Improving a buyer's standing at its supplier: An investigation of relationship changing episodes

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ABSTRACT

In business-to-business relationships, buying firms increasingly compete for supply and access to the unique capabilities of suppliers. Due to heterogeneous markets, buying firms deploy diversified strategies to gain access to the suppliers' resources, more particularly to become the customer of choice. Therefore, it is essential for buying companies to increase their attractiveness and ensure high supplier satisfaction. Previous research on buyer-supplier relationships identified various drivers of relationship success. However, research has not yet paid significant attention to specific actions taken which improve supplier relationships and eventually increase the likelihood of preferential supplier treatment. Towards this end, the thesis explores the specific buyer-supplier interaction episodes which have improved their relationships. For this purpose, 43 buyers and sales employees of a variety of companies are interviewed and the episodes are analysed. For the analysis, the critical incident technique and artificial intelligence are used. The empirical findings suggest that there are two types of interaction episodes, those that are arising through external influences and those that are created with strategic intent. Furthermore, the episodes are distinguishable based on the relevance of commitment and communication in the episode. While the theoretically retrieved success drivers also shape the study's findings, transparency, short-term loss acceptance and supportive initiatives are also significant stimulants of supplier relationship improvements. The findings further contribute to the buyer-supplier relationship context in such a way that the study demonstrates the boundaries of applying the critical incident technique and Al-based analysis tools to the underlying research context.

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Keywords

Buyer-supplier relationships, interaction episodes, critical incident technique, relationship improvement, relationship success drivers

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THE RELEVANCE OF BEING THE PREFERRED CUSTOMER I.1.Increasing Competition for Supply: Growing Strategic Relevance of Suppliers for Buying Companies

The emerging trend of an increasing strategic importance of suppliers to the buying firm has risen in attention due to recent economic developments: Ever since the economic recession and the resulting supply disruptions of the 1970s, the assurance of external supply and therefore the inevitable shift from purchasing as an operative function towards a strategic one have increased in importance for companies (Kraljic, 1983, p. 110; Leender & Fearon, 2008, p. 17; Monczka, Handfield, Guinipero, Patterson & Waters, 2010, p. 24).

Throughout the years, the competitive environment of buyer-supplier relationships was shaped by the development from "homogenous national market with competitors having access to the same resources and suppliers" (Nahm & Vonderembse, 2002, p. 2067) to post-industrial markets. Post-industrial markets are heterogenous markets characterized by global competition, rapid product obsolescence and improvements in manufacturing and information exchange (Vonderembse, Raghunathan & Subba Rao, 1997, p. 2580). Primarily, the changing competitive market situation has led to a significant change regarding the strategic importance of suppliers to buying firms (Mol, 2003, p.49; Slowinski, Hummel, Gupta & Gilmont, 2009, p. 29). To cope with the competitive market pressures, buying companies are outsourcing non-core activities to their suppliers (Mohamud & Iravo, 2015, p. 96) to benefit from their expertise and increase efficiency. The changing approach of innovation, from a closed innovation approach to an open innovation network, has significantly influenced collaborative buyer-supplier relationships (Roberts, 2001, p. 31). Nowadays, suppliers do no longer only serve the function of delivering components to the buyer, but rather possess necessary knowledge for product development (Swink & Mabert, 2001, p. 122). Hence, the growing level of supplier competences has promoted open innovation practices and increased the need for collaborative projects to ensure the access to their valuable resources.

However, along with the increasing importance of suppliers, research has identified a trend of supplier scarcity (Schiele, Calvi & Gibbert, 2012, p. 1178; Schiele, Ellis, Eßig, Henke & Kull, 2015, p. 132). Due to the fact that suppliers "may only have the resources to form and satisfy the expectations of a limited number of alliances" (Gulati, Nohria & Zaheer, 2000, p. 210), it led to a shortage of and competition for available supplier resources. This oligopolistic supply situation enables supplier selectivity concerning their relationship partners and others are "ipso facto excluded" (Gulati, et al., 2000, p. 210). To name one example, in 2011 selectivity and supplier scarcity became a challenge for many companies (Schiele et al., 2012, p. 1179). The underlying reasons were external influences such as political instability and environmental catastrophes which caused significant supply chain disruptions. The unpredictability of such external influences and the decline of available suppliers has further driven attention on how supply can be guaranteed. Thus, on the one hand companies aim at building and maintaining close relationships to assure supply but on the other to "achieve lower product costs, reduced time-to-market, improved quality, advanced technology, or improved service/ delivery" (Rinehart, Eckert, Handfield, Page & Atkin, 2004, p. 25). To benefit from supplier relationships, it is important for buying firms to engage in relationship improvement initiatives, e.g. actions that enhance the quality of relationship outcomes. More particularly, it is important to conform to expectations and agreed quality standards to improve buyer-supplier relationship (Yang, Wong, Lai & Ntoko, 2009, p. 249) and to induce supplier satisfaction (Schiele, et al., 2012, p. 1181). If supplier satisfaction is ensured, it enables the retrieval of superior benefits from the supplier. However, supplier satisfaction is not a constantly enduring state but is likely to change throughout the relationship. Cropanzano and Mitchell (2005) describe relationship development not as an outcome of a "single stimulus-response" but as "analogous to climbing a ladder" (p. 890). Resultingly, continuous engagement to the relationship is necessary. To further uncover the initiatives taken by the buying firm, the following primary research question will be investigated: What did buying firms do which improved/ deteriorated their standing (preferred status) with suppliers?. In the view of the complex dynamics involved in buyer-supplier relationships, this thesis will concentrate on improvement efforts taken by the buying company. To address this issue, the following sub-question will be investigated: What specific event/ episode positively influenced the supplier relationship?.

Due to the growing importance of being the customer of choice, in the following section the concept of preferred customer status will briefly be reviewed. Subsequently, success factors contributing to relationship improvement will more thoroughly elaborated upon. Data will be collected and analysed by using novel techniques. The findings will be compared and analysed against prior theoretical contributions. Finally, the thesis concludes with a brief section of managerial implications.

1.2.Predecessors of Preferred Customer Ship: Customer Attractiveness, Supplier Satisfaction and Preferred Customer Status

With the growing competition for supply and the shift of responsibilities to the supplying organization, the concept of customer attractiveness has increasingly moved into (academic) focus as being one of the determinants of differentiated treatment of some customers by suppliers (Schiele et al., 2012, p. 1178). Nevertheless, the attractiveness of a customer alone does not imply preferential treatment by a supplier but rather serves as a starting point for relationship development and maintenance in case perceived obligations are fulfilled and relationship outcomes are satisfactory (Thibaut & Kelley, 1959, p. 10; Patrucco, Luzzini, Moretto & Ronchi, 2019, p. 349). In this regard, literature most often also refers to supplier satisfaction and preferred customer status to explain preferential treatment.

The social exchange theory (SET) is used as an underlying theoretical baseline to explain the emergence of preferred customer status. According to the SET, there are three factors which influence the decision of relationship continuation (Thibaut & Kelley, 1959, p. 20-21): (1) *a priori* expectations towards the relationship, (2) evaluation of relationship outcomes against prior expectations and (3) the "comparison level of alternatives". These three concepts determine the development of an exchange relationship and

more particularly shape a supplier's desire to intensify a relationship.

Considering the first component of the SET, the desire of relationship initiation is dependent upon the expectations and the perceived value that an exchange partner has prior to the relationship (Blau, 1964, p. 20). As a consequence, attraction is seen to be the driving force behind social exchanges as it integrates the expectations of both parties into a shared desire to initiate a relationship with the counterparty (Hald, Cordón & Vollmann, 2009, p. 961).

Attraction according to Hald et al. (2009) is "the force fostering voluntarism in purchasing and marketing exchanges, and further pushing a buyer and supplier closer together in a mutual advantageous relationship" (p. 968). The study of Tanskanen and Aminoff (2015) highlighted the relevance of economic value and behaviour, e.g. communication and commitment to the attraction of buyers and suppliers in strategic business relationships (p. 137). If the assumed benefits, economically and socially, are perceived to excel the costs associated with the exchange, the relationship is considered to be attractive. Prior to the industrial exchange, it might not be possible to determine all benefits and costs associated with a relationship as well as the value of the relationship might not accurately be determined (Dwyer, Schurr & Oh, 1987, p. 15). Hence, this process is subjective, influenceable and the partner's degree of attractiveness might be redetermined over time. If only one exchange partner perceives potential in a relationship, this is most likely to hinder relationship formation as the attraction involved is a "process of choosing and simultaneously getting chosen" (Wilkinson, Young & Freytag, 2005, p. 678). Therefore, mutual attraction is an essential concept for buyer-supplier relationships (Blau, 1964, p. 20).

The second component of the SET is the comparison of the industrial exchange to an established standard. This component includes that the relationship outcomes are judged relative to the actors' prior expectations towards the exchange and hence, determines the level of satisfaction with the relationship (Thibaut & Kelley, 1959, p. 21). Actors will only continue with the relationship if the outcomes are satisfactory. As defined by Essig and Amann (2009) supplier satisfaction is "the supplier's feeling of fairness with regard to buyer's incentives and supplier's contributions within an industrial buyer-seller relationship" (p. 104). Supplier satisfaction is based on the evaluation of relationship outcomes and is attained if prior expectations are fulfilled or even excelled (Schiele et al., 2012, p. 1181). This evaluation is important in the buyer-supplier relationship context as it provides reasoning for differentiating between customers in terms of "upgrading or downgrading their relationship" (Wilson & Mummalaneni, 1986, p. 51). Based upon this, Schiele et al. (2012) propose that the degree of satisfaction retrieved from an evaluation of the relationship induces a supplier's decision on whether preferential treatment is granted or whether customers are treated as a regular account in case satisfaction is not extraordinarily high (p. 1181).

