)
The potential academic network of a PhD candidate is largely dependent on the supervisors’ academic network, especially in the beginning. In my eyes this is the first, inner layer of academic networking and at the same time, the most important one in regards to the interaction with the outer layers. I was in the fortunate position that both of my supervisors are well-known and well-respected members of the business marketing community and they were kind enough to introduce me to many researchers. Conferences and workshops played an important role in meeting academics from whom I got valuable feedback on my emerging research agenda. Being appointed Social Media Network Coordinator for the Industrial Marketing Management Journal in May 2014, opened up new, more proactive levels and opportunities of academic networking to me. Networking at conferences and workshops was extended with an online enhanced international environment, especially by leveraging social media for research discussion purposes.

The second layer that is the University level holds great networking opportunities as well as potential future collaborations. This is especially applicable to a rather large university like the University of Manchester, where various workshops at different departments are open for all staff and students. Besides my supervisors, one of the professors in the Marketing Department helped me enormously with the data collection; and this thesis has also benefitted methodologically from the discussions with the researchers at the Mitchell Centre for Network Analysis as well as from my internal examiner for the second annual review who is an expert in QCA and based at the Sociology Department. Finally, the outer layer is an international community of researchers that is primarily the Industrial Marketing and Purchasing (IMP) Group, and to a lesser extent, the International Studies on Business Markets (ISBM) business marketing community.
I realised the value of networking with businesses in the first year of my PhD, when I saw my more advanced PhD colleagues struggling with data collection. The main complaints were about not getting enough responses from companies which made me think about alternative ways of ensuring a better response rate, rather than shooting off mails to corporate enquiry email addresses. I contacted local business networking associations as well as other organizations and interest groups that had regular meetings for businesses, such as the Chamber of Commerce, Business Growth Hub, Women Leading in Business Group, Institute of Directors and the B2B Summit in London. I started attending their meetings and talking to people about my research. This was not very easy in the beginning as I had to learn how to summarise my research into about three minutes (as a classic elevator pitch) and phrase it in a way that would elaborate more on managerial implications rather than theoretical considerations and methodology. It provided, however, some ‘real world’ insights and a reality check that helped to shape and form my research design, and later on to look at the results from a managerial perspective. Furthermore, it helped me to gain access to more data: conducting interviews with some SMEs was much easier after they met me at a workshop or other event, even for a short introduction and elevator pitch. Also, the networking organizations were more willing to share secondary data (for example, lists of companies and some descriptive details) with me after having personal contact. Last but not least, most organizations declared that they are happy to make themselves available for further interviews in the future. On one occasion I was even offered a large customer database for analysis, because the company had just been working on how to evaluate and prioritise between customer firms and showed genuine interest in my research project on the relational attractiveness of the customer. Some seeds for future research are definitely planted.
5.5.4. Data Collection Practicalities

Apart from the kind and helpful Personal Assistants (PAs) at most of the companies where I did interviews, there are times when PAs can play a gatekeeper role. For example, the PA of the director of one of the networking organizations that were contacted replied that they do not accept PhD students to attend their events. Knowing that a number of potentially interesting companies are present at their meetings, another attempt was taken, yet again without success.

Finding a manager at a rather senior level who holds a PhD, accelerated the process of getting access to data significantly. Managers with a PhD degree are probably more helpful in research issues as they have a deeper understanding of the snags of doing a PhD. However, interviewing a senior manager with a PhD degree was one of the most difficult interview experiences, because of the constant self-reflection and the highly intellectualised description of organizational processes, informed by theoretical understanding.

Initially the reason behind the request from one of my supervisors to check the kind of newspapers an interviewed company had at the reception or waiting lounge was rather unclear. The explanation was very useful: the political orientation of an organization is reflected on the media they distribute and this can provide some important background information to understand internal dynamics.

From data collection practicalities to theory building argumentation, I learned a lot throughout the years of my PhD. My time in Manchester opened up a whole new world to me: I developed skills for intellectual exploration, get connected in international networks of academics and practitioners, and gained invaluable
experience in research that are important for my future career at academia: in learning, creating and sharing knowledge.
References


