Corporate Online References: Conceptual Development and Empirical Investigation

using Social Network Analysis

Zsófia Tóth*
University of Nottingham Business School, United Kingdom
zsofia.toth@nottingham.ac.uk

Stephan C. Henneberg
Business Ecosystems Research Group
Queen Mary University of London, United Kingdom
s.henneberg@qmul.ac.uk

Peter Naudé
Manchester Business School
University of Manchester, United Kingdom
peter.naude@mbs.ac.uk

Submitted to the

31st Annual IMP Conference in Southern Denmark Kolding

April 2015

*corresponding author
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.

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, Social Network Analysis, Word-of-Mouth
Corporate Online References: Conceptual Development and Empirical Investigation using Social Network Analysis

1. Introduction

Firms need to communicate their offering to their partners in a credible manner (Grönross, 2004). Positive referrals and satisfied partners represents 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-Stenroos & 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. 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
2\textsuperscript{nd}-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. 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).

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.

-------------------------------------
Insert Figure 1 about here
-------------------------------------

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 & Meenagh, 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.

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 relations, 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 (Mitrega 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.

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.
P1: 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 (Kraepel et al., 1991), which is in line with referral activities helping to publicize relevant outcomes of these efforts.

P2: 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).

P3: 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 and important role in motivating.

**P4:** 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.

**P5:** 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 (Mitręga 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).

*P6:* COR can form networks (Corporate Online Reference Network, CORN), similar to other referral networks.

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.

*P7:* It is common to reciprocate the COR with reciprocal or cross-COR.

5. **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.

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 two stages of data gathering and analysis follow a qualitative and quantitative sequence (Miles & Huberman, 1994). The exploratory qualitative phase (Study 1) leads to a quantitative SNA (Study 2).

5.1. Study I: 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.

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 (P1-4).

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.

5.2. 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.

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.

5.2.1. 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. Until recent years the membership registration in this association was compulsory for all local businesses. 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 was 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 was 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.

5.2.2. **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.

| Insert Table 3 about here |

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.
5.2.3. 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.

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, interpersonal 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.

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.

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.

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.

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.

Exploring the referral network increases the visibility of the business network and provides a more in-depth understanding about strategic signalling with the help of COR. Further 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.
References


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

Note: The Identifier is the firm that published the referral on their corporate website.
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.
Figure 3

Overview of the Theoretical Framework

Note: RDT is Resource Dependence Theory; INA is Industrial Network Approach and CSC is Corporate Social Capital
Figure 4
Referral ties embedded in business relationship ties, adapted from Reingen & Kernan (1986)

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

Note: 334 organizations (nodes) and 1098 referrals (ties) are represented by this graph.
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></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).
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): small company is defined as a business below 50 employees, medium between 50 and 250 employees and large 250 employees and above.
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>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<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.