Relationship Dissolution Understood in Terms of Learning Barriers

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Abstract

Research on the ending of relationships has been conducted in the areas of business-to-business, business-to-consumer, romantic or personal, marketing channels, client-agency relationships in advertising and accounting, joint ventures, and strategic alliances. Business relationship dissolution can be considered in terms of definitions, outcomes, antecedents, and processes (Tahtinen and Halinen-Kaila (2002)). External or internal factors may increase the likelihood of dissolution, though this can be mediated by actor, dyad, or network factors (Tahtinen and Halinen-Kaila (1997)). A dynamic perspective considers relationship dissolution as a process. Tahtinen and Halinen-Kaila (1997) and Tahtinen (2002) proposed a model of the process of business net dissolution, with six interconnected stages, from intra-company to network levels.

Researchers have considered the dissolution of both vertical and horizontal relationships among actors. It is fair to say that the majority of these studies have

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been at the level of the dyad. There is a paucity of research focused at the triadic or net level. Some exceptions are Tahtinen and Halinen-Kaila (1997), Havila (2002) and Tahtinen (2002). However, these studies are structural analyses focused upon what happens to the network post-dissolution of one or several relationships. The focus is upon the transmission of impact from one relationship, with little consideration of the implications for subsequent relationship formation.

In this paper a case study of multiple business relationship dissolution is presented. A large marine sector supplier in Scandinavia switched many supplier relationships simultaneously after a review exercise in 2001. This paper contributes to existing literature by providing an explanation of the multiple dissolutions in terms of inter-organisational learning barriers. Learning barriers can be linked to relationship dissolution both as a cause and as a consequence. It is possible to explain dissolution by referring to the inability of a relationship to obtain perceived learning benefits. This implies that learning barriers are considered as causes to relationship dissolution. Secondly, learning barriers can be considered as a consequence of multiple relationship dissolution. That is, as companies engage in such dissolution, opportunities for learning might be weakened.

Expectations of beneficial learning outcomes often underpin the tendency towards closer relationships between customers and suppliers in industrial settings. However, business relationships take a variety of forms, and not all are necessarily characterised by collaboration and learning (Araujo, Dubois and Gadde (1999)). This is not negative in itself, as no company can engage in close relationships only (Håkansson and Snehota (1999); Gadde and Snehota (2000)). However, companies that do not engage in such relationships at all may also be at a disadvantage.

Researchers within the organisational theory, organisational learning, and strategic alliance literatures have recognised the importance of personal and organisational factors as facilitators and inhibitors for learning in organisational settings (Argyris and Schon, 1996; Cohen and Sproull, 1996, Cohen and Levinthal, 1990, Hamel, 1991, Larson et al, 1998). These authors emphasise that an individual's ability and will to learn, coupled with organisational systems for communication and knowledge sharing, impact organisational learning.

This paper adds to existing examples of multiple relationship dissolutions that result in network changes, by providing an argument for explaining the antecedents, processes, and outcomes of dissolution using the concept of inter-organisational learning barriers.

1.0 Introduction

Research on the ending of relationships has been conducted in the areas of business-to-business, business-to-consumer, romantic or personal, marketing channels, client-agency relationships in advertising and accounting, joint ventures, and strategic alliances. According to Tahtinen and Halinen-Kaila (2002), business relationship dissolution can be considered in terms of definitions, outcomes, antecedents, and processes. Serapio and Cascio (1996) described types of business divorce using dichotomies such as 'planned-unplanned' and 'friendly-unfriendly'. Hence, dissolution is not necessarily a negative event, and may be planned in advance (Dwyer et al (1987)). Antecedents to dissolution are suggested to be combinations of external and internal factors. The likelihood of dissolution as a result of changes can the mediated by actor, dyad, or network factors (Tahtinen and Halinen-Kaila (1997)). A dynamic perspective considers relationship dissolution as a process. Tahtinen and

Halinen-Kaila (1997) proposed a model of the process of business net dissolution based on the work of Duck (1982) and Ping and Dwyer (1992). The model has six interconnected stages, from intra-company to network levels.

Researchers have considered the dissolution of both vertical and horizontal relationships among actors. It is fair to say that the majority of these studies have been at the level of the dyad. There is a paucity of research focused at the triadic or net level. Some exceptions are Tahtinen and Halinen-Kaila (1997), Havila (2002) and Tahtinen (2002). However, the majority of these studies are structural analyses focused upon what happens to the network post-dissolution of one or several relationships. The focus is upon the transmission of impact from one relationship, with little consideration of the implications for subsequent relationship formation (Ganesh, Arnold and Reynolds (2000)).