However, satisfaction alone does not completely explain a customer's status with its supplier but seems to significantly contribute to preferred customer status (Schiele et al., 2012, p. 1181). Therefore, the customer's status with the supplier is a function of customer attractiveness and supplier satisfaction. The SET proposes that the suppliers evaluate the relationship with one customer to their "comparison level of alternatives", hence they compare the relationship

with other relationships (Thibaut & Kelley, 1954, p. 21). Awarding preferred customer status implies that the customer is given preferential resource allocation (Steinle & Schiele, 2008, p. 11). Customers of choice receive, among others, benefits in terms of dedicated human resources to joint development initiatives, access to supply in times of scarcity, customer specific product customization, greater access to supplier innovation and the preferred customer might also be given exclusive rights to products.

Consequently, nowadays it is beneficial to have a good standing with your supplier and most optimally to be the customer of choice. As highlighted above, customer attractiveness and supplier satisfaction are crucial for attaining the preferred customer status. As soon as the customer is treated preferentially by a supplier, it is likely that the expectations towards the customer increase and that the perceived attractiveness needs to be continuously maintained (Schiele et al., 2012, p. 1182). This cyclical interplay of the three components is depicted in Figure 1.

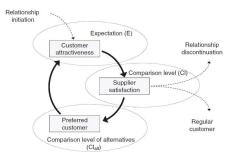


Figure 1. The cycle of preferred customership (adapted from Schiele et al. (2012), p. 1180)

2. INTER-ORGANISATIONAL FACTORS AS DRIVERS OF RELATIONSHIP SUCCESS

Buyer-supplier partnerships have gained considerable growing academic interest in the past decade (see Appendix 1). More specifically, research has highlighted an increasing importance of "long-term, non-ownership types of relationships" in business-to-business transactions (Rinehart et al., 2004, p. 25) and has investigated the complex nature of the dynamism involved in such relationships (Holmlund, 2004, p. 280). Furthermore, a cooperation-based approach to buyer-supplier relationships is crucial for "bilateral performance and customer market competitiveness in industrial practice" (Yen & Hung, 2017, p. 2). The literature provides extensive evidence that the intensity of a buyersupplier relationship is associated with an improved performance (ex. Spekman & Garraway, 2006, p. 10; Autry & Golicic, 2010, p. 96). Performance improvements yield competitive advantages to both parties in terms of cost savings, technology access, advanced service quality and supply assurance (Rhinehart et al., 2004, p. 25). Particularly the latter has recently been regarded as a key driver for buying firms to engage in long-term, collaborative relationships with their suppliers due to the growing competitive landscapes in supply markets (Nollet, Rebolledo & Popel, 2012, p. 1186).

A partnership can be defined as a bilateral collaborative relationship encompassing continuous commitment and mutual sharing of costs, risks and benefits (Ellram, 1990, p. 8; Chicksand, 2015, p.123). By definition, the concept of partnership assumes a certain degree of obligation and trust by both parties.

In the relationship context, commitment is defined as a continuous engagement by both parties to the exchange relationship (Powers & Reagan, 2007, p. 1237) and it is maintained if both parties associate ongoing value/ importance to the relationship (Morgan & Hunt, 1994, p. 23). Relationship commitment is also reflected in the dedication of "asset specific" resources to the relationship, for example in terms of time and financial commitments (Monczka et al., 1998, p. 557). Mavondo and Rodrigo (2001) distinguish between two types of commitment, namely commitment at the interpersonal level and at the interorganizational level. The distinguishing features between these two are that "interpersonal commitment is not formal" whereas interorganizational commitment is "often formalized through contractual obligations that may be tightly or loosely specified" (p. 112). This highlights that commitment can be differentiated into affective (emotional) commitment and contractual commitment. Both types of commitment however are related to one another as "organizational relations are built through the interaction of organizational members (at a personal level) in the course of business" (Mavondo & Rodrigo, 2001, p. 117).

In order to further increase relationship success, more particularly to minimize potential conflicts and trust breaches among the parties, it must be inevitable to engage in this relationship commitment at all organizational levels (Zhang, Li, Olanipekun & Bai, 2019, p. 656). As it has been highlighted in many studies from the supplier as well as buyer perspective, especially top management commitment and support is of crucial importance in the context of buyersupplier relationship success (Ellram, 1991, p. 40). Powers and Reagan (2007) identified an increase in relationship commitment in the course of a relationship and verified that it is highest when considering relationship maintenance (p. 1241). In recent literature, commitment is still regarded as a facilitator of collaboration (Deep, Gajendran & Jefferies, 2019, p. 10).

Another positive contribution to partnerships is trust. It is considered to be an expectation towards an exchange partner and is retrieved from the perception of a partner's competence and reliability (Morgan & Hunt, 1994, p. 23). Trust, however, is not only important for relationship establishment but has also proven to serve as a driver of long-term relationship success (ex. Ellram, 1991, p. 39; Ganesan, 1994, p. 12; Whipple & Frankel, 2000, p. 24; Palmatier, Dant & Grewal, 2007, p. 186).

Trust is a multidimensional concept including credibility, defined as the degree of assumed expertise to perform tasks effectively and according to expectations, and benevolence, the motives and objectives of an exchange partner (Ganesan, 1994, p. 3). The latter was proven not to be a significant predictor of long-term orientation. Nevertheless, it contributes positively to buyer-supplier relationships as "an equal sharing of the risks and rewards" (Chicksand, 2015, p. 2) is a prerequisite for relationship success. Therefore, it is significant that both exchange parties allocate equal importance to the exchange and both intend to create a winwin relationship. For instance, if the supplier does not exploit short-term revenue opportunities, it sets the basis for a successful relationship with the buying company (Pinnington & Scanlon, 2009, p. 37). Even though one party had the chance to increase their sales revenue through higher pricing, it rather took the alternative solution of determining fair prices while simultaneously taking the position of the buyer into consideration rather than solely acting out of selfinterest. This action was perceived as positive by a buying firm and increased the trustworthiness of the exchange partner. Overall, mutual value creation and seeking joint interests by the supplier increases relationship success.

Mutual intend and fair sharing of relationship outcomes are increased by the interdependence among relationship partners (Monczka et al., 1998, p. 566; Chicksand, 2015, p.9). Therefore, interdependence and the retrieval of mutual benefits serve as means to achieve relationship success as it ensures reciprocity and equality in the actions of the exchange partners.

Moreover, there are further social/ behavioural factors which drive relationship success. Proactive behaviour from the supplier's side is valued by the buying company (Pinnigton & Scanlon, 2009, p. 38). One example of supplier proactivity is the sharing of ideas with the buying company and resultingly the initiation of joint development initiatives. However, it is also important that communication and information sharing is initiated by the buyer. For instance, supplier involvement in product development and design adjustments is crucial to ensure their contribution to the relationship (Ellram, 1991, p. 40). These examples highlight that two-way communication and information exchange contribute positively to relationship performance and therefore present essential components of relationship success (Ellram, 1991, p. 40). The study of Ambrose, Marshall and Lynch (2010) emphasizes that "effective communication is desirable for both parties but is particularly important to the supplier" (p. 1284). This implies that especially buying companies should engage in thorough communication to satisfy supplier needs and to increase relationship success, namely through the creation of "off-site mechanisms of dialogue, interaction and ongoing idea generation" (Petersen, Handfield, Lawson & Cousins, 2008, p.60).

Another contribution to the success and persistence of relationships are the conflict resolution mechanisms applied. With regard to the objective of establishing long-term, mutual relationships, joint conflict resolutions aim at finding solutions which maximize the outcome for both parties and thereafter create a win-win solution (Monczka et al., 1998, p. 567). The enhanced relationship quality is moderated by cooperation-based conflict resolution mechanisms including accommodation, "collaboration, integration and compromising" (Hirshberg & Shoham, 2017, p. 16). Consequently, a sharp communication and conflict resolution has adverse effects on the relationship. Based upon these findings, a deliberate approach to communication and conflict resolution promotes alliance success.

Having extensively reviewed the literature on the driving factors of relationship success, it is widely acknowledged that commitment, trust, reciprocity, communication and cooperation-based conflict resolutions positively contribute to relationship performance. While various empirical studies identified basic concepts contributing to buyer-supplier relationships, they lack specific actions and examples which improve relationships from both sides. Hence, this study is directed to identify specific events of one exchange party which positively influence the relationship.

3. METHODOLOGY

3.1.Research and Questionnaire Design

In order to satisfy the research objective of this thesis, an adequate research design needs to be applied to answer the research question. This research is conducted to highlight relationship-specific positive episodes which contributed to supplier relationship improvements. Hence, a combination of a primary and secondary research model was used.

The thesis starts with secondary research because literature has extensively been reviewed as a basis for questionnaire development and for establishing a theoretical framework, e.g. developing success drivers as a frame of reference for data analysis. As this relies on already available data from previous studies, it is considered to be secondary research (Hox & Boeije, 2005, p. 593). Due to the fact that episode research in the buyer-supplier relationship context has not yet been extensively addressed in past studies, primary research was conducted for the purpose of retrieving extensive, concrete and company-specific findings. This method is applicable to this study because it is used to collect data for a specific research purpose and extends and complements already existing knowledge (Hox & Boeije, 2005, p. 593).

Data was collected through qualitative rather than quantitative research because it also takes into account "dynamic processes rather than (or in addition to) static categories" (Becker et al., 2011, p. 201). Devoting attention to the dynamic interactions in buyer-supplier relationships is essential in this study in order to grasp the complex nature of the specific interaction episodes. Furthermore, this methodological approach provides "in-depth responses to questions about how they have constructed or understood their experience" (Jackson, Drummond & Camara, 2007, p. 23). Hence, a qualitative methodology makes particular sense in this case due to the fact that relationships are hardly quantifiable, and experiences are unique to the relationship under investigation.

