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'Relationships Mean Everything'; A Typology of Small-Business Relationship Strategies in a Reflexive Context*

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This paper reports on empirical research that investigates the meaning of relationships to owner-managers of small firms, and how differences in meaning are implicated in the strategy of the firms. In-depth interviews with owner-managers yielded 36 usable transcripts. These were coded using a grounded theory approach and the narrative was analysed for differences in meaning. Five categories of orientation to relationships were grounded in the narratives with each firm appearing to have a dominant orientation both with customers and suppliers. A number of apparently common themes in the discourse on relationships, for example, trust, talk, expectations and service, were shown to be interpreted differently, consistent with the types of relationship strategy. We adopted the term strategy because relationships were shown to have a long-term and influential effect, mediated reflexively, on the trajectory of the business. The analysis illustrates the significance of social constructionism and reflexivity as explanatory theories, and therefore the centrality of the meaning of relationships to the strategic management of the firm. Relationships are conceptualized as the mechanism that links the firm to its environment and causal to the impact that change in the environment has on the firm.

Introduction

The overall approach of this research is guided by a principle that the trajectory of a small business is caused by the interrelationship between the business and its external environment. This interaction is manifest in the firm's actual everyday business relationships. Our proposition is that understanding what these relationships mean to the firm (and specifically the owner-manager as the decision taker) explains subsequent behaviour. In other words, an owner-manager's reflexivity in a relational context is a causal mechanism of the subsequent actions of the firm.

The centrality of the business owner to the outcomes of a particular small business has been extensively delineated (Carland, Hoy *et al*., 1984, p. 356; Hornaday, 1990), both empirically and normatively. Explanations of differences in the outcome of any particular small business include differences in owner-manager motivation (e.g. McClelland, 1987), personality (e.g. Chell, Haworth *et al*., 1991), capability (e.g. Penrose, 1959) and intentionality (e.g. Bird, 1988). Some analyses have produced typologies indicating differentiating general patterns of owner manager characteristics, backgrounds and dispositions (e.g. Dunkelberg and Cooper, 1982; Miner 1997; Scase and Goffee, 1987; Smith 1967). The instrumental purpose of such work is anticipating and

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differentiating entrepreneurial behaviour (innovation, growth etc.) from less-dynamic small-business management.

The relationships between the entrepreneur or owner-manager, the firm and the environment are mainly articulated in structural form. Different approaches have identified slightly different structures and given predominance to different factors within those structures. For example, Gartner's model (Gartner, 1985) includes the individuals' entrepreneurship characteristics; the organization (internal structure), the environment (external structure) and the process by which the venture is started (strategy). This is similar to Miller and Toulouse (1986) (personality, structure, strategy) and to d'Amboise and Muldowney (1988), who classify three structural domains:

- the 'task environment', (Dill 1958), (external structure)
- the interaction with the environment as a function of the owner-manager's personality
- and (thirdly), the organisation itself (internal structure, ownership, size etc.).

Storey (1994) suggests three sets of factors that have a theoretical linkage to the growth of enterprises, i.e. the entrepreneur (motivations and experience), the firm (internal structure) and the strategy of the firm (a mixture of external structural positioning and resource management). Hodgetts and Kuratko (1992, p. 36) suggest that small-business success factors can be classified in four areas, i.e. the existence of opportunity (external structural), adequate finance capital (resources), modern business methods (internal structural) and management ability. Low and Abrahamson's (1997) discourse (on start-ups) describes salient factors as networks (external structure), formality of stakeholder relationships (strategy), stakeholder motivations (market structure), structure (market structure) and strategy of innovation or imitation (external strategy).

The above examples of structural approaches to small-business theory share the same methodology – a deterministic interpretation of causality. That is, certain combinations of factors produce determined outcomes, or at least the probability of certain outcomes (probabilistic causality). These theories have not produced robust generalized accounts of causality – high levels of predictability of outcome from given circumstance – nor is the knowledge entirely cumulative as different normative concepts are employed.

What such structural approaches do not explain is the nature of differences produced from voluntaristic action (Astley and Van de Ven, 1983), that is, the very nature of agency that entrepreneurship produces. They are unable to account for what emerges from the idiosyncrasies of particular businesses and owner-managers, or from particular circumstances. As Hall states (1999, p. 140) 'the contribution of voluntary action to the probabilistic character of sociohistorical causality is evidenced by the problems that confront any attempt to formulate an absolutely deterministic causality'. Approaches to understanding voluntaristic action are, we suggest, more likely to be found in constructionist methodologies (Berger and Luckmann, 1967; Gergen, 1985), which seek to find explanations in how people meaningfully regard their actions. Constructionist methodologies in entrepreneurship and small business are used to account for differences in outcomes by seeking to understand the ways that owner-managers perceive the environment and how they chose to act from that perception (Fischer, Reuber *et al.*, 1997; Jenkins and Johnson, 1997; Merz and Sauber, 1995; Naffziger, Hornsby *et al.*, 1994; Shaver and Scott, 1991). These particular studies have not addressed the issue of relationship behaviour.

Sociological studies on the influence of voluntaristic behaviour in small businesses have used reflexive (Garfinkel, 1967) accounts of individual owner-managers to identify reasons for behaviour that is different from what rational theory might predict. Some of these studies address the issue of relationships. For example, Scase and Goffee (1987, p. 163) concluded that, 'it is important to view the small business as social as well as financial units and to recognise that they are organised on the basis of particular patterns of personal relationships'. Curran and Blackburn (1994, p. 81) state that there have been few attempts at empirical grounding and rigorous investigation in research on small-business relationships. They suggest the need to 'unpack the nature of relationships between small firms and their customers to provide evidence on power relationships between suppliers and customers'. They contribute a grounded spatial analysis of network relationships and uncover aspects of what relationships mean to owner-managers. In particular they reiterate Scase and Goffee's interpretation of the significance of personal relationships (Curran and Blackburn, 1994, p. 89).