This paper takes as the point of departure an empirical case example of the dissolution of multiple supplier relationships. In 2001, a large marine sector supplier in Scandinavia switched many supplier relationships simultaneously after a review exercise.

This paper contributes to existing literature by providing an explanation of the multiple dissolutions in terms of inter-organisational learning barriers. Learning barriers can be linked to relationship dissolution both as a cause and as a consequence. It is possible to explain dissolution by referring to the inability of a relationship to obtain perceived learning benefits. This implies that learning barriers are considered as causes to relationship dissolution. Secondly, learning barriers can be considered as a consequence of multiple relationship dissolution. In other words, as companies engage in such dissolution, opportunities for learning might be weakened.

The next part of the paper discusses and combines the business relationship dissolution and inter-organisational learning barriers literatures. Section three of the paper presents the case study. An analysis of the case using the themes from the literature is the subject of section four. Lastly, suggestions for future research are made following a discussion regarding the connections between the case study and current literature.

2.0 Literature Review

2.1. Business Relationship Dissolution

According to Tahtinen and Halinen-Kaila (2002), business relationship dissolution can be considered in terms of definitions, outcomes, antecedents, and process. The authors include switching, exit, dissolution, termination, disengagement, break-up, divorce, ending, and failure in categorising the variety of terms used to discuss the final stage in the relationship lifecycle models of Ford (1980) and Dwyer et al (1987). A relationship is dissolved when "…all activity links are broken and no resource ties or actor bonds exist between the companies" (Tahtinen and Halinen-Kaila (1997:560)). Other authors argue that actor bonds remain in some way (e.g. socially) post-termination (e.g. Havila (1996); Havila and Wilkinson (2002); Wendelin (2000); Lofmarck-Vaghult (2000); Staakes (2000)).

A static view discusses relationship ending as an event by focusing upon types of dissolution outcomes (Serapio and Cascio (1996)), or the antecedents triggering dissolution. According to Tahtinen and Halinen-Kaila (1997) predisposing factors and precipitating events are the two sets of reasons that result in relationship dissolution. Predisposing factors are features that are inherent to a dyad that make a relationship more or less likely to dissolve at some later stage. For example, Ring and

Van de Ven (1994) consider an imbalance in the extent of formal versus informal governance within a relationship can increase the likelihood of failure. Precipitating events are change carrying, from the actor, dyad, or network

One actor can initiate the termination of a relationship in that only one partner in the relationship may perceive problems (Hirschman (1970)). Relationship dissolution is not necessarily a negative event, and may be planned in advance (Dwyer et al (1987)). For example, joint ventures are often planned to end at a specified future date, and therefore dissolution becomes an early and unplanned ending. Relationship dissolution need not be final. Instead, dissolution patterns can be complete, partial, temporary or permanent (e.g. Harbo (2000); Pressey (2000); Lofmarck-Vaghult (2000)).

Tahtinen and Halinen-Kaila (1997) and Tahtinen (2002) consider the dissolution process of business triads. The authors discuss that there are three structural outcome possibilities, ending with the dissolution of all three relationships. The network can be both a source and outcome of multiple relationship dissolution. The dissolution of a network can take many years to occur. In a study of 300 organisations over a 30-year period, Havila (2002) discussed how the outcomes of dissolution could be both confined and connected changes in the network.

A dynamic perspective considers relationship dissolution as a process. Tahtinen and Halinen-Kaila (1997) and Tahtinen (2002) proposed a model of the process of business net dissolution based on the work of Duck (1982) and Ping and Dwyer (1992). The model has six interconnected stages, from intra-company to network levels. Of course, it is difficult to delineate an interconnected process into discernible and separate stages. Indeed, any given dissolution process might not follow the stages in the order suggested, use all the stages, use stages simultaneously, or return to previous stages (Tahtinen and Halinen-Kaila (1997); Tahtinen (1998); Laine and Ahman (2000); Tahtinen (2002)).