То prepare data collection two semi-structured questionnaires, each including seven questions, were developed based on a literature review on the fundamental concepts underlying preferred customer status. Conducting semi-structured interviews "allows depth to be achieved by providing the opportunity on the part of the interviewer to probe and expand the interviewee's responses" (Rubin & Rubin, 2005, p.88). During the interviews, the questionnaire served as a guideline for data collection (see App. 2 & 3). Whereas sales managers were asked to reflect on the relationship with their customers, purchasing personnel was asked to reflect on their supplier relationships. This way, the study is meaningful as the concepts were examined from different perspectives, namely from the supplier's and customer's point of view.

All questions were open-ended to trigger the interviewees to revert to their own experiences and expertise when answering the questions. This results in authentic responses and increases the significance of these. The interview question which will be further analysed in this thesis is the first question of the questionnaire. It concerns specific events/ episodes that have positively contributed to a supplier relationship. The respondents were particularly asked to be specific about the action taken and the type of situation the company was in.

In order to complement the interview findings and account for possible inferences to company characteristics (company size, operating industry and annual turnover), a survey was handed out to the interviewees (see App. 4 & 5). Besides the general information, the survey included a section where the interviewee was asked to evaluate four statements on a 5point Likert scale, namely supplier satisfaction, preferred customer status, firm status and the success of supplier management. For the sales interviews, the topics to be evaluated were the opposite (satisfaction with customer, preferred customer status, firm status and success of customer management).

3.2.Identification of Significant Episodes by the Critical Incident Technique

As mentioned before, the underlying methodology for the retrieval of empirical findings is of qualitative nature. More particularly, the critical incident technique (CIT) was applied. The CIT aims at closely inspecting significant drivers of change from the respondents' perspective, taking into account their "cognitive, affective and behavioural" insights to an occurrence (Chell, 2004, p. 48, Chell & Pittaway, 1998, p. 26). In the industrial context, the CIT was most commonly implemented to study events which are observed to have significant effects on certain concepts, their management and the perceived implications (Flanagan, 1954, p. 327; Chell, 1998, p. 56). In its early stages, a critical incident was defined as "any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act. To be critical, an incident must occur in a situation in which the purpose or intent of the act seems fairly clear to the observer" and "where its consequences are sufficiently definite to leave little doubt concerning its effects" (Flanagan, 1954, p. 327). Bittner, Booms and Tetreault (1990) describe an incident to be critical as "one that contributes to or detracts from the general aim of the activity in a significant way" (p, 73). Hence, a critical incident is one which has a significant positive or negative effect on the concept in question (Grove & Fisk, 1997, p. 67).

Originally, the qualitative research methodology was adopted to study work behaviour (Gelderman, Semeijn & Plugge, 2016, p. 217). By investigating failures of flight training and bombing missions, the Aviation Psychology Program of the United States Army Air Forces has contributed significantly to the development of CIT procedures during the second world war (Flanagan, 1954, p. 328). However, throughout the years, it has been applied in many disciplines and contexts such as in technical and social settings (Gremler, 2004, p. 66; Oldenburger, Lehto, Feinberg, Lehto & Salvendy, 2008, p. 64; Ramseook-Munhurrun, 2016, p. 249). To be more specific, according to the publications from 1950-2019 on SCOPUS, the CIT has most frequently been applied in the subject areas of 'Business, Management and Accounting', 'Nursing', 'Medicine' and 'Social Sciences', the former accounting for 24.3% (76 articles) of all publications (for further information see App. 6). Limiting the publications to the subject area 'Business, Management and Accounting', it becomes apparent that the CIT is most frequently used when conducting research in the service industry and in marketing literature. However, in purchasing and supply management it has still not been extensively applied (Gelderman et al., 2016, p. 218).

Nevertheless, the CIT was used in this study because it "does not consist of a single rigid set of rules [...] rather it should be thought of a flexible set of principles" (Flanagan, 1954, p. 335). This was also put forward by Chell and Pittaway (1998) who described the CIT as being a flexible method of qualitative data collection with regard to being adaptable to tailor to the demands of the field of application (p. 25-26). This flexibility is beneficial as it permits "innovative and insightful research studies" (Butterfield, Borgen, Amundson & Maglio, 2005, p. 476), hence suiting to the explorative nature of the underlying research question. It further allows to test its applicability to the purchasing and supply chain management context, giving the possibility to potentially expand the current scope of CIT application. The suitability of the CIT to novel contexts was further motivated by previous researchers who highlighted the robustness and validity as major advantages of the CIT (Andersson & Nilsson, 1964, p. 402; Schurr, 2007, p.168). Bittner et al. (1990) argued that the method is useful if the topic in question has not received significant research attention and factors for classification are limited and not complete (p. 73). With regard to the objective of getting precise insights into relationship improving episodes, the previously highlighted "richness and depth to the narrative responses of critical incidents" (Baker & Kim, 2018, p. 1072) was decisive and motivated the usability of the CIT in this particular context. It was crucial that the method allowed for and triggered a sufficient depth of the interviewees' responses to comprehend an actor's interpretation of the episodes and thus to enable the interviewer to draw conclusions concerning the perceived importance and effects of the episode on the relationship.

For the implementation of the CIT, Flanagan (1954) suggests to follow a five-step approach: (1) general aims, (2) plans and specifications, (3) collecting the data, (4) analysing the data and lastly (5) interpreting and reporting. When the CIT was initially adopted, data collection was based on primary data gathered through observations; however, nowadays, data is mostly collected through interviews (Gelderman et al., 2016, p. 217) as it will also be done in this thesis. An overview of the application of Flanagan's five procedural steps to this specific study can be found in Appendix 7.

Following Flanagan's steps, critical incidents need to be defined with regard to the statement of purpose. The research objective is to identify relationship improvement and success drivers in distinct episodes of particular buyersupplier relationships. Furthermore, the study focuses on generative episodes initiated by the buyer which are targeted at relationship improvement. Generative episodes positively influence a relationship in terms of a higher willingness to cooperate, increased trust and understanding as well as the retrieval of mutual benefits (Schurr, 2007, p. 164). Therefore, on the one hand, the research objective is to confirm and/ or complement the literature's findings but on the other hand, the objective is to identify the nature and characteristics of buyer-supplier interaction episodes to augment the theoretical contributions with concrete examples. In the context of this thesis, a critical incident is defined as a specific action which has particularly positively influenced the supplier relationship. These critical incidents present specific buyer-supplier interaction episodes which visibly improved their relationship, hence the study's focus is on the "engines of change, motors that engage the energy of a relationship" (Schurr, 2007, p. 161).

3.3.Data Collection and Analysis

During data collection, a total of 43 persons were interviewed whereof 32 work as purchasers and 11 are sales employees. The interviews were conducted by seven interviewers through face-to face interviews, phone calls and skype conferences. In some interviews, there was more than one respondent with a maximum of two respondents per interview. Furthermore, some interviewees provided additional insight via mail to complement their responses. In general, all interviews were voice recorded to increase the completeness of the results and to reduce a potential interviewer bias. An automatic transcription via Amberscript was also done which was complemented with manual corrections if the interview was incorrectly transcribed. As some of the interviews were conducted in German and Dutch, they were translated into English before proceeding with the analysis.

The study compromised firms from Germany, the Netherlands, Sweden, the USA and Vietnam which operate in a variety of industries. Among others, the sample encompassed companies operating in the automotive, chemical, energy, food and beverage and automation industry. A complete overview of the companies' characteristics and their operating industry can be found in the appendix (see App. 8). The companies did not only differ in terms of the operating industry but also by their company characteristics namely size, ownership structure and annual turnover.

Proceeding with the analysis, the gathered interview transcripts were manually read, and the specific episodes were retrieved. The data was classified either to be a regular activity or a specific episode. Only those interviews were selected for further processing which included episodes which fulfil the research objective and satisfy the definition of critical incidents.

For the analysis, the episodes were shortly described and then analysed based on the concepts mentioned. To be more specific, the episodes were closely investigated concerning the mentioned drivers of and contributors to relationship improvements. This exercise did not only focus on buyerinitiated improvement efforts but also included those of the suppliers. Also considering the suppliers' efforts to improve the relationship was done to get a complete picture on what is perceived to be important in the interaction from the perspective of both parties. The findings were compared to previous research contributions to support or critically discuss the findings of this study. Moreover, the findings were compared regarding the mentioned success factors and concerning company characteristics.

Complementary to the manual analysis, the Natural Language Understanding (NLU) service of IBM Watson was used. The service enables an extraction of meta data from the interview content by using "sophisticated natural language processing techniques" (IBM Watson, 2019). Natural Language Processing tools in general are useful for increasing the validity of a study by determining frequencies of words and enable the analysis of a large set of data (Guetterman, et al., 2018). NLU was applied to identify keywords, their relevance and their frequency of occurrence in this study.

Before preparing the input for Watson, the transcripts were reread to filter for only those interviews which highlight a critical incident. These interviews were then prepared for further processing by IBM Watson. In order for the program to analyse the selected interview transcripts, they were cleaned from punctuation marks with the exception of the periods. Company names were also removed. Furthermore, the relevant text strings were compiled into one text file. The file was then sent to the BMS Lab of the University of Twente for further processing and finally inserted to the software. The software's output was analysed according to the above-mentioned parameters.

4. FINDINGS AND ANALYSIS

The upcoming section is structured in such a way that each episode displayed will be briefly described and subsequently analysed based on the highlighted stimulants of relationship improvements. The findings are then regarded in relation to previous literature findings. In the second section of this chapter, the episodes are compared and analysed with relation to the companies' characteristics and contrasted according to the nature of the episodes and the improvement drivers mentioned. A brief overview of the episodes can be found in the appendix (see App. 9).