An extreme example of dense external business relationships is the concept of the network organizational form whose governance is a hybrid (Powell, 1990) between market transactions and hierarchies (Williamson, 1991). Such dense organizational forms are not the norm with regard to small businesses or entrepreneurial firms (Curran and Blackburn, 1994), but some of the governance aspects are relevant to understanding behaviour. In particular, what Larson (1992) calls exchange structures between firms, which are durable and relatively stable. Larson suggests that a range of studies of entrepreneurial firms, (Jarillo, 1988; Johannisson, 1987; Lorenzoni and Ornati, 1988) indicate reciprocity norms, personal relationships, reputation and trust as important factors explaining the duration and stability of exchange structures. At the heart of Larson's explanation, informed by Leifer and White (1986) and Janowitz (1976), is the notion of power through social control 'a feedback process that is jointly determined by and diffused across multiple participants' (Larson, 1992, p. 78). Analytically, this power is relative to other powers in relationships, i.e. hierarchical or market power and contractual power (Williamson, 1975, 1991).

Informed by Mark Granovetter's work on exchange processes (Granovetter, 1985), Larson suggested that the process by which significant relationships were built between entrepreneurial firms was based on reciprocity, trust and mutual respect, and that the social context provides the environment in which economic exchange can be initiated. However, her analysis did not penetrate the 'overwhelming majority of the entrepreneurial firms' inter-firm relations', which were not 'dense collaborative (dyadic) ties' (1992, p. 84).

The extensive literature on entrepreneur networks, for example (Aldrich and Zimmer, 1986; Birley, 1985; Human and Provan, 2000; Jarillo, 1988; Johannisson, 1987; Jones *et al*., 1997; Uzzi, 1997), as analogous to social networks (Mitchell, 1969), conceives of organizational form as existing beyond the boundaries of the individual firm, and that resource interdependency (including knowledge as a resource) and processes of governance (trust and reciprocity) are mechanisms of competitive advantage. The meaning of relationships is implicitly defined by the paradigm. From this perspective, differences in firm strategic behaviour are interpreted in this literature through the presence or absence of various networking activities.

Gibb (1993, 1997) suggests that everyday relationships between the small business and its internal and external stakeholders are much richer than transactional relationships. Using social network theory (Boissevain and Mitchell, 1973) he proposes that personal social actions, such as exchanging knowledge and problem solving, convert intermittent relationships into ongoing relationships, build wider organization contacts and turn casual and natural relationships into a means for doing business (purposive relationships).

Dyer and Singh (1998) develop a conceptual argument for a relational view of strategy that takes into account four sources of competitive advantage; relational specific assets, knowledge-sharing routines, complementary resources/capabilities and effective governance. This discourse conceives of exchange relationships as a metaphor for strategies of resource enrichment through collaboration. It is silent on the processes that might occur and is not empirically grounded.

In summary, the theoretical context for the study reported here is that relationships between the owner of the business and the environment are structurally significant, but the working of the structural mechanisms are unclear. Voluntaristic social actions of the owner, whether intentional or reflexive, are thought to contribute to the outcome of the firm, and constructionist methodologies may contribute insights into the reasons and nature of such actions.

This study examines the nature of everyday practices of business relationships from a social constructionist perspective, in which explanations are not found in individual psyche nor in social structures but in the interactive processes that take place routinely between people (Burr, 1995, p. 7), that is, the dynamics of social action. Our view is that understanding these practices yields new insights. We suggest that relationships between small firms and their stakeholders have an ontological significance and that their descriptions are explanatory narratives of voluntaristic action. If one can understand the multi-dimensioned meanings of the action manifest in relationships, one understands more clearly the small firm.

Research aims and methodology

To consider the dynamic between the firm and its environment as the activities inherent in its relationships is to collapse the salient environment of the small business into the notion of a set of stakeholder relationships, some of which are actualized, some of which are latent. This approach does not fully exhaust an exploration of contingent or latent powers or liabilities. For example, reasons why a business succeeds or fails could be outside any particular relationship it has, though an event that changes the path of a business creates or changes relationships, whether desired or not.

Acting only on existing relationships enables us to admit the ontology of the actors themselves. We chose to ground the work in the everyday practice of doing business; an empirical and phenomenological source that gives rise to a strong potential for ontological adequacy of theories thus grounded. Fundamentally, it enables the actors reasons for acting, and their sense of the environment to be articulated, building theory as to why and how actors behave in the way they do. Its interpretation can also enable dialectical absences to be sensed in its interpretation; for instance, actors may not perceive the same external powers as observers.

The interpretative approach in the social sciences lies with traditional empirical programmes such as phenomenology (Husserl, 1970; Schutz, 1967, 1970), ethnomethodology (Garfinkel, 1967; Pollner, 1987) and other social constructionist theory (cf. Berger and Luckmann, 1967). From such a 'complementarity' of perspectives (Miller, 1997), we have come to learn of the 'intersubjectivity' of reality, of how our ongoing interaction with others constructs *and* communicates meaning, and of the essential role of language in enabling us to reflexively describe the social world around us, for instance, through telling stories about some aspect of it.

Our study was the everyday practices and orientations of owner-managers in the context of their business relationships. The research examined the meaning of relationships to the owner-manager in terms of orientation and practice, and as an addition to theory, the degree of heterogeneity of these. We chose to ground our research in the perspectives of the owner-managers and similar decision-makers. We use the term perspective as a metaphor 'for revealing special properties of an object or event' (Denzin, 1970, p. 65) that are 'grounded' (Glaser and Strauss, 1968) in a strong empirical base. For our research, the events were instances that could be reflexively recounted, told and retold by owner-managers and the special properties are the detailed descriptions of these events, such as temporal sequence, nature of the relationship, the course of action or 'patterns of stake' (Potter, 1996, p. 131). In this way, the term perspective is used as an explanatory tool for understanding the empirical world of small business – it is a 'powerful strategy of illumination' (Denzin, 1970, p. 65) to gain insight into that world – it does not seek to give 'perspectives' an ontological status in the world.