The initial stage requires an *intra-personal* assessment of a relationship. Managers responsible for a relationship become dissatisfied with the performance of their business partner. A discussion regarding the possibility for terminating the relationship takes place at the *intra-company* level. The business partner has become a burden in some way, emphasising the negative costs of business relationships (Håkansson and Snehota (1999)). In their study of client-agency relationships, Young and Denize (1995) reported dissatisfaction with the level of service provided as key motivator for change (see also Doyle, Corstjens, and Michell (1980), Michell, Cataquet, and Hague (1992), and Henke (1995)).

Further, a potentially declining relationship might be characterised by the dissatisfied party having new or changed goals, or an awareness of an alternative partner. A business partner may perceive their relationship to be deteriorating due to changed / new goals, perceived complacency of the partner (Gassenheimer, Houston, and Davis (1998)), and / or perceived inability of business partners to meet expectations regarding price, delivery, or quality (Shankarmahesh, Ford, and LaTour (2003)).

In the joint ventures literature dissolution is often planned in advance. Therefore joint venture failure is premature termination (Park and Ungson (1997)). The initiating partner may have a variety of reasons for premature termination, and these can be both positive and negative, e.g. goals are unmet, all goads are met, goals have changed, differences between the parties involved, and 'winning the learning race' (see Peng and Shenkar (2002); Larson et al (1998); Park and Ungson (1997); and Kogut (1989)). Kogut (1989) argues "…a joint venture will remain stable for as long as the partners continue to acquire core skills from the partnership that lead to economic benefits". Park and Ungson (1997) discuss what they term the economic motivation for joint ventures. If joint ventures are established to gain access to other's skills, know-how and / or assets – knowledge transfer – joint ventures have learning objectives. If contributions are asymmetric, this increases the likelihood of relationship dissolution.

The third stage of the dissolution process is dependent upon whether a loyalty, voice, or exit strategy (Hirshman (1970)) is adopted by the dissatisfied partner. There may be an escalation of response to dissatisfaction that incorporates all of these strategies over time, e.g. loyalty-voice-neglect-exit (Ping (1999)). The dissatisfied partner is expected to consider the cost-of-exit, or a set of perceptual and structural factors including overall satisfaction, the attractiveness of alternatives, level of dependency, and investments (e.g. Nielson (1996); Shankarmahesh, Ford, and LaTour (2003); Ping (1993, 1997, 1999)). Business relationship failure is costly (Buchanan and Michell (1991)).

If a voice strategy is adopted, there may be possibilities for repairing the relationship in appropriate ways. Conflict resolution followed by relationship continuity is preferable to conflict avoidance and decline. Indeed, some authors argue that conflict avoidance is the cause of relationship dissolution, not conflict per se (e.g. Stern (1997); Ping (1993)). Therefore not every conflict leads to relationship dissolution (Hibbard, Kumar, and Stern (2001)). Other partner responses can include fading away (e.g. Grønhaug, Henjesand, and Koveland (1999), relationship neglect (e.g. Ping (1999)), and a desire to scale back the relationship in question.

A loyalty strategy would halt the potential dissolution at stage two. An exit strategy results in the process moving to the *dyadic* stage. "The decision to exit is directly or indirectly communicated to the partner in the dyadic stage" (Tahtinen and Halinen-

Kaila (1997:573)). Again, there are two potential strategies at this stage – exit and voice – with a possibility for the relationship to be repaired. The quality of the process can in part be determined by the initiating actor aiming to attain a 'beautiful' exit (Alajoutsijärvi, Möller, and Tähtinen (2000)).

The fourth stage of the process is the *triadic* stage, whereby the third actor becomes involved in the dissolution. There are still opportunities to restore the relationship at this stage. If not, the parties have to communicate the break-up to the wider *network*. "The dissolution itself changes the structure of the network and the position of ex-members within it…ex-members need to establish and reinforce other relationships in the network" (ibid, p575). For a relationship to be terminated the parties move to the *aftermath* stage of the process where post-hoc rationalisation can take place.

2.2 Inter-organisational Learning Barriers

In this paper we argue that inter-organisational learning barriers can be related to relationship dissolution. The key issue to consider is what are inter-organisational learning barriers?

Inter-organisational relationships are a means to provide companies with important advantages in terms of knowledge transfer and construction (Dyer and Singh 1998, Gadde and Håkansson 2001, Hamel 1991, Lane and Lubatkin 1998, Larson et al 1998, Powell 1998). Many of these writings take as their starting point the theoretical framework proposed by Cohen and Levinthal (1990), and in particular, their concept of absorptive capacity. Absorptive capacity refers to the assertion that companies to a large extent depend on external sources of knowledge in order to innovate. Further, organisations possess a capacity of evaluating and utilising such knowledge. Prior knowledge, e.g. basic skills, shared language or technological knowledge, facilitates the recognition of relevant information, the assimilation of it, and the application of it to certain purposes.