4.1.Six Different Episodes have Improved the Respective Supplier Relationships

4.1.1. Analysis of Interview 1(1)

A few years ago, a fire in one of the plants of a supplier of company 1 majorly limited the available supply on the market. As company 1 did not have a back-up solution, they remained with the supplier and managed to get through the difficult time by keeping close contact with the supplier and getting daily updates from him. To cover the full demand of company 1 at that moment, the supplier supported their customer by referring him to one of his competitors. Overall, this situation has improved the relationship between company 1 and its supplier.

Loyalty to the supplier in times of difficulties and trustworthiness drive improvement

During the interview, the purchaser of company 1 highlighted the frequent interaction and communication between the parties to have positively contributed in this situation. The case study of Rood, Van den Bergh, Niemann and Meyer (2018) revealed similar findings. They highlight that continuous communication is critical in times of supply chain disruptions as it "leads to real-time information, visibility, feedback, as well as honest and open communication" (p. 8). Hence, in the underlying episode the frequent interaction of the supplier with the buyer enabled both parties to honestly communicate their needs. As a result, the supplier referred company 1 to his competition. This supplier action highlights that it seems to trust its customer not to switch to another supplier in the long run. Being trustworthy and loyal to the supplier in times of difficulties has contributed positively to the buyer-supplier relationship.

4.1.2. Analysis of Interview 1(2)

As a result of incorrectly quoting a sales offer, the supplier of company 1 was making substantial losses. Hence, they approached the purchaser to explain their situation that the quote needs to be revised. Company 1 reacted upon that request by developing a one-year price adjustment planning with the supplier so that the impact on both companies was balanced and that losses were minimized.

Transparent communication and the willingness to incur losses as drivers of relationship improvements

The interviewee highlighted the importance of effective communication between both parties as an essential component to fixing the underlying problem. Furthermore, it was highlighted that openness, transparency and honesty in this situation were valuable for finding an optimal solution for both parties. By transparently laying open that a mistake from the supplier must have occurred, he calls for action and understanding from the buying firm rather than threatening an immediate price increase. Transparency in buyer-supplier relationships has been proven successful (Eggert & Helm, 2003, p. 106). When considering the chosen approach to resolution, it becomes apparent that the cooperation-based approach to resolving the problem at hand and the willingness of both parties to encounter temporary losses positively influenced the relationship between company 1 and its supplier. The literature revealed similar findings that losses are accepted if "that loss will be fairly distributed in the long run" and if its temporary in nature (Kim, Park, Ryoo & Park, 2010, p. 865). Evidence for the usefulness of the cooperation-based resolution approach in this situation is given by Monczka et al. (1998) who highlight that "harsh words and arbitration are detrimental to an alliance relationship" (p. 567). Responding with a compromising approach has in this case positively contributed to the supplier relationship as both parties have committed to find a mutually beneficial solution.

4.1.3. Analysis of Interview 25

This interview highlighted two critical incidents both of similar nature. Since company 25 is majorly dependent on its supplier, the company has supported one of its suppliers in bank issues by providing pre-payments to ensure the liquidity of the supplier. Furthermore, he stated that one supplier was saved from bankruptcy as a result of initiating joint lobbying with other major accounts of that supplier to agree to provide pre-payment to the supplier.

Financial commitment and sales support to the customer as stimulants of improved supplier relationships

With regard to the interdependence of the supply chain partners, the initiative did not only benefit the direct supply chain partners and saved him from contractual penalties but also prevented the whole upstream supply chain from liquidity issues. Therefore, the pre-payment initiative of company 25 created a win-win atmosphere in the supply chain network. Furthermore, this action demonstrates trust and commitment to the supplier. The perceived positive contribution to relationship improvement is supported by the study of Barnes, Naudé and Michell (2005) who found out that soft intangibles such as trust, reliability and friendship correlate to supplier commitment (p. 16). As company 13 did not expect anything in return, this initiative can be interpreted as an action of goodwill and friendship. Hence, it is expected that the advanced payments have stimulated increased supplier commitment and contributed positively to the relationships.

4.1.4. Analysis of Interview 27

From the perspective of company 27, what has most significantly contributed to better supplier relationships was the implementation of European framework agreements. In order to implement such agreements, various steps had to be taken: (1) conducting a spend analysis per category, (2) formal tendering procedures per product group, (3) establishment of European framework agreements with selected suppliers, (4) internal introduction of new suppliers and lastly (5) continuous internal follow-ups of the agreements. In the preparation stage (step 1 & 2), they highlighted that it is essential to align internal expectations and specifications before initiating the discussion with the suppliers. During the negotiations (step 3), the intentions were discussed and framework agreements with the best suppliers were set up. The suppliers were then invited to present their products to the regional subsidiary including engineering, sales and also the local management team (step 4). Procurement ensured that the agreements were correctly followed up and after three years, the tendering agreements are going to be renewed.

Contractual commitment, awarding preferred supplier status and transparent supplier management contribute to relationship success

Analysing the interview more closely, the contractual commitment and internal follow ups have been frequently put forward to have improved supplier relationships. With this, company 27 ensures higher supplier satisfaction and hence is more likely to benefit from relationship intensification, e.g. in terms of preferred customer status with the supplier (Schiele et al., 2012, p. 1181). The case study of Jokela and Södeman (2017) support this because their findings revealed that meeting contractual promises increases the perceived degree of distributive fairness, e.g. a fair distribution of economic benefits (p. 275).

The interviewees specifically highlighted that selected suppliers were approached with a partnership strategy and the remaining supplier relationships were discontinued. This prioritisation of some suppliers over others indicates that company 27 awarded a preferred supplier status to strategically improve their relationships with them. The perception of the interviewees that this strategic decision improved their supplier relationships is supported by Halinen, Salmi and Havila (1999) who argued that "all the entrepreneurial and strategic actions of companies" may be critical drivers of change (p. 787). Specifically, strategic changes influence the interaction with and the perception of the relationship partner. In the underlying example, the strategic implications caused positive change with the suppliers because they were perceived with high value and importance by company 27.

With the time-limited framework agreements, company 27 has well balanced the potential trade-off between the retrieval of benefits through both a competitive environment but also through enhanced commitment increasing potential relational benefits (Lacoste, 2014, p. 43). One example mentioned was that as an outcome of this initiative both the supplier and the buyer increasingly engaged in information sharing so that both can benefit from the change. Retrieving both benefits without harming supplier relationships was only possible through keeping an open dialogue with all potential suppliers and transparently revealing intentions and requirements. Furthermore, the restructuration initiative was also beneficial to the suppliers as they received higher volume purchases. The perceived willingness to cooperate as a result of receiving higher volumes is supported by Gurcaylilar-Yenidogan, Duden and Sarvan (2013) who state that "the bonding effect of specific investments motivates both partners to behave cooperatively" (p. 983). Hence, bundling attention and investing in a limited number of supplier relationships implied an environment characterized by mutuality, cooperation and open communication.

Evidence for the importance of effective communication with the supplier has not only been given through this practical example but has also been stressed by previous studies on relationship success (Ambrose et al., 2010, p. 1284; Glas, 2018, p. 104). More specifically, complementary to the open, honest and transparent communication which the interviewees highlighted as drivers of success, also the fairness in the tendering procedure has improved the relationships to their suppliers because everyone was given the chance to submit their best bid. The positive contribution of the fairness and transparency in the bidding process and during negotiations have also previously been indicated to positively trigger a partner's commitment (Jokela and Södeman, 2017, p. 274). Company 27 even went one step further by also providing feedback to the ones who 'lost' the deal so that they can improve for the next tendering round three years in time. This again suggests that in case mutual (future and current) intentions and company requirements are openly communicated that this positively influences the relationship and that structured justifications and feedback enhance acceptance of relationship termination.

4.1.5. Analysis of Interview 31

As a result of a plant fire of a production facility of one customer of company 31, the customer would have faced major supply chain disruption. This would have had immense consequences on the customer and hence, to minimize potential losses, they contacted company 31 through their top management asking the CEO of company 31 to help them by any means. Resultingly, the CEO of company 31 immediately initiated a switch in their own production planning to save the customer from major supply disruptions. The sales representative explicitly stated that this would have not been possible without the long-term partnership in which both parties had invested.

Emotional commitment and voluntariness as drivers of relationship improvement

During the interview, the sales representative highlighted the commitment of their customer which have led to a close buyer-supplier relationship and which had justified their decision to immediately help the customer in this crisis situation. The major account management structure that company 31 is applying has been started and supported by their customer with the objective to "create a special relationship on a management level and allowing an exchange of non-public available information". This proposition was perceived as a signal of the customer to have the desire to engage in a long-term relationship and highlighted their interest to establish a closer relationship. Company 31 then decided to implement the proposition of the customer, hence showing their interest to also establish closer relationship ties. Mutual commitment from both parties to key account management and trust are seen to be contributing to the success of such initiatives (Abratt & Kelly, 2002, p. 474). The customer's commitment and appreciation of the key account structure of company 31 seem to have driven relationship improvement in this specific case. More specifically, the interviewee stressed that the voluntariness of the customer to present on user conferences for many years has significantly improved their relationship. Furthermore, the customer has exempted one employee to be part of the steering team of company 31, hence underlying their willingness to commit to the relationship with that supplier. These supplier specific investments on financial as well as on an emotional level have positively contributed to the willingness of company 31 to help the customer out. Furthermore, the customer committed to knowledge and competence transfer which has been decisive for company 31 to engage in a joint crisis resolution via top management engagement. The positive contribution of emotional intensity to commitment in buyersupplier relationships has been highlighted by previous studies (Stanko, Bonner & Calantone, 2007, p. 1101). Rodríguez and Wilson (2002) provide empirical evidence that social bonding is important for relationship commitment and trust among top management (p. 68). These findings support the results of this episode, namely

that the voluntariness of the customer alongside with his close engagement with company 31 have significantly influenced the supplier relationship, especially on top management level.