We set out to explore the viewpoints of owner-managers in order to 'generate data which give an authentic insight into people's experiences' (Silverman, 1993, p. 91) – that is, through people's willingness to tell stories about their experiences, (and the researcher's willingness to listen and learn 'from those who experience and consume the process that empirical research produces' (Hardy and Clegg, 1997)). As Miller and Glassner (1997, p. 100) put it, 'interview subjects construct not just narratives, but social worlds'. A primary aim of this research therefore, was to maximize our understanding, through interpretative research practices, of the reflexive world of small business.

Method

We initiated the research through a series of qualitative interviews with key people from small firms, seeking to identify a range of possible concepts of issues relating to relationships with stakeholders, being guided by intermediate analysis and saturation. We then used qualitative analysis techniques to build theory. In particular, narrative analysis and grounded theory (Glaser and Strauss, 1968) to explore the significance, meaning and medium of exchange of/in relationships, from the perspective of the owner-manager. Undertaking this marked the focus of our research – the development of an empirical definition of relationships.

We carried out 50 qualitative semi-structured interviews with owner managers or similar decision-makers. Each interview lasted between 45 and 90 minutes. Of these, 45 were transcribed and covered 38 different firms, of which 36 were independently owned, located in the North East of England and in a diversity of business sectors (Appendix 1). The firms had all been established for at least three years – start-ups are a different case (Birley, 1985; Larson and Starr, 1993). The research set out to follow a 'theoretical sampling' design whereby interviewees were selected for their perceived 'theoretical relevance' to the study. Nineteen pilot interviews (Fielding, 1993, p. 137) were carried out to 'ground' empirically the issues raised by the research's primary questions and to ascertain whether these questions were relevant to interviewees (i.e. they had face validity). The process of interviewing then continued this until it was felt that 'theoretical saturation' had been reached, that is, that the research was not discovering anything new (Glaser and Strauss, 1968, pp. 45–77). Given the large amount of post-fieldwork analysis, this is a judgemental decision partly based on available resource and partly on a preliminary analysis that was carried out after each small batch of about five interviews. Thirty-six substantial interviews from 35 firms, chosen for their richness of response, formed the basis of further in-depth analysis.

The interviews were concerned with two interlinked issues, the nature of their relationships with stakeholders and the nature of information and communications technology in that relationship. As this was explained at the start of the interviews, it set a context. However, our questioning with regard to stakeholder relationships was not restricted to technological issues, rather on what relationships meant, how they varied between suppliers and customers etc. and how the owner-managers built up and managed relationships. Typical interview themes are shown in Appendix 2. This paper concentrates on the issue of relationships in this context, not the technological aspects.

Analysis and interpretation

The transcripts were coded to produce a long list of attributes of the relationships, in the words of the interviewees. In order to create meaningful patterns of these attributes, the transcripts were revisited in an interpretative analysis of themes and concepts inherent in the narrative. Respondents had made clear in the interviews that, to them, customers were the most significant stakeholders. Respondents were therefore asked what relationships meant to them, and in particular about their customer and supplier relationships. We recognize that the small firm is situated in a variety of internal and external stakeholders (Curran *et al*., 1992; Dollinger, 1985; Gibb, 1997). However our methodological approach guided us to use the owner-managers' perspectives. A separate two-month ethnographic study was undertaken in one responding business to understand linkages between external and internal relationships, but is not reported here. Apart from the direction set by the owner-managers' responses, our focus on external relations also relates to the wider research question, which is how environmental change can be understood to influence the small business.

Through further analysis of these responses, we developed a sense of the almost ubiquitous presence of a long-term perspective on each relationship. Not that each relationship was long-term, but that each was something to be 'built up', to be 'worked at', 'working together', having a 'philosophy of loyalty'. For example:

> 'We try and cultivate a relationship with our customer, the nature of our business however is that in terms of the products that we sell we're not unique and customers will move especially in the [specified] market . . . Having said that we try and offer something extra in terms of our customer service and our rapid delivery . . . So we try to establish long standing relationships however it is a hard headed business and there are casualties. We do find however that some of the customers that we lose will come back to us, of course they want the same terms and conditions' (Case 104 – see Appendix 1).

Relationships were inherently a part of everyday doing business, so each interaction was in a sense tactical, but governed by, in their words, a philosophy. This common theme of relationships having to be continuously worked at, led us to take the view that approaches to relationships, and any differences in these, were a strategic part of the business. Thus differences in approaches to relationships were, potentially, strategic, i.e. explanatory of a firm's trajectory.

A further insight from the transcripts was the significance of the interactivity between the firm and the stakeholders on the intentions and understanding of the owner-manager. That is, we read a continual reflexive shaping of the firm's activities through the owner's interpretation of the interactions with stakeholders. For example:

> 'I can only see us having to get more and more adept at dealing with this sort of thing with our customers because I think it will make a difference ultimately.' (Case 104)

> 'I could have never have envisaged when I came here that people hired some of the things that they do hire. *I refer to it* as absolutely crazy. But invariably we find if we take something on and we let people know that we've got it, there's a market created for it.' (Case 130) (emphasis added to illustrate interpretative process)

These are two fundamentals in our conception of relationships. First, owner-managers construe most relationships with their stakeholders in a temporal context, and that this is normatively 'ongoing', built up 'over time'. Second, that through interactions with stakeholders, the owner (decision-maker) (re)constructs a mental model of their business vis-à-vis the environment and that this reconstructing process (reflexivity) can lead to changes in activities. These two conceptions establish relationship interactions as a strategic building block of the business and explanatory in power. One respondent put it more succinctly:

> 'Relationships mean everything.' (Case 108)

Relationships can mean different things to individual people in everyday life. This is also true of the owner-manager for whom the concept of relationships in business refers to something to be built up, worked at, negotiated or maintained over time. That is to say, relationships are seen as a medium through which interests are served and actions are accomplished in some practical way.

This insight led us to think about the characteristics of relationships as particular ways in which a 'strategy' is manifest. Note that no owner-manager explicitly spoke of a 'relationship strategy', nor referred to a particular analysis of their orientation to relationships. This orientation or strategy was embedded in everyday activity and exposed in the narrative of the speaker. However, as researchers we began to use the idea of different orientations to relationships in order to give the coded characteristics greater theoretical robustness. A pattern of meaning began to emerge by asking why these characteristics gave relationships particular purpose.