Cohen and Levinthal (*ibid.*) discuss that new knowledge is created in the interface between existing bodies of knowledge. The larger these bodies of knowledge are, the higher are the possibilities for creating new knowledge. That is, knowledge facilitates the generation of new knowledge (Gadde and Håkansson 2001, Powell 1998). The increased possibilities for knowledge generation, enabled by business relationships, will provide the involved companies with a greater knowledge base upon which new knowledge can be built. Dyer and Sing (1998) use the term partner-specific absorptive capacity, applying Cohen and Levinthal's (1990) term to an inter-organisational setting. It refers to an organisation's ability to recognise and assimilate valuable knowledge from a specific partner. The knowledge base of a single organisation constitutes the basis for both a partner-specific absorptive capacity, as well as a more general one, enhancing an organisation's possibilities for learning.

Inter-organisational learning refers to the process where business partners develop collective knowledge through constructing and modifying their inter-organisational environment, working rules, and options. Larson et al (1998) claim that inter-organisational learning has both an integrative and a distributive dimension. Collective knowledge is constructed by integrating two partners and the joint outcome is distributed among the parties. This requires that the parties manage to balance the trade-off between efforts spent on ensuring a great joint outcome and efforts spent in ensuring a greater individual part of this outcome.

The dilemma underpinning this trade-off directs our attention towards an important aspect of collective learning, namely barriers to such learning. There is a small amount of research concerned with learning barriers in inter-organisational settings.

Most writings touching upon this topic concern the single organisation (e.g. Argyris and Schön (1996); Cohen and Levinthal (1990); Levinthal and March (1993); Levitt and March (1988)).

Much of the literature regarding inter-organisational learning barriers can be located in the strategic alliances field (Doz 1996, Hamel 1991, Larson et al 1998). Research in strategic alliances has traditionally focused on organisational fields and how competing companies learn from each other through imitation, or through a ”race to learn” with partners. More recent work has focused on the interactive and joint collective learning processes that take place between organisations (Larson et al 1998). Many studies report that, despite the promised benefits from strategic alliances, such alliances often result in rather disappointing performance, and sometimes failure.

This is attributed to an inability of collective learning, claiming that collective learning is the key to achieve the perceived benefits from such alliances. According to Larson et al (1998) collective learning is often hindered by lack of motivation, limited absorptive and communicative capacity, dynamics of power, opportunism, and suspicion. In addition, asymmetric learning strategies can prevent collective knowledge development between two alliance partners.

While many studies regarding inter-firm learning have focused on the single firm's capacity of absorption of knowledge from other companies, collective learning is also highly dependent on the involved firms' communicative capacity and openness towards partners. Hamel (1991) considers both these two aspects, labelling them as receptivity and transparency. He argues that the important issue in inter-organisational learning is not merely the *access* to other companies' skills. The key is to internalise this knowledge, so that it can be used in situations outside the single partnership. This internalisation process consists of three elements determining the learning outcomes of an alliance. *Intent*, refers to alliance partners' initial view of collaboration as means to achieve learning benefits. This influences the desire and motivation to learn. *Transparency,* refers to the openness of a firm towards its partners, and hence the opportunity to learn. Finally, *receptivity* refers to a firm's capacity for learning, that is its absorptiveness. These three elements are all of crucial importance for collective learning.

Larson et al (1998) apply Hamel's concepts in explaining how knowledge is constructed and transferred in strategic alliances. Their conceptual framework differs from Hamel's in that they do not separate intent from receptivity and transparency. Five different learning strategies can be employed by an organisation, depending upon their degree of receptivity and transparency. These are; (i) *collaboration* (high receptivity - high transparency), (ii) *competition* (high receptivity - low transparency), (iii) *compromise* (moderate receptivity – moderate transparency), (iv) *accommodation* (low receptivity – high transparency), and (v) *avoidance* (low receptivity – low transparency). For inter-organisational learning to occur, Larson et al (1998) argue that both parties must employ a collaborative learning strategy.