4.1.6. Analysis of Interview 36

During the economic crisis of 2009, a customer of company 36 was unable to pay the price quoted in the contract. Hence, company 36 decided to temporarily reduce the price if the customer stays with the agreed quantity and the parties negotiated that as soon as the customer overcame the financial difficulties that he had to pay back the discount given to him.

Trustworthiness and a win-win perception as enablers for an optimal resolution strategy

During the interview, the sales representative of company 36 highlighted that they aimed to create a win-win situation where the customer wins during his difficult time but overall the win will be evened out as soon as he is able to pay back the discount given. This initiative underlines the importance of mutual beneficial solutions and implies that the customer is trustworthy enough so that the supplier takes the financial risk and commits to its customer for an indefinite periode. Trust and sympathy have been accentuated by Schurr (2007) as crucial factors "when partners want to adapt their agreements to a changing situation" (p. 162). Hence, this proposition supports the underlying dynamics for the willingness of company 36 to take compromises rather than relying on contractual mechanisms. According to Johnston, McCutcheon, Stuart and Kerwood (2004) the supplier's "willingness to alter conditions and expectations to suit unanticipated situations" (p. 35) is a predictor of performance increase. Therefore, it supports the perception of company 36 that the relationship with this customer have improved. To justify the special treatment of that customer, company 36 specifically put forward that it was already a long-term customer of that company.

4.2.Unplanned versus Intentionally Created Episodes: The Stimulants of Improvement

When relating the analysis of the episodes to the companies' characteristics, some similarities and differences can be highlighted. Firstly, all episodes were retrieved from interviews with publicly owned companies. Furthermore, among the retrieved episodes, four of them have been mentioned during purchasing interviews and the remaining two are reported from the sales perspective (E5, E6). The sales interviews can be distinguished from the rest due to the fact that the interviewees describe their episode from the opposing perspective, namely they describe the actions what a supplier did to improve the relationship with the buying company; however, they also refer to actions form the buying firm or indicate principles which are most important for the relationship in this specific situation.

Comparing the episodes' findings with regard to the companies' annual turnover, it becomes apparent that those companies with a turnover of < 1billion euros (E3, E4, E5) emphasized the importance of commitment to the relationship, and thereby reveal different facets of commitment: contractual, emotional and financial commitment. The companies with an annual turnover > 1 billion euros (E1, E2, E6) highlighted the importance of communication; however, they did not specifically

emphasize commitment in their description of impactful episodes. Nonetheless, the relevance of open and transparent communication, especially regarding problematic situations was still found to be important across all interviews.

This might be due to the fact that without having effectively communicated and openly revealed the challenges the companies were facing understanding might have been limited and a resolution could not have been found. Instead, in all episodes either party approached the other to ask for support and understanding. This finding of the research indicates important considerations for both theory and practice. Theoretically discussed, the literature reveals that open communication is crucial for successful partnerships. More particularly, the literature confirms the finding that open communication in critical situations is essential (Roloff, Aßländer & Nayir, 2015, p. 31). Furthermore, the findings of Roloff et al. (2015) add considerable practical value to this study by highlighting that the discussion of problems should not focus on an assignment of guilt but rather should focus on an open discussion of necessary details to find an adequate problem resolution. This underlines the necessity of open communications and joint conflict resolution in challenging situations. The study's findings extent this by adding that open communication in general has been found to be of importance across all episodes, so not only in times of difficulty.

When investigating the link between the company's annual turnover and the display of commitment, the following proposition emerges: the identified distinction might be caused by differences in the companies' buying power. If the company has a high buying power as a result of high financial means and/ or accounts for a high amount of the supplier's turnover, it might not be necessary to significantly invest into their supplier relationships, hence explaining why they did not specifically highlight commitment initiatives from their side but rather referred to the importance of communication.

This assumption has recently been studied by Chae, Choi and Hur (2017) who investigated the influence of mediating power sources, i.e. reward and coercive power on supplier relationship commitment. Basing their argumentation on the cognitive evaluation theory, the authors argue that reward power "enhance[s] the supplier's sense of competence and therefore self-motivate the supplier to engage in a continued relationship with the buyer" (Chae et al., 2017, p. 44). They argue that reward power is not solely influencing the supplier's extrinsic motivation to engage in the relationship (economic rewards) but also triggers intrinsic motivation. The findings of their study revealed that the buyer's reward power increases supplier relationship commitment (p. 52). To relate their findings to the proposition made in this thesis, the findings imply that those companies with (potentially) larger accounts at the supplier (high reward power) induce supplier relationship commitment. The supplier is extrinsically motivated to commit to the relationship due to the economic reward of the relationship but might also be intrinsically motivated because the purchasing of high volumes indicates that the buyer is confident in the supplier's competences. Hence, Chae et al.'s reference to the importance of intrinsic supplier motivation adds valuable insights to the underling proposition. If the supplier is intrinsically motivated as an outcome of the high purchasing volume, then even if buyer commitment is low, the supplier will still be motivated to commit to the relationship to ensure relationship persistence. Hence, it suggests that buying companies should not take too much comfort from their economic value to the supplier but should also consider to

improve a supplier's intrinsic motivation, e.g. by providing feedback to the supplier when collaboration was successful and if one is satisfied with the products and operations of the supplier.

The reflection of the origins of the interaction episodes shows that most of them are caused by unforeseen, one-time happenings which created a situation of need and through adequate resolution mechanisms, the relationship was improved. Only one of the interaction episodes (E4) was intentionally created due to an internal, strategic change. Whereas the other episodes focus on specific, direct contributions to a relationship, this episode concerns an internal change. To be more specific, interview 27 deals with a change in supplier relationship management practices, namely a strategic prioritization of certain suppliers and concomitant to that, a change in the mindset and strategy of the procurement department. Hence, in this interview awarding preferred supplier status has been identified as a critical incident. The findings indicate that relationship changing episodes are more likely to emerge due to external influences or unplanned supply chain disruptions which challenge relationship ties. Thus, the nature of the episodes displayed demonstrate that those actions contribute to (supplier) relationship improvements which resolves the challenge in a mutually beneficial manner, e.g. those actions related to minimizing negative effects and potential losses.

Looking more closely on what factors stimulated the relationship improvement in these episodes, the findings align with and expand the theoretically retrieved relationship success drivers (see section 2). The additional factors which emerge from the analysis are transparency, short-term loss acceptance, sales support and strategic change (Fig. 2).

What stood out in particularly is the relevance of transparency (honesty) in the relationships. In the episodes, transparency was frequently recognized as an important driver of improvement efforts and has been stated to concern various aspects of interaction, namely transparency in communication, decision-making and interaction processes as well as the transparency in the circumstances underlying emerging needs.

Instead of assuming that transparency directly influences relationship improvements, the findings indicate that transparency moderates the relationship between the stimulants and supplier relationship improvements. Lamming, Caldwell, Harrison & Phillips (2001) argue that (value) transparency should not be considered as a "blanket policy" but should rather be used for a specific purpose (p. 8). They furthermore highlight that transparency "might be one of several elements that is built into the specific relationship, along with others such as agreed procedures, equity sharing, joint patents, long-term acquaintance, and so on" (p. 5). This illustrates that transparency is always part of relationships, however the degree of transparency might differ depending on the context and the nature of information which are to be displayed (Lamming et al., 2001, p. 8). This highlights the moderating character of transparency. In episode 4, for example, the transparency in supplier management was highlighted whereas episode 2 revealed the importance of transparency for problem solving. The findings of this study are supported by Lamming et al. (2001) as the context in which transparency was highlighted by the interviewees concern the sharing of sensitive information among relationship partners to improve the supplier relationship, e.g. in terms of adding value to the supplier relationships by openly communicating intentions, expectations and by providing feedback (see E4).

The indication emerging from the interviews that transparency in buyer-supplier interactions is of great importance adds value to the current literature due to the fact that most of the transparency literature solely concentrates on cost transparency rather than taking the buyer-supplier interaction into account. Especially the latter seem to have contributed significantly to relationship improvements, hence indicating that transparency needs to be regarded from a broader relationship perspective and the degree of transparency should be high if supplier relationships are to be improved.

Although trust was not frequently mentioned directly by the interviewees, the actions highlighted by the interviewees all involved a certain degree of trust in the other relationship partner. Thus, it can be assumed to have indirectly driven relationship improvements due to the fact that the buying company would most likely not have committed to the relationship if the partner was not perceived as trustworthy (Morgan & Hunt, 1994, p. 24). This assumption leads to the proposition that trust is the underlying requirement for all the other stimulants. Previous studies provide evidence for this proposition. Trust has not only been found to positively contribute to strategic supplier relationship management (Powers & Jack, 2015, p. 16) but has also been put forward to be the foundation of partnerships (Spekman, 1988, p. 79). Trust is seen to be a crucial source of, but not limited to, the willingness of cooperation (Schurr & Ozanne, 1985, p. 950), commitment (Andaleeb, 1996, p. 88; Selnes, 1998, p. 317), information sharing (Ashnai, Henneberg, Naudé & Frnacesucci, 2016, p. 135) and knowledge integration (Revilla & Knoppen, 2015, p. 1423). Hence, it is not surprising that trust was not directly mentioned by all the interviewees but might rather have been assumed to be selfevident. The perceived trust in a supplier is therefore argued to be a necessary condition for the interaction and willingness to improve the supplier relationship.