The differences in perspective or orientation of the respondents were drawn from the way they described the meaning of relationships. We manually clustered the keywords used in these descriptions. Examples are given below. Given the long-term approach to relationships, i.e. the strategy argument, we feel confident in reporting these differences as relationship strategies; the manifest everyday approach reflecting the meaning of relationships in a context of long-term connections with stakeholders.

A 'relationship strategy' is a concept that we use to explain how the owner-manager plans and attempts to put into practice a particular method of dealing with stakeholders. It may involve an agreed plan of action; specified objectives such as to 'develop each other's business positively' or it may be a long-established or proven method of relational dealings.

Some owner-managers may discuss aspects of relational practices that cross over a number of different strategies. For instance, owner-managers realign to another strategic orientation when the narrative context of experience shifts from customer to supplier dealings. However, our findings also show that the majority of owner-managers talk predominantly in the language of one strategic approach to relationships.

The resulting typology provides categories of approaches to relationships, and these reveal five different strategic meanings. Individual respondents usually displayed a consistent orientation to one particular relationship strategy with stakeholders, whether customers or suppliers. There were few exceptions to this in our data. Importantly, further analysis of the narratives, and a subsequent ethnographic study revealed that these orientations could change over time.

Relationship strategies

The categories that emerged are as follows and summarized in Table 1.

Table 1. Definitive differences in small-business owners' orientation to relationships

	Key orientation	Attributes (coded in verbatim transcripts)
Network relationship strategy (NRS)	To facilitate the formation of informal interconnected channels of communication through participation.	direct insight; gossip; information; know whom you are talking to; networking; personal interplay; respect; seek information out; talk; transferring information; trust.
Contract relationship strategy (CRS)	An expressed wish to work with people that share the same vision of mutual trust and reciprocity, i.e. transfer of goods or services for payment of the same.	answering expectations; benefits; contractual; deal; demands; expertise; mutually beneficial; needs; price; quality; service [people]; supply; tender; trust; working relationships.
Personal service relationship strategy (PSRS)	To form a significant relationship with people – ones that are indicative of the competitive nature of the firm to provide an unparalleled service.	advice; amicable agreement; business relationships; confidence; delivering; discuss [openly]; don't mix business with pleasure; expect favours; face-to-face; fulfil expectations; good attitude; good relationships; helpful; immediate response; interrelationship; knowledge; partnerships; people interact; perform; personal contact/relationships; personal service/touch; professional approach; reliability; roles; service; talk; trust.
Personalized relationship strategy (PRS)	To consider the individuality of a person/organization and to build and adapt the relationship on the basis of its distinctiveness.	accessibility; building rapport; chemistry between people; choice of whom to deal with; communication; compatible; confidentiality; continuous line between the personal and impersonal; dealing with somebody I like; dialogue(s); empathetic; expectations; face-to-face; first-name terms; friendly; fulfil needs; golden values; higher degrees of personalisation; honesty; human relationships; interactive; interpersonal; knowing each other; loyalty; ongoing; open and genuine; personal contact/level; personal/personalized relationship; personalities; problem solving; serious involvement; share ideas; someone who you can rely on; symbolic; talk; true understandings; trust; trustworthy; understand needs/people.
Strategic development relationship strategy (SDRS)	To develop reciprocal relationships with stakeholders who, through experience, share a common goal or interest in securing the future growth of their firm.	benefit one another mutually; common bond; communication; develop each other's business positively; discuss openly; establish rapport/relationships; expand our business; expectations; higher degrees of sophistication; honesty; human relationships; information; input; interchange of ideas; loyalty; making changes; mutual development; mutually beneficial; needs; negotiate; nurture; partnerships; personal level; reciprocal thing; relationships that extend beyond the individual; synopsis of each other's business; systems; trust; trustworthy; understanding the business/people; what their interests are; what makes them tick; work together.

Network relationship strategy (NRS)

The main orientation of this strategy was to facilitate the formation of informal interconnected channels of communication through participation. The way these owners did business was to be at the centre of information flows, trading information, and then acting (proactively) on emergent opportunities. Only three (of 35) respondent firms in the sample demonstrated this orientation. The core skills and competencies seemed to be to talk and interact on a personal level. A suitable metaphor might be a busy honeybee, continuously collecting and giving resources.

The following are examples of the strategy described as daily practice by the respondents.

An office equipment supplier talking about how the firm situates itself in the information flows of the client, and how it looks to suppliers for information:

> '[We] know which (customer's) office has been upgraded or has what item and keep very very good records, they now phone in and say, "Have we done this office", so our records are actually better than theirs. So he now relies on us which in effect it has tied him to us, not only that, at the moment our prices are slightly higher than our competitors.' (Case 120)

> '[If] we can't get a lot of sense let's say on the end of a telephone from a supplier, we tend to go off them fairly rapidly.' (Case 120)

A tool hire, sales and service business talking about interplay, about their role as information intermediary and, significantly that what they *do* is more important than their own brand identity:

> 'I think to a degree, we are just relaying the knowledge that we get from our suppliers assuming its proven, that is, we're relaying that to our customers and we're filtering it and we're analysing it and we're weighing one thing against another thing . . . [with] an overlay of our own experience in this sort of thing.' (Case 130)

> 'And whilst we may have [the name of the firm] on display for passing traffic as well, I would still have that term "Tool Hire" there [on display] in some prominence. As I say, I think it's important people know what we do, they can find out who we are later.' (Case 130)

A telecommunications equipment supplier getting direct insights from talking, to create new business:

> '[Direct] insight and information to help businesses and to help get more business [talking and "seeking information out"] opens more avenues to business.' (Case 107)

Contract relationship strategy (CRS)

The main orientation of this strategy is an expressed wish to work with people that share the same vision of mutual trust and reciprocity, i.e. transfer of goods or services for payment of the same. This label is not intended to portray simply a *rational* notion of an objective economic (price) exchange, but the sense that relationships fundamentally mean an exchange, of equivalent value, however subjective that is in practice. It is not strongly personal though, as with all relationships strategies identified, it does involve trusting people, and in this case on the basis of what is done against expectations. The style of business and the language used evokes a sense of specialization, of knowing what they are doing, and then of communicating that task orientation to the customer through the contract and through the way the work is done and delivered. The core competencies appear to centre on identifying needs and setting expectations, through discussion and specification, and then fulfilling contractual obligations thus established. As with the 'network' approach, only three respondents in our sample demonstrated this as a dominant approach to stakeholder relationships.