If one of the two alliance partners has high receptivity but low transparency, this will increase its share of the joint outcome of the collective learning process. However, the process of creating the outcomes will be inhibited. Withholding information from the partner inhibits learning, because there is insufficient joint information for anyone to receive and learn from. Hence, it is important that the learning strategies of the two parties in an alliance match, so that join collective learning can occur (i.e. relationship learning strategies). This is not necessarily the same as saying that a collaborative learning strategy from both parties will ensure sustainable collective knowledge creation. Further, one organisation's learning strategy might change throughout the relationship, e.g. from collaborative to competing.

What features might influence the possibility for a relationship collaboration strategy? Larson et al (1998), term the first four inhibitors for adopting a collaborative learning strategy, motivational and ability barriers to receptivity and transparency. Transparency and receptivity depend on both motivation and absorptive capacity. Knowledge that does not correspond with an organisation's existing knowledge will perhaps be neglected, preventing the organisation from double-loop learning. Another important impact on receptivity is the strength of the intent to learn. Motivational dimensions, such as lack of interest, neglect or other priorities will probably affect the receptivity of a firm. Adopting a "teacher" attitude in the alliance instead of a "student" attitude will also impact on the receptivity.

Transparency, closely related to 'communicative capacity', is also limited by several factors. Much of an organisation's knowledge is tacit, sticky and socially embedded in context-specific relationships. These make it hard to learn from organisations that are apparently transparent. Another important issue is that the organisational culture and the reward system may not reinforce collaboration and concern for other organisations.

Some of these limitations may be partner-specific (Larson et al (1998)). That is, there might be some variations among different constellations of partners. Rather than being a general characteristic of an organisation, the lack of receptivity and/or transparency may be related to only one alliance in which the organisation is involved. Political dimensions and power dynamics are also important.

3.0 Case Study

The case study is concerned with a distributor of equipment and services to the marine sector. The company, hereafter referred to as WWD, is based in Scandinavia. WWD switched multiple supplier relationships simultaneously following a supplier review exercise that took place in 2001. The case has been written from several interviews conducted over a 12-month period. Discussions took place with staff from various parts of the organisation, e.g. the corporate procurement unit, the corporate sales and marketing unit and the technical product unit. Interviews have taken place with staff from both the customer and supplier organisations.

SWOP Project

During 2001, WWD started a project known as SWOP. A new procurement manager coming from the public sector initiated the project. The rationale was that WWD should break down its supplier relationships, and challenge their suppliers. The main argument was to achieve better product prices and quality. Although the purchasing unit initiated the project, this was soon to become a combined effort among purchasing, business management, and marketing. The SWOP exercise was described internally as a large project, consisting of about fifty-sixty sub-projects taking place during the period.

The project concerned core product suppliers only. WWD has approximately 1800 core products. These products have the highest turnover, and they have a shorter lead-time than others, e.g. 24 - 48 hours compared to seven days. Some of the suppliers are responsible for multiple core products. For example, one supplier of gas equipment supplies WWD with 104 core products. Though WWD considers some of their suppliers as core, the perceived importance of WWD from the suppliers' point of views differs. In a two-year period the core supplier base was reduced in size and several existing suppliers were replaced.

Disengaging from Multiple Suppliers

The SWOP project started with the development of a 'product need specification'. A list of the different products was analysed internally. The 'product need specification' concerned issues related to marketing/sales, technical specifications, logistics and purchasing. In addition discussions took place with WWD's customers. The 'product need specification' formed the basis for the subsequent supplier evaluation.

Following the initiation of the project, both existing and potential suppliers were given the chance to compete. The existing suppliers were informed about what was happening. They had never been in a competing situation before. They got one year in advance and the chance to make a better offer.

The search for alternative suppliers was conducted through a market survey. The different procurement managers in the respective business areas were responsible for the survey. Alternative suppliers are not registered in any system, and those responsible for the search used the web, the company's local offices and the network. In addition, the need specification was sent to a professional sourcing firm, which then provided the company with a list of different suppliers in the sector. The choice of supplier was primarily based on price, but in some cases reliability of the products was preferred despite a higher price.