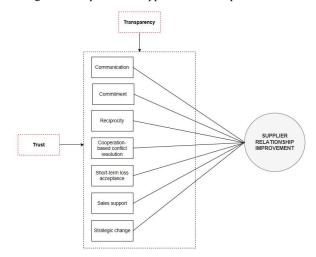


Figure 2. Drivers of relationship improvement

Overall the comparison of the episodes revealed that there are commonalities among them concerning the drivers of supplier relationship improvement. These are the willingness to incur short-term losses and to make sacrifices for the relationship partner, communication, commitment and the creation of mutual benefits even in critical situations. A unique contribution to the previously identified drivers of relationship improvements is the internal strategic change concerning supplier relationship management. All episodes reveal that even if exposed to critical situations such as supply chain disruptions, loyalty to the relationship partner and cooperation-based resolution mechanisms induce relationship improvements. The empirical findings suggest that it is crucial to support the other by any available means and most efficiently by an increased transparency, commitment and communication.

5. THE BUYER'S STANDING WITH SUPPLIERS: USAGE OF NOVEL TECHNIQUES FOR ANALYSIS 5.1.Analysis of the Applicability of the CIT

When comparing the number of retrieved episodes from this sample to the average amount of one or two incidents per research subject (Urquhart et al., 2003, p. 65), a major discrepancy can be highlighted. In total, during this study only 6 critical incidents (episodes) have been pointed out by the respondents. This can have multiple origins; the most logical being an application failure and/ or an inability of methodological usage to this context (see table 1).

Table 1. Identified issues around the CIT

Issues related to application	Issues related to the usability of the method
Lack of detail in definition of critical incidents and responses	Necessity for recent incidents
Nature of the research question	Problem of retrospection
Lack of trained interviewers	Lack of considering contextual considerations

When considering the identified issues concerning the application of the CIT, one commonality among the interviews was that the majority of responses for the first question was rather broad and not very detailed and specific. A majority of the responses started with "basically it is always important to" or "generally".

The objective of the CIT is to gather "extreme illustrations of effective and ineffective performance" (Norman, Redfern, Tomalin & Oliver, 1992, p. 594). In the context of the thesis, the study aimed at collecting episodes which have significantly contributed to buyer-supplier relationship improvements; however, having reviewed the transcripts of all interviews, the findings depict regular activities which the companies engage in rather than revealing significant one-time actions. This might indicate that the research question was too vague or not clearly formulated to trigger respondents to think about such extremes. As Flanagan (1954) regards the research question as the most important aspect of data collection (p. 342), the research question might have majorly limited the usefulness of the study's findings. In line with this, Sharoff (2008) has put forward that "subtle changes in the wording of the critical incident question itself might produce differences with participants' responses" (p. 307). The sensitivity of the responses to minor changes in the research question is especially critical in the underlying context since data was collected by seven interviewers and a possible distortion of the research question might be caused by translation biases.

Furthermore, Flanagan (1954) states that leading questions should generally be avoided and only the main question should be posed to the interviewee (p. 342). Only in case of

misunderstanding, further explanation shall be given. During data collection, minor attention was given to this procedural requirement, hence the course of the conversation has sometimes been influenced by the interviewer in case the answers did not reveal specific examples. This interference problem has also been highlighted by Gremler (2004) who argued that a "key challenge in collecting CIT data is to get respondents to provide sufficient detail about the phenomenon of interest" (p. 80). Chell and Pittaway (1998) have also regarded the adequate data collection as difficult (p. 31). Thus, a lack of trained interviewers might have interfered with successful application of the CIT to the underlying research context. In his seminar work, Flanagan (1954) acknowledges that a lack of an interviewer's knowledge about data collection significantly influences the usefulness of the results (p. 342). More specifically, Flanagan argues that the "use of trained personnel to explain to observers precisely what data are desired [...] is probably the most satisfactory data collection procedure (p. 341). Due to the fact that such a training is relatively time consuming and adds to the complexities of qualitative research (Chell & Pittaway, 1998, p. 31), collecting data through multiple interviewers might not be very efficient in this case.

Despite the discrepancies in the preparation and execution of the CIT, the usability of the methodology to the buyersupplier relationship context needs to be questioned. Three issues have been identified which have also appeared to be mentioned as limitations by previous studies, namely the necessity for recent incidents, issues around retrospection and the lack of taking contextual considerations into account when investigating critical incidents.

Reviewing the suggestions of Flanagan (1954), he proposed that the research outcomes are "satisfactory when the incidents reported are fairly recent" (p. 340). The necessity for recent incidents however might pose significant challenges in the underlying context as there are continuous instances which contribute to relationship success rather than one-time occasions/ activities as the majority of the interviews pointed out. The study's findings reveal that it was not necessarily the (one-time) challenge which caused relationship improvements but rather the response to such a challenge. However, the responses were most often enduring principles of interaction. In conjunction to this, the investigated relationships have often been stated to already be existent for a long-time. Thus, the research methodology might not be applicable for investigating success factors in long-term relationships because recent incidents are non to rarely existing and seemingly respondents did not put significant emphasis on the contribution of such one-time events. Only incidents are remembered which are meaningful to the respondent (Bott & Toursih, 2016, p. 202) resulting in a highly subjective process of incident collection. Hence, the CIT considers an individual's subjective perception of an occurrence (Chell, 2004, p. 48). This indicates the identified incidents are highly influenced by an individual's selective perception and interpretation of the circumstances around the critical incidents. Resultingly, findings are limited due to the fact that incidents are only regarded from an individual's perspective rather than it represents incidents on firm level. Even if critical incidents would concern the firm level, the criticality and its impacts would still be perceived differently among organizational members.

The underlying reason for the limited retrieval of applicable results might be that the actions taken by the buying company did not encompass specific intentions to act or were not specifically targeted at relationship improvement but rather were regarded as being self-evident and mutually beneficial. Urguhart et al. (2003) have already addressed this limitation before. He argued that the CIT is less applicable to situations which are not directly related to a specific decision to act (p. 71). This retrospective characteristic of the CIT has often been highlighted as a limitation in previous applications (Bott & Tourish, 2016, p. 282; Dabhilkar, Birkie & Kaulio, 2016, p. 967; Gelderman et al., 2016, p. 222) and can be confirmed by the underlying study. Based on this, I propose that the CIT has only limited applicability when considering relationships which are characterized by mutuality and joint benefits retrieval.

Lastly, another issue concerns the lack of consideration of the contextual environment around critical incidents (Gremler, 2004, p. 79; Oldenburger et al., 2008, p. 74; Viergever, 2019, p. 1066). Viergever (2019) criticizes that the technique only engages limitedly in "participants' broader lives and psychological and sociological backgrounds" (p. 1066). Hence, the methodology does not account for possible mediating factors. Schurr (2007) investigated the relevance of applying the CIT to interaction episode studies and argued that episodes should not be isolated from its contextual conditions and highlights that "a single promise-and-fulfillment episode is non-critical, but when combined with other such episodes produces significant change in the form of a favorable relational state" (p. 162). Nevertheless, due to that fact that the CIT has been successfully applied for many years, he concluded that the methodology could theoretically provide value yet acknowledging that episodes are part of relationships and its environment (Schurr, 2007, p. 163). This theoretical contribution to interaction episode studies was not supported by this study.

5.2.AI Software Assistance for Qualitative Data Analysis

The output of the automated analysis by the Natural Language Understanding service of IBM Watson highlighted important keywords, their relevance for the input and their frequency of occurrence. The following most frequently mentioned keywords were identified through Watson: suppliers (35), products (4), standard product (4), sales teams (3) and specific supplier (2). A complete output can be found in the appendix (see App. 10).

As can be seen from the identified keywords, the findings lack explanatory power. Furthermore, besides 'suppliers' all word counts are relatively low. To be more specific, of the 50 identified keywords, 41 keywords were only counted with a frequency of one. This lack of significance might be owed to the small input of words for analysis. In total, only 4085 words were given as input for the automated analysis. Furthermore, the output might lack significant similarities in the data input due to the diversity of respondents and relationships which have been investigated in this study. Based on the analysis of the output of the Natural Language Understanding service, the proposition is made that homogenous data, e.g. data collected only from one industry might increase the relevance and comparability of the results.

6. CONCLUSIONS AND RESULTING IMPLICATIONS

6.1.Theoretical Considerations: Being Responsive to Change by Transparent Interactions The competition for supply in the business-to-business environment is a commonly identified challenge that shapes the dynamics of buyer-supplier relationships across a variety of industries. In this thesis, specific interaction episodes were investigated that have led to considerable improvements of supplier relationships.

Referring to the study's underlying research question, the findings revealed two types of episodes. Those that emerged through unplanned, non-influenceable situations which threatened smooth supply chain practices and those that were created with strategic intention. Due to the fact that five out of the six identified episodes were results of unexpected changes in the business environment, the findings indicate that prompt and adequate responses to those are significant determinants of relationship improvements. The intentional change of supplier management was only a rare finding in this study yet highlighting the potential positive effect that internal changes have on supplier relationships.

When considering the stimulants of supplier relationship improvements, the study found drivers of relationship improvement that align with the findings of the literature review. The most important factors were communication and commitment which distinguish the episodes from one another. Besides the previously identified success drivers, short-term loss acceptance, sales support and strategic change were found to have caused positive change in buyersupplier relationships in the underlying episodes (see Figure 2). Most importantly, transparency was found to add considerably to improvement efforts. Theoretical contributions as well as the empirical findings of this study highlight trust in the supplier as an indispensable condition and indicate the moderating effect of transparency on relationship improvements.