The following are examples of the strategy described as daily practice by the respondents.

The owner of a printing business talking about customers that he has never met but where there is evidently clarity of expectations, unlike some other customers (second quote), and how the technologies used are creating new markets, as expectations for the standards and nature of output increase.

> 'Two of our biggest customers I've never met they're just on the other end of the phone . . . if he wants some work he rings us up and he explains what he wants and where he wants it and we get it sorted out . . . All we have to do is get the electronics right and produce the stuff.' (Case 139)

> '[Some customers] also think they can do it better than we can which is a bit unfortunate because usually they can't.' (Case 139)

> 'But [technology has] also opened up . . . a lot of new markets for us as far as we're concerned and it answers people's changing expectations.' (Case 139)

A director of a quarry and stonemasonry business talking about the 'basics' of their business relationships:

> 'So they put their trust in me that I can do the job, all being I sign a contract, and I'd get skinned if I didn't [deliver] and I trust that they're going to pay me, or if they don't I'll take them to court. So it's qualified isn't it? Its pretty basic stuff.' (Case 117)

The manager of a manufacturer of domestic and industrial appliances talking about systems for being able to respond to customer expectations and contractual obligations:

> '[a] customer has the opportunity to buy a five-year extended warranty and if he does that his details are put into the system and when the actual machine comes back for a repair the system will spot from the serial number that this customer is covered under an extended warranty and therefore we won't bill him etc.' (Case 121)

Personal service relationship strategy (PSRS)

The orientation of this strategy is to form a significant relationship with people – ones that are indicative of the competitive nature of the firm to provide an unparalleled service. This approach is personal in the sense that the transactions are closely connected with the stakeholders' everyday task needs and that these can be learnt and articulated through 'talk'. Also, there is a strong sense that knowing people helps with the construction of trust in the relationships. The strategic purpose behind this approach seems to be the desire to construct a shared interpersonal dialogue, within which the value of the firm's activities can be demonstrated and enhanced. Thus, the core competency of this approach is the ability to relate to the particularity of situations and the individual needs of an organization. Ten firms (of 35) demonstrated this approach to relationships.

The following are examples of the strategy described as daily practice by the respondents.

The proprietor of an office services bureau captures the essence of this approach; personal explanations and strong sense of service:

> '[But] I'll explain [to the client, that] provided we can find the necessary document we can return it to the customer on a fax and as quickly as they could access it themselves really.' (Case 113)

The son of the founder of a small architectural glassware manufacturer talks about the intensity of the personal service:

> '[The sales rep] would talk to the designer to see if it could be done, how it would be done, how long it would take etc. But he would . . . see that through all the way . . . to the last nail being hammered in . . . and if anything went wrong he would be the man who would be in the front line to deal with any.' (Case 137)

The production manager at an electronic equipment manufacturing and distribution business talks about the importance of personal service in the relationship:

> 'Because we [are] a one-stop shop, therefore it must be personal service, when you're dealing with new people in the business or with engineers they want to talk to technical people, they want to talk to sales about deliveries, they don't want to be sort of pressing buttons and getting answer machines, they want personal service, that is what I believe we will continue to provide.' (Case 112)

The managing director of a stationery printing firm talks about the trust element in knowing people, but also draws limits on the personal aspect of relationships:

> 'I don't mix business with pleasure. Mainly because sometimes I think you can become too involved in leisure pursuits with suppliers but it becomes very hard to make decisions that aren't influenced by familiarity. Whilst I appreciate that you know having the personal contact with people etc., interrelationship is important, when I finish at night I don't have any contact with suppliers or customers even, apart from 1 or 2 personal friends who are customers as well. So I try to keep most relationships on a very professional basis.' (Case 126)

Personalized relationship strategy (PRS)

The main orientation of this strategy is to consider the individuality of a person/organization and to build and adapt the relationship on the basis of its distinctiveness. Here the focus seems to be more on the individual personalities than on the tasks. In some extreme cases, the respondents imply that business progresses on the basis of liking the stakeholder personally, and applies to customers and suppliers alike. Thus, the tasks involved in doing business appear as a medium for the personal relationship, rather than the relationship being a medium for the task. The respondents go to great lengths to establish and maintain relationships at a personal level and take their cues from the interpersonal chemistry they experience. This provides a *true understanding* necessary for trust and for articulating and meeting expectations. The core competency implied was interpersonal skills, particularly verbal communication. Of the 35 firms, 12 demonstrated this approach to relationships.

The following are examples of the strategy described as daily practice by the respondents.

A director of a bio-processing business talks about the approach of developing personal relationships to create empathy so that a bond develops:

> '[Customers] will say yes your product is very interesting but what we'd actually like you do is just change it slightly for our purposes. So under those circumstances I think there's probably a very close relationship and very often we'll send our technical people out to visit a customer's technical people to discuss what they want.' (Case 110)

The director of an audio speaker maker amplifies the centrality of liking the stakeholder:

> '[If] I'm working with [a supplier] somebody that I particularly get on with and like, then that would naturally progress to a more friendly relationship as it would with anybody else.' (Case 135)

The proprietor of a marketing firm illustrates her orientation to people through her perception of building personal relationships over time and value of using the right language:

> '[The customer's management team] all said that they liked [the proposal] because it was direct and clear and had a very clear method on how it would work and everybody understood it . . . and the other comment that came over was I was talking their language.' (Case 134)

A director of a design company and a managing director from a publishing company also give very good insights into the importance of personal relationships, for instance the idea of 'golden values':

> '[We're] looking for integrity, that's very high on our list of golden values, so we expect it to be reciprocated, integrity and honesty.' (Case 106)

Strategic development relationship strategy (SDRS)

The main orientation of this strategy is to develop reciprocal relationships with stakeholders whom, through experience, share a common goal or interest in securing the future growth of their firm. This 'meaning of relationships', came through strongly in seven of the firms interviewed. The approach still involved the fundamental concepts of trust, honesty, personalities and individualities, but extended beyond these with an intention of working together for the benefit of both businesses. Such relationships are open and communicative at a personal level, at an inter-organizational task level and at an inter-organizational strategic level. The purview of the respondents was wider, sensing the whole market system they were involved in. The core skills and competencies implied are identifying and anticipating the need for change, communicating understanding.