There are several consequences of the SWOP project from WWD's point of view. First, it is considered that the costs of the SWOP project were underestimated, as were the value of existing relationships. The relationships with suppliers were built up over years, and the different products were well known (embedded knowledge in products). One of the logistics managers related the value of the existing relationships to time and language. He stated that it takes time to build up a new relationship, and in long-term relationship, "you build a shared common language". The respective parties in a relationship hence know what the other party talks about. If there are problems these are easier to solve when you know each other. Long-term relationship also entails a high degree of trust, and a shared understanding. Business is about personal relations and it means a lot who the contact persons are. Some of the relationships had been in place for a very long time, and the persons involved knew each other personally. Along with the costs associated with building up relationship, there were also some other costs involved. For example, one of the suppliers that was switched went directly to a competitor and brought with them all their knowledge about the company.

There were some problems for staff in the Marketing Department. Staff had to relate to a variety of new products. This included introducing the new products to the customers, handling new documents, training the service personnel on technical issues, information regarding new products, etc. There were also some problems related to the Purchasing operations. The purchasing unit was used to the old products, and now all of a sudden new products were to be handled. This was a challenge. For example, locally they still sell/buy old products, which is not acceptable.

Disengaged, Retained, and New Supplier Relationships

The SWOP project is considered to be a success overall by WWD (although there were some divergent opinions about the project, especially from the Marketing department). WWD is now involved in developing the suppliers, in terms of making it clear their needs and wishes, so that these can be transferred into the suppliers' organisations. The supplier relationships have changed, and some have become more important.

In terms of new relationships, one of the new suppliers is perhaps being replaced again. The relationship between WWD and this supplier has worked very well, though after some initial problems. The relationship has been productive, but now it is not that good. The reason for this is that the key contact person is being replaced. This person was very "pro WWD" and is considered to have been excellent at transferring WWD's needs into his own organisation. The key contact person now has a new job, and is being replaced. The new person is considered by the Purchasing unit to be "very technical skilled, but shows no initiatives". Additionally, compared to the former key contact, the new manager has a relatively weak relationship with his own product manager. This leads to many price-related discussions, whereas WWD have been used to the former key contact handling this "problem". It is important to note that this supplier is a very large company, not that dependent on WWD.

4.0 Case Analysis

Two existing bodies of knowledge meet and get extended at the interface between two organisations. Inter-organisational learning and knowledge generation occur in the interface between companies, or in other words, the business relationship. Current literature would argue that WWD, with many supplier relationships, has several partner-specific absorptive capacities, along with a general absorptive capacity. The central issue in this paper is whether multiple relationship dissolution is a result of learning barriers, and how multiple relationship dissolution influences a firm's possibilities for learning.

The first issue for the case analysis is to consider the antecedents for multiple relationship dissolution. There did not appear to be a relationship-specific dissolution strategy in place when the SWOP project was initiated. In other words, there was not any specific dissatisfaction with one business partner. Instead, a new *individual* at WWD perceived a need to "shake up" the set of supplier relationships. This individual perceived need concurred with existing perceptions within the Purchasing unit that WWD had too many suppliers.

The next step was *intra-organisational* discussions in forming the new 'product need specifications'. WWD's customers were involved in this process. However, suppliers were not involved in these discussions, hence the exercise was not supplier relationship-oriented, or developmental. The learning enhancing benefits of supplier relationships were not prioritised because of a focus on products. Were WWD changing their learning strategy?

WWD moved into the *dyadic* stage of the relationship dissolution model when the multiple 'product need specifications' were completed. The process remained within the third stage of the process model for 12-months. WWD managers voiced the SWOP project and the 'product need specifications' to both existing and potential suppliers. In essence, these were unilateral changes, with a requirement for suppliers to match the newly developed 'product need specifications'. It is possible to speculate that relational learning barriers were formed, because suppliers would react to WWD's demands. Not least, some uncertainty was created.

After the one-year within the third stage of the process model, WWD moved from a general to a definite relationship dissolution strategy. Specific decisions regarding which suppliers were to be disengaged were made. There were three supplier outcome possibilities. First, some supplier relationships were retained, and therefore exited the dissolution process at this stage. Secondly, many supplier relationships were dissolved, and continued through the process to the aftermath stage. Lastly, some potential suppliers became new suppliers, and hence continuing into the first stage of the relationship life cycle models.

WWD followed an exit strategy with many supplier relationships. Triadic and network level communications took place, until the dissolved relationships reached the aftermath stage. It is argued in the relationship dissolution literature that post-hoc rationalisation takes place within stage six of the model. Further, the outcome of an 'ugly' exit might be a court case, with one party suing the other, especially if the dissolution is not accepted by one party.