6.2.Managerial Considerations: Transparency and Expectation Alignment as a Foundation for Improvement

Building upon the two-folded nature of the identified episodes, guidelines for developing relationship improvements as an outcome of changing conditions can be established (Fig. 3).

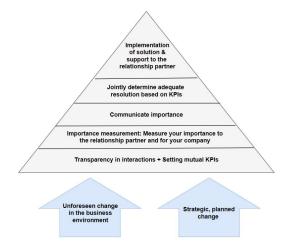


Figure 3. The pyramid of relationship improvement

It might be valuable for a buying firm to be prepared for unexpected changes in their supplier's business environment as well as in their own business environment. Having immediate resolution mechanisms in place and being able to support suppliers through difficult times is beneficial to buyer-supplier relationships and shall be the ultimate aim of interactions. For this, it might be important for a buying firm to reconsider and ensure the transparency of all interaction-related practices to enhance the supplier's understanding of the buyer's business, improve interactions and set guidelines for transparent supply chain practices. In order to develop adequate responses, it is beneficial to not only know the importance of the supplier for oneself, but the buying company should also know how important he is for the supplier. Most optimally, this should also be communicated to the other party to ensure an adequate response in a challenging situation which meets the expectations.

Furthermore, to increase relationship improvements, the purchasing departments can proactively engage in developing mutually beneficial strategic actions, e.g. restarting and/ or reviewing supplier relationships, so that both parties are able to redetermine their needs and wants and ensure better alignment. To create value, it is essential that relationship partners determine objectives and constantly improve interactions to attain these (Kähkönen, Lintukangas & Hallikas, 2015, p. 153). One example of a mutually beneficial strategic action could be the setting and frequently reviewing of mutual key performance indicators (KPIs) to quantify mutual expectations between the buying and supplying firm. It is of value for both parties to discuss these KPIs in an annual review meeting providing the possibility to process the challenges in a guided way.

6.3.Methodological considerations: Boundaries of the CIT and AI-driven analysis

The critical incident technique and the Natural Language Understanding service of IBM Watson were applied to identify interaction episodes and important drivers of supplier relationship improvements. However, the findings of both methodologies are limited in their degree of satisfying the research objective of retrieving very specific and relationship-unique episodes.

Concerning the CIT, on the one hand, the way in which the CIT was applied has been questioned, e.g. the research question chosen and a lacking awareness of the procedures of the CIT but on the other hand, the general applicability of the method to the underlying research context has been discussed. The empirical findings prove the limited value of this methodology due to the fact that the reported episodes do not consider the context around the critical incidents as well as its retrospective considerations pose challenges to the identification of critical incidents.

When looking at the Natural Language Understanding service, the output revealed limited explanatory power because only very generic words have been counted with a high frequency.

7. LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Due to the fact that qualitative research was performed and the results are therefore relationship-specific, the study has limited generalizability to other buyer-supplier relationships. Furthermore, the results lack validity because only a small number of episodes have been reported by the interviewees. This implies that the episodes analysed only present a narrow perspective on the concept being researched. Nevertheless, they provide an interesting starting point for future research. It is recommended to concentrate more research on the impact of interaction episodes on supplier relationship improvements and to go one step further by also taken into account non-critical incidents to research their cumulative effect on a possible positive change of supplier relationships.

Concomitant to that, the methodology chosen and its application limited the usability and explanatory power of the findings as have been discussed in detail in section 5. However, this does not imply that the methodology is useless for such studies, but attention needs to be paved to the way in which it is applied. Hence, future research should critically redetermine the applicability of the CIT to the underlying context and more specifically should adapt the CIT to suit the objective of retrieving specific examples from a variety of respondents. Further research should be conducted which investigates possible mediating factors which intensify the perception of relationship improvements and in general have a significant influence on the relationship, e.g. the moderating factors of relationship length and transparency should more closely be investigated in future studies.

Data was collected by multiple interviewers and in different languages. This increases the likelihood of a potential interviewer bias as everyone applied their own strategy to retrieve significant responses and sometimes the interview questions were asked differently and adjusted to the course of the conversation. This led to a varying depth of the responses. Future research should take into account fewer buyer-supplier relationships in more detail rather than broadly analysing a quantity of relationships in order to obtain in depth responses of the interviewee.

8. ACKNOWLEDGEMENTS

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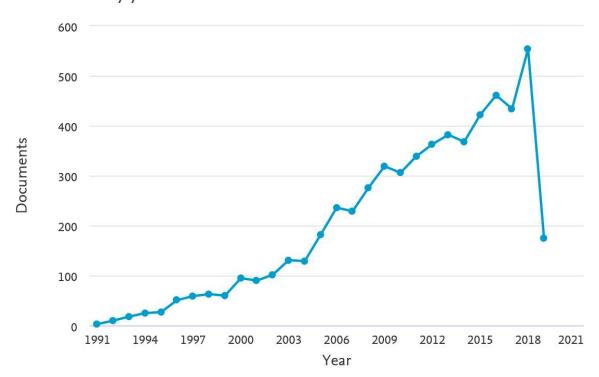
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10. Appendix

App. 1: Amount of published scientific papers per year based on ABS-TITLE-KEY ("partnerships" AND "buyer-supplier")



Documents by year

App. 2: Interview questionnaire for purchasers – English version

Q1	Positive episodes	What specific event/ episode positively influenced the relationship with one of your suppliers? Has your firm done something which has given you a preferred treatment by one of your suppliers in a specific situation? Please be specific about the action your firm has taken and the type of situation in which you were preferred.		
Q2	Attractiveness	Let's systematically look at buyer-supplier relationships. The start: What factors had influence on the supplier building up a relationship with your company at first hand (attractiveness = before the start)?	How do you identify (new) suppliers / how they came to know about you?	
Q3	Satisfaction	What did you do in your firm to increase supplier satisfaction (i.e. during the ongoing relationship once it is established)? Internally and externally?	How do you identify what your suppliers expect most from the relationship with your firm?	Do you measure supplier satisfaction? How?
Q4	Preferred customer	Imagine your supplier having several customers to serve, who gets the delivery first? It is the preferred customer. What did you do in your firm to become a preferred customer and outperform other customers?	What do you do to stay preferred customer?	What are you doing differently to address far away suppliers, i.e. to be a preferred customer with those suppliers located in distant countries?
Q5	Regular activities	What specific periodic/ regular activities is your company engaged in to improve your standing with your suppliers?	e.g. supplier day, supplier club, any upstream marketing applications, awards/ certificates, supplier development, yearly communication, innovation sharing	
Q6	Negative episodes	What should generally be avoided in order not to annoy the supplier? Have there been actions from your firm which have negatively impacted your relationship with (specific) suppliers?	In case in your firm different people have contact relationships with the same supplier, how does one negative relationship of someone from your company affected the overall relationships with the same supplier?	How did you fix negative impacts on the relationship?
Q7	Ease of implementation	To conclude: Which would be the five most important steps you recommend someone who want to start a programme to improve standing with suppliers?	What supplier-customer programmes/activities to improve the relationship do you perceive to be easy and which are difficult to prepare, implement and/or perform?	

App. 3: Interview questionnaire for sales employees - English version

Q1	Positive episodes	What specific event/ episode positively influenced the relationship with one of your customer(s)?		
Q2	Attractiveness	Let's systematically look at buyer-supplier relationships. The start: What factors had influence on the customer / you to build up a relationship with your company at first hand (attractiveness = before the start)?	How do you identify (new) customer(s) / How do you come to know about them?	Do you classify customers? If so, how?
Q3	Satisfaction	What did your customer do in his firm to increase your satisfaction (i.e. during the ongoing relationship once it is established)? What did your customers do internally (e.g. in their processes) or externally (involving you)?	How do your customers identify what you as supplier expect most from the relationship with them?	Does any of them measure supplier satisfaction (i.e. how satisfied you are with the relationship to your customer(s))? How do they do?
Q4	Preferred customer	Imagine you are having several customers to serve with the same good/capacity, who gets the delivery first? It is the preferred customer. What did your customers do in to become your "preferred customer" and outperform other customers?	What do they do to stay preferred customers?	What are suppliers that are far away doing differently than the ones close by?
Q5	Regular activities	What specific periodic/ regular activities do your customers organize to improve their standing with you?	e.g. supplier day, supplier club, any upstream marketing applications, awards/ certificates, supplier development, yearly communication, innovation sharing	
Q6	Negative episodes	What should buying firms generally avoid in order not to annoy their supplier? Have there been actions from your customers which have negatively impacted your relationship with them?	In case in your firm different people have contact relationships with the same customer, how does one negative relationship of someone from your company affected the overall relationships with the same customer?	How did you fix negative impacts on the relationship?
Q7	Ease of implementation	To conclude: Which would be the five most important steps you recommend customers who want to start a programme to improve their standing with you as a supplier?	What supplier-customer activities/programs that your customers organize are easy to cooperate in and which are difficult to cooperate in? Think in the sense of time, resources and/or preparation it requires.	

App. 4: Survey for purchasers

In order to systematically understand the context of your situation, please be so kind to, eventually, answer the following questions (5 = very much agree):

Supplier Satisfaction

Most of our suppliers	1	2	3	4	5
are very satisfied with the overall relationship to us					
are very pleased to have us as their business partner					
if they had to do it all over again, would still choose to serve us as customer					
do not regret the decision to do business with us					

Preferred Customer Status

Compared to other customers in our supplier's customer base, on average	1	2	3	4	5
we are their preferred customer					
they care more for us					
we receive preferential treatment					
our suppliers go out on a limb for us					
our suppliers' employees prefer collaborating with us to collaborating with other customers					

Status

In the view of our suppliers, our firm	1	2	3	4	5
has a high status					
is admired by others					
has a high prestige					
is highly regarded by others					

Success of supplier management

1	2	3	4	5

Our supplier management is better than that of our competitors.			
Overall, we are satisfied with our supplier management			

In recent years, we were able to minimize supplier dissatisfaction			
In recent years, we improved our supplier management more than our competitors did			

General information

Annual Turnover (in €) (When you belong to a firm-group, please provide the details of your firm branch!)	
Number of employees	
Ownership (private, public)	
What is your position in the company?	
Since how many years you are in purchasing with your company?	