The following are examples of the strategy described as daily practice by the respondents.

The managing director of a sealant manufacturer talks about his ideas of mutual benefit, mutual development and working together:

> 'Yes I have no desire or wish to keep either our customers or suppliers at arms length. I'd rather confide in them where I can and see what we do to benefit one another mutually. Relationships in business to me is one of partnerships it's about trust, it's about support and it's about mutual development.' (Case 104)

The managing director of a surface-coatings engineering firm talks about building relationships with the stakeholders business, beyond individuals, though nurturing personal relationships:

> 'And so having the right kind of relationship that extends, if you like, beyond the individual is probably very important . . . the relationships in that sense are potentially transitory, but you need to nurture [them].' (Case 129)

The owner of a distribution company demonstrates how he sees the interrelationships of the supply chain and how the development of one part helps the development of another:

> '[W]e don't have any problem in letting [customers] know that we expect to make a profit but that we're quite willing in exchange for that to go out on a limb if necessary to give them the benefits that they're looking for. [But] with our suppliers we try to establish a relationship where they can look forward, or we let them know what benefits we're expecting from their products and what trading terms we require in order for us to satisfy our customers in turn as part of a chain.' (Case 128)

The managing director and founder of a printing firm talks about how integrity in interbusiness planning and support from stakeholders is at the core of his stakeholder relationships:

> '[The customer has] told me what their plans are for the future, so therefore I can go back to [the supplier] and say right, this is what we want to call up from you, now what about it. And with that information [the customer] gets good prices and good service.' (Case 136)

These five different strategies; Network (NRS), Contract (CRS), Personal Service (PSRS), Personalized (PRS) and Strategic development (SDRS), distinguish one firm from another with regard to what relationships mean to the respondent (and by implication to the culture and behaviour of the firm).

Common relationship themes with different interpretations

A number of common relationship themes emerged from the interviews, as discussed below. There were distinctive differences in the way that these common themes were interpreted and talked about by respondents. These differences add weight to the case for prominent differences in strategies and the key competences demanded by such strategies.

The ways in which the meaning of these common themes differs in each strategy is summarized in Table 2. This table illustrates correspondence between core competences and respondent's interpretation of key themes. There are seven themes – the first four relate mainly to the context of customer relationships, the second three mainly to the context of suppliers.

Theme 1: 'Supply'

The notion that the small businesses provided a 'supply' or were 'supplying' customers through their relationships was present in firms in all five of the relationship strategies.

The NRS respondents talked in overall terms; e.g. 'we try to supply to as many people as possible'. In CRS the focus was on what was supplied, e.g. 'mainly the home market', or '[We] supply the [product name] to the [customer]'. The PSRS respondents talked about a process of supplying needs, for example 'supplying occupational health needs'. In PRS 'supply' was used in a dialectical sense, such as 'we're not supplying a standard product'. Respondents in SDRS put the term 'supply' in an interactive context, for example 'customers that supply us with big volumes of work', or 'just in time supplying [is] how we've been successful'.

Theme 2: 'Talk'

As is clear from the preceding analysis, 'talk' is a fundamental aspect of relationships, again in every one of the five relationship strategies. The transcripts are full of phrases such as 'we have to talk people through' and 'we're talking to them about problems'.

In the NRS category, talk was interactive and information sharing, as in 'we have to talk people through what they should really be considering'. In CRS, talk was for setting expectations, as in 'we can talk them through how to do it properly'. For PSRS respondents talk was a way of maintaining trust, as in 'when we . . . initially talk to [a lot of clients they] are concerned' and being 'on the telephone nearly every week talking to them'. Those in the PRS category brought to the surface the

Table 2. Different interpretations of common relationship 'themes' by owner-manager respondents analysed by relationship strategy type

	Relationship strategy				
	Network	Contract	Personal service	Personalized	Strategic development
Competence	To be able to talk and interact on a personal level.	Identifying needs and setting expectations, through discussion and specification, fulfilling contractual obligations.	Ability to relate to the particularity of task situations and the individual needs of an organisation.	Interpersonal skills, particularly verbal communication.	Identifying and anticipating the need for change, communicating understanding.
Theme					
Supply	Overall perspective; e.g. 'we try to supply to as many people as possible'.	Focus on what was supplied, e.g. 'products' 'mainly the home market'.	Process of supplying needs, for example 'supplying occupational health needs'.	Dialectical; 'we're not supplying a standard product'.	Interactive context, for example 'just in time supplying [is] how we've been successful'.
Talk	Interactive and information sharing: 'we have to talk people through what they should really be considering'.	Talk used for setting expectations: 'we can talk them through how to do it properly'.	A way of maintaining trust: 'when we sort of initially talk to [a lot of clients they] are concerned'.	Concern for processes: 'So we can talk quite freely and openly'.	An explicit business resource; 'we talk [internally] about these relationships . . . [about] the terms that we use'.
Trust	Quite objective: e.g. trust in the judgements provided 'about the equipment' or tasks.	For a relationship to develop there has to be 'trust on both sides'.	Relationships based on 'trusting somebody' to do a task, or of having 'trust in us'.	The task is secondary to the person: 'deal with people you trust'.	Objectified as a resource: 'only be obtained . . . from getting to know your customer' and 'has to be reciprocal thing'.
Expectations	Unspecific, or task oriented – 'what we do, not who we are'.	Reciprocity of expectations made as explicit as possible.	Expectations about tasks set through ongoing interpersonal dialogue.	Expectations implicit and centred around personal values and forms of behaviour.	Expectations highly explicit, open and longer term, e.g. 'we let them know what benefits we are expecting'.
Build	Sense of control: relationships built with suppliers, 'to play one off against the other'.	Relationship has objective status – can be built up.	Investment cost of building up instrumental relationship (e.g. increased volume).	Synonymous with *building rapport* about business issues.	Explicit nature of what is built, e.g. credibility, confidence.
Personal	A sense of interaction, e.g. 'personal interplay'.		'Personal' used as a qualitative description to actions 'personal contact' and 'personal touch' and 'personal service'.	People are who you do business with, e.g. 'some people you are [more] formal with [than] others'.	Being personal is instrumental, e.g. If you have a (good) relationship suppliers will 'make an extra effort'.
Service	Reliable service enables promises to be kept.	Part of what is supplied, part of the overall value assessment.	Objective item that is both 'demanded' and 'provided'.	Service is a result of what is done, e.g. 'level of service'.	Service used as a verb; 'to service', and as a noun; 'range of services' 'poor service/good service'.