What are the potential learning implications for WWD? Some individuals within the organisation have recognised that some relational features have been lost, but others have not done so. This difference in individual perceptions is not as obvious as those most closely related to the suppliers having recognised the "undervaluing of existing supplier relationships". The products of the disengaged suppliers were well known by Purchasing, Marketing, and WWD's customers. These suppliers had knowledge about WWD, and vice versa. For the Marketing department, in particular, there were some problems with WWD's customer relationships. The staff in the Department had to relate to the new products from the new suppliers. In order to be able to embed these products within WWD required a variety of activities.

If a firm is exposed to multiple relationship dissolution, the contextual knowledge built in these relationships disappears. At least in the short run, the contextual knowledge taken away narrowed WWD's knowledge base. It is upon this that new knowledge can be absorbed. On the other hand, learning barriers may in fact be positive. If there is a perception that what is forgone is less than the perceived benefits of a new relationship, changing business partners results in a greater extent of development.

After new relationships had replaced the disengaged ones, WWD had to invest time and efforts in building up a basic knowledge with the new partners. This was in order to gain learning benefits in this new relationship. To be able to absorb new knowledge, assimilate and use it, and become transparent with the partner, WWD has to 'know' their partners.

With one of the new supplier relationships, WWD is again employing a specific relationship dissolution strategy in place. The organisation is within the second stage of the relationship dissolution model, that of intra-organisational discussions. A change in the key contact person at the supplier organisation has taken place. Learning barriers are potentially in place because the interaction characteristics remind us of an avoidance learning strategy.

5.0 Discussion and Conclusions

Change and stability in industrial networks is both normal and expected. Industrial networks are never in equilibrium, yet neither does every aspect of a relationship change continually. One clear way of altering the network is to change relationships (Gadde and Håkansson (1992)). Relationship dissolution is relatively common in some types of network. However, the post-exit costs involved in dissolving a business relationship may be relatively high, in particular if multiple relationships are dissolved simultaneously. What does this paper add to knowledge regarding the antecedents, process, and implications of business relationship dissolution?

This paper has provided an interesting empirical example of how an organisation can disrupt its inter-organisational learning possibilities by undertaking the dissolution of multiple supplier relationships. Both relationships and products were changed as a result of the SWOP project. The paper illustrates the importance of tacit knowledge and implicit relationship learning – 'soft' investments – in the interaction with a business counterpart.

The paper exemplifies the importance of studying micro-level interaction in a business network. Many studies adopt the organisational level of analysis, rather than place importance upon personal contacts and interaction between and across individuals in organisations. Multiple relationship dissolution involves the break up of personal relationships. It is through personal relationships that people can learn, and hence companies can learn. If the company looses many personal relationships it looses its possibilities for learning as well, at least until it has built up new relationships. This takes time, and hence constrains learning. This is because people are the transmitters of knowledge, not simply social bonds between organisations. This is especially if the relationships are long-term and involve much contact between persons.

This paper highlights the importance of time in inter-organisational learning and knowledge creation. In the literature it is argued that organisations have general and relationship specific absorptive capacities. At least the general absorptive capacity is required in order to be able to relate to external sources of knowledge. Yet it takes time to build some level of relationship specific absorptive capacity. In other words, the phrase "they know us, we know them" illustrates that pre-existing knowledge of the counterpart is essential in order to be able to absorb new knowledge, whatever the type of learning strategy. Partner-specific absorptive capacity is not a given.

Does the empirical case provide any advice regarding the costs and benefits of multiple relationship dissolution? The implementation of the multiple relationship dissolutions highlights the risks involved in individuals with a product-mindset switching a set of supplier relationships. The somewhat benefits of relationships, in terms of inter-organisational learning and joint knowledge creation, requires the business partners to be familiar with each other. This is a part of a relational absorptive capacity. If enough individuals within WWD do not prioritise, or misunderstand the importance of shared knowing within a relationship, learning barriers become both a cause and a consequence of relationship dissolution. A strategy of switching multiple relationships, followed by further individual relationship dissolutions after a relatively short periods of time might indicate that WWD is a non-learning organisation. Personal and organisational learning barriers lead to poor networking with suppliers and customers.

Lastly, future research might produce further studies of multiple relationship dissolution. Of particular interest would be work that takes a more network perspective than this paper by tracing the learning implications for the supplier and customer relationships of an organisation such as WWD. What are the indirect learning implications of multiple business relationship dissolution?

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