Please chose your firm's ecl@ss classification from the following list:

(For more information to determine your ecl@ss please visit http://www.eclasscontent.com)

13 Development (Service)	Г
14 Logistics (Service)	Γ
15 Maintenance (Service)	
16 Food, beverage, tobacco	
17 Machine. device (for special application)	
18 Equipment f.mining, metallurgical plant, rolling mill a.foundry	
19 Information, communication and media technology	Γ
20 Packing material	Γ
21 Manufacturing facility, workshop equipment,	
22 Construction technology	
23 Machine element, fixing mounting	
24 Office product, facility and technic, papeterie	
25 General Service	
26 Energy, extraction product, secondary raw material and residue	
27 Electric engineering, automation, process control engineering	
28 Automotive technology	
29 Home economics, Home technology	

30 Auxiliary supply, additive, cleaning agent
31 Polymer
32 Laboratory material, Laboratory technology
33 Installation (complete)
34 Medical Device
35 Semifinished product, material
36 Machine, apparatus
37 Industrial piping
38 Inorganic Chemical
39 Organic Chemical
40 Occupational safety, accident prevention
41 Marketing
42 In-vitro diagnostic
43 Optics
44 Motorvehlice
45 Human and veterinary drug, pesticide as
well as active ingredient
46 Clothing and textile
47 Body care and personal hygiene
48 Sport, playing, leisure
49 Public safety and military technology
90 Interim class (mix)

App. 5: Survey for sales

In order to systematically understand the context of your situation, please be so kind to, eventually, answer the following questions (5 = very much agree):

Satisfaction with customers

With most of our customers	1	2	3	4	5
we are very satisfied with the overall relationship to us					
we are very pleased to have them as our business partners					
if we had to do it all over again, would still choose to serve them as supplier					
we do not regret the decision to do business with them					

Preferred Customer Status

Compared to other customers in our supplier's customer base, some	1	2	3	4	5
are our preferred customer					
we care more for them					
receive preferential treatment from us					
we go out on a limb for them					
our employees prefer collaborating with them to collaborating with other customers					

Status

In the view of our customers, our firm	1	2	3	4	5
has a high status					
is admired by others					
has a high prestige					
is highly regarded by others					

Success of customer relationship management

	1	2	3	4	5
Our customer management is better than that of our competitors.					
Overall, we are satisfied with our customer management					
In recent years, we were able to minimize customer dissatisfaction					
In recent years, we improved our customer management more than our competitors did					

General information

Annual Turnover (in €) (When you belong to a firm-group, please provide the details of your firm branch!)	
Number of employees	
Ownership (private, public)	
What is your position in the company?	
Since how many years you are in sales with your company?	

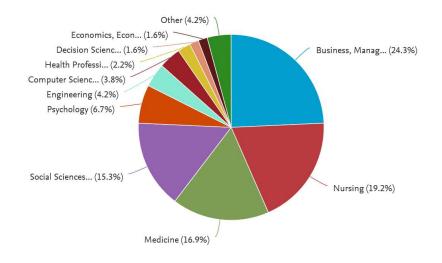
Please chose your firm's ecl@ss classification from the following list:

(For more information to determine your ecl@ss please visit http://www.eclasscontent.com)

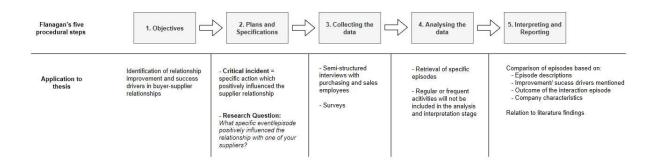
13 Development (Service)	30 Auxiliary supply, additive, cleaning agent
14 Logistics (Service)	31 Polymer
15 Maintenance (Service)	32 Laboratory material, Laboratory technology
16 Food, beverage, tobacco	33 Installation (complete)
17 Machine. device (for special application)	34 Medical Device
18 Equipment f.mining, metallurgical plant,	35 Semifinished product, material
rolling mill a foundry	36 Machine, apparatus
19 Information, communication and media	37 Industrial piping
technology	38 Inorganic Chemical
20 Packing material	39 Organic Chemical
21 Manufacturing facility, workshop equipment,	40 Occupational safety, accident prevention
22 Construction technology	41 Marketing
23 Machine element, fixing mounting	42 In-vitro diagnostic
24 Office product, facility and technic, papeterie	43 Optics
25 General Service	44 Motorvehlice
26 Energy, extraction product, secondary raw material and residue	45 Human and veterinary drug, pesticide as well as active ingredient
27 Electric engineering, automation, process	46 Clothing and textile
control engineering	47 Body care and personal hygiene
28 Automotive technology	48 Sport, playing, leisure
29 Home economics, Home technology	49 Public safety and military technology
	90 Interim class (mix)

App. 6: Overview of articles about the CIT or applying the CIT as a methodology (found in SCOPUS based on TITLE-ABS-KEY ("critical incident technique" AND "relationship"))

Documents by subject area



App. 7: Application of Flanagan's five procedural steps to the underlying research context



Interview Nr.	Country	Annual turnover	Number of employees	Ownership	Business classification
1	Germany	20B	53000	55% family, publicly traded	90
2	Germany	20B	53000	55% family, publicly traded	90
3	Germany	20B	53000	55% family, publicly traded	90
4	Germany	20B	53000	55% family, publicly traded	90
5	Germany	120.5m	1943	public limited company	90
6	Germany	120.5m	1943	public limited company	90
7	Netherlands	2.8m	30	private	90
8	Germany	2m	7	public	90
9	Netherlands	17m	160	public	90
10	Netherlands	750k	4	private	19
11	Netherlands	700k	15	private	90
12	Germany	600m	2200	private	16

App. 8: Overview of interviews: General information about the interviewed companies, the interviewer [deleted due to confidentiality] and the operating industry

13	Germany	600m	2200	private	90
14	USA	100k	2	private	17
15	Vietnam	1.48m	50	private	16
16	Vietnam	800m	400	public	16
17	Vietnam	2.7m	60	private	14
18	Vietnam	13.35m	150	private	39
19	Vietnam	645m	300	public	16
20	Vietnam		200	private	16
21	Netherlands	65m	350	private	90
22	Sweden	8.2B	44000	public	90
23	Netherlands		6	private	20
24	Sweden	35m	110	private	90
25	Netherlands	3525m	14224	foundation	26
26	Germany	1.604m	2500	public	26

27	Germany	350m	1337	private	27
28	Germany	1.5m	6	private	90
29	Germany	7m	47	private	20
30	Germany	60m	700	private	28
31	Germany	80m	185	public	27
32	Germany		750	private	29
33	Germany	400m	250	private	39
34	Germany		35000	private	90
35	Germany	15bil	35000	public	90
36	Germany	10bil		public	39
37	Germany	3500m	3300	private	39
38	Netherlands	115m	725	private	17
39	Netherlands	4.2m	30	private	27
40	Netherlands	65m	140	private	21

41 Netherlands 40	Public	28
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App. 9: Overview of the identified episodes: Mechanisms applied and stimulants of relationship improvements

Episode	Mechanisms	Stimulants
E1	Loyalty in times of difficulties	Communication Honesty
E2	One-year price adjustment planning (contractual flexibility)	Communication Honesty Transparency Willingness to encounter losses Joint resolution
ЕЗ	Pre-payments (financial support)	Win-win Trust Commitment Voluntariness
E4	Strategic change	Commitment Trust Reciprocity Transparency Communication
E5	Top management engagement	Commitment Trust Voluntariness Joint resolution
E6	Compromise (contractual flexibility)	Win-win Trustworthiness Honesty

App. 10: Output of the analysis with the Natural Language Understanding Service by IBM Watson - Keywords

Text	Relevance	Count
wire harnesses suppliers	0.6218	1
good example	0.5997	1
biggest customers of the supplier	0.5885	1
business relationship	0.5571	1
suppliers	0.5533	35
contracts office supplies coffee machines	0.5462	1
specific supplier	0.5458	2
sales guys	0.5452	2
project managers	0.5401	2
good contact	0.5371	1
different suppliers	0.5338	1
example Germany	0.5323	1
short notice	0.5288	1
good example of what company X	0.5287	1
sales teams	0.5273	3

indirect spend	0.5263	2
interesting discussions	0.5261	1
different conditions	0.5252	1
price decrease	0.5252	1
European team	0.5250	1
good conditions	0.5245	2
big fire	0.5245	1
panel look	0.5239	1
products	0.5236	4
good term	0.5231	1
last year	0.5229	1
long term agreement	0.5207	1
competitive agreements	0.5206	1
volume increase	0.5203	1
good supports	0.5196	1
difficult economic situation	0.5188	1
early days	0.5188	1
preferred suppliers	0.5184	1
particular country	0.5183	1
standard products	0.5181	4
formal tenders	0.5178	2
large German chemical company	0.5173	1
market research	0.5171	1
nice customer	0.5165	1
long time	0.5164	1
concerted effort	0.5154	1
Direct spend	0.5150	1
easy projects	0.5148	1
European frame agreement	0.5138	1
formal negotiations	0.5138	1
long term partnership	0.5137	1
clients business	0.5134	1
behalf of company X procurement	0.5133	1

year price adjustment mechanism	0.5126	1
main focus	0.5126	1