processes they were concerned with, e.g. 'So we can talk quite freely and openly', and 'we've got people who know you talking to other people as well'. Respondents in SDRS used talk as an explicit internal and external business resource, for instance, 'I'm talking to fairly sophisticated MDs who are not silly', and 'it's important that our employees understand about relationships and we talk about these relationships quite often, it's actually the terms that we do use in trying to make sure that we maintain the balance'.

Theme 3: 'Trust'

The word 'trust' appears frequently in the transcripts and is present in examples of all five relationship strategies. There are differences in emphasis however between the categories. In NRS customers would trust that what the firm said about equipment or tasks being done would actually happen. In CRS, for relationships to develop, there had to be 'trust on both sides'. In PSRS there was talk of 'trusting somebody' to do a task, or of having 'trust in us'. In PRS, the task was secondary to the person. Phrases such as 'open [and] trusting' and 'deal with people you trust' were used. In SDRS trust was objectified as a resource, and could 'only be obtained . . . from getting to know your customer' and 'trust it has to be a reciprocal thing'.

Theme 4: 'Expectations'

The theme of 'expectations' is present in all five categories, often linked closely with the word 'trust'. Respondents did not always use the word 'expectations', but often alluded to the actual expectations and how these were managed. The actual phrase 'customer expectations' was typically synonymous with *changes in* expectations. The management of these was most clear in two of the categories, CRS and SDRS. In the other categories, there was a sense that expectations were implicitly wrapped in the overall dialogue between the firm and its stakeholders. In both classifications, reciprocity was fundamental to the relationship, and expectations were explicit to reciprocity. For example, one respondent in the CRS category had made significant changes to 'answer people's changing expectations'. SDRS respondents' approach to relationships made clear their expectations to suppliers, and were clear about the expectations their customers had of them and how this whole system operated.

Theme 5: 'Build'

Respondents in all five categories expressed the intention of 'building' relationships with suppliers (and with customers in some cases). The use of the word implies that the respondents had a sense of control over these relationships with suppliers, that they had some choice in whether to build the relationship or not, perhaps more choice than with customers. The building of relationships was not measured in terms of transactions, though growth in transactions was implied. A respondent in the NRS category said 'I do want to build up relationships, good trading relationships, because what I find is they offer us price support'. The CRS respondents talked more about the relationship being built up, rather than the activity of building relationships: 'The relationship is built up because we can . . . talk them through [how to do it].' This contrasts with PSRS respondents, for whom building up a relationship was instrumental, for example: 'we've built up such a relationship with the organisation that all we need to do is give them a call'. The 'time and effort that's been put into building up the relationship in the first place' was also made explicit by PSRS. Building relationships for those in the PRS category was said to be akin to building a *rapport*, though with business issues at stake. Some SDRS respondents were more explicit as to what was being built, for example 'build up credibility', and 'build confidence'.

Theme 6: 'Personal'

Respondents used the term 'personal' in four of the five categories. No transcripts in the CRS category allude to the notion of 'personal'. This term was used mainly with respect to supplier relationships. The NRS types had 'personal interplay', PSRS had 'personal contact' and personal 'touch' and of course personal 'service'. PRS types talked about *who* they had contact with, and referred to suppliers as 'people', e.g. 'tend to stop with one person', and the processes as interpersonal, e.g. 'some people you are clearly very formal with and others . . . you're probably not very formal with at all'. The SDRS perspective demonstrated an instrumental view of personal relationships. For example, 'they'll make an extra effort, [but] if you haven't got that relationship with them then they won't'.

Theme 7: 'Service'

This theme was most prominent in the context of relationships with suppliers, but was also used in the context of customers. It was used as a counterpoint to 'price', implying additional value, such as response times or problem solving. The respondents talked about 'good service', '24 hour service', 'knowledge and service', 'quality of service', being 'service driven'. A NRS respondent talked about 'reliable service', which enabled them to meet their promises to customers. A CRS respondent explicitly described the trade-off between price and service, as in 'sometimes it's counterproductive to beat [supplier prices] down too far because you don't actually get the quality of service that you want'. For PSRS, service was an objective phenomenon which 'people want' or 'demand' and which the firm 'tries to provide', because 'if you give them that service they tend to, to stay with you'. Respondents with a PRS approach to relationships treated service as analogous to products, i.e. an outcome of activity, 'we have to have a balance between [price] competitiveness and the level of services'. SDRS respondents described service both as a process, e.g. 'so long as they are delivering these benefits and are seen to try to service that' and as a pseudo product, e.g. 'we've increased the range of services we offer these people'.

Discussion

The evidence and analysis above has unpacked the meaning of small-business external stakeholder relationships, definitively grounded in the actors' perspectives, and is complementary and additive to the few other empirical sociological analyses of this issue, for example (Burrows and Curran, 1989; Curran and Blackburn, 1994; Larson, 1992). It provides new and original evidence of how owner-managers make sense of environmental change through the instrumentality of relationships. Our analysis reveals owner-managers' practice of constructing relationship strategies to enable the firm to relate to and interact with its essential stakeholder, and that qualitatively different strategies are used, which are mutable. We have found sufficient evidence among 36 small businesses to suggest that it is possible to categorize differences in relationship strategies as types.

Common relationship themes in the narratives of owner-managers are; supply, talk, trust, expectations, build, personal and service. These themes are evidence of the strong presence of attempted governance through social control mechanisms (Janowitz, 1976; Leifer and White, 1986). Despite being everyday in action, the strategies are demonstrably long-term in conception. They are not conceived by the owner-managers as structural, for example as might be configurations of products and services, or segmentation of customers relative to competitors (d'Amboise and Muldowney, 1988; Gartner, 1985; Miller and Toulouse, 1986; Storey, 1994). Nor do these strategies conform with the notion of entrepreneurial posturing, i.e. the extent to which the owner-manager favours change and innovation (Covin, Prescott *et al*., 1990). Instead, the strategies are more concerned with the maintenance of everyday social flow between the firm and its stakeholders and by implication the reduction in the risk of being let down, for example by non-supply, non-payment or removal of business. The categorical differences in relationship strategies, which are manifest in different behaviour, may be explained as voluntaristic, revealed as differences in meaning by the social constructionist methodology employed.

Whatever the reasons for owner-managers' differing orientation to relationships, relationship strategies are not fixed. One type of orientation tended to dominate the strategies of each owner, but there was evidence, from the owner-managers' accounts, of changes in their orientation to relationships over time. For example, moving from a personalized approach to a strategic development approach. There was no evidence that respondents conceived of stages in moving from one strategy to another. Nor did any respondent allude to stages in the development of their relationship, as construed by Larsen (1992). Some did articulate what they considered a good relationship, for example having rapport.

As far as the sampling allows, there does not appear to be any direct relationship between the sector of the firms and their relationship strategy. Different strategies were observed in firms in the same industry (e.g. printing). Owner-managers' explanations of the reasons for particular activities related to the way they did business, not how their industry did business. The linkage between owner-manager relationship strategies and normative sectoral business models could be pursued in further research. Other research has identified significantly different relationship strategies in the same industry (Human and Provan, 2000), although the use of similar technologies is also reported (North, Leigh *et al.*, 1992).

Similarly, we found little evidence of direct links being made by the owners between awareness of environmental uncertainty or complexity (Gibb and Scott, 1985) and the individual relationship strategy pursued. One (SDRS) owner-manager talked about the value of a particular customer who reduced uncertainty through long-term commitment and planning. Mainly there was a sense that the various strategies all assumed high levels of uncertainty. Nor in general was there any strong articulation of the firms' networks in the context of relationships. Only the NRS and SDRS firms gave any real sense of recognizing a wider network or interrelated businesses.

From the evidence, our view is that relationship strategy is owner-manager-centric, supporting the widely held view of the significance of the owner-manager or entrepreneur (Chell, Haworth *et al.*, 1991; Schumpeter, 1934). The power that customers have to encourage particular activities does not deterministically cause the relationships strategy. Nor does competitor activity. Rather, what customers ask for is reflexively interpreted through the relationship strategy and results in particular behaviour. An example of this is the different ways in which information and communications technology was used by the firms interviewed. For instance, firms with a strategic development relationship strategy made greater use of video links, electronic data-interchange systems and high-speed digital technologies in their relationships.

The research did not address the utility of different strategies to the firms with regard to long-term outcomes. There is evidence elsewhere that the owner's ability to connect an understanding of the external environment with internal operational aspects of the business makes a difference to outcomes (Jenkins and Johnson, 1997). Evidence from Chell and Baines (2000) suggests that there are quantitative and qualitative differences between entrepreneurs and non-entrepreneurs and between growth-oriented and non growth-oriented firms (Chell *et al.*, 1991), in their participation in 'weak tie' (Granovetter, 1985) networks. The point here is that the external environment and internal operations are mediated through the meaning of relationships. The strategies were all 'working' for the firms concerned but to link this with, for example, levels of profitability, would in this case identify accidental regularities, which beset management literature. The question of outcomes requires further research, but we do not claim a theory of outcomes from this research – our focus is on explanations of differences in orientation and behaviour. It is certainly interesting to speculate on whether, for example, a strong orientation to a strategic development relationship strategy (SDRS), or any other relationship strategy can be empirically associated with significant growth, or a desire to grow (Birch, 1979; Chell and Baines, 2000; Gallagher and Miller, 1991; Hakim, 1989; Storey, 1994).

Our theoretical claims are modest;

(a) that the actors make a difference to the effect of structural causal powers in their environment, i.e. a non-deterministic paradigm;
(b) that there is continual reflexive (Garfinkel, 1967) shaping of the firms' activities through the owners' interpretation of the interactions with stakeholders;
(c) that distinctive orientations to relationships have been identified, which may inform future intensive and extensive research (Harré, 1979).

These claims are not trivial, however, for they demonstrate from a social constructionism perspective; that the actors are reflexively re-shaping the meaning of their experienced world. This shaping gives prominence to certain behaviours that, at least in part, form the interrelationship of the business leader with the environment. Insights into this process are grounded in the explanations and stories of the actors themselves, as are the defining characteristics. This offers robust explanations and illustrations of voluntaristic causal mechanisms. It is not a normative theory, for there is no concept of the overall outcomes of particular strategies (which reflects the tensions in the role of interpretative research as a basis of normative managerial frameworks). Our position is of course open to critique where it could be argued that actual causes are not apparent to the actors, and open to critique for its lack of experimental adequacy. We suggest that our evidence shows that deterministic theory, from either an atomized or over-socialized perspective (see Granovetter, 1985), is inadequate in explaining the actions of owner-managers of small firms, and that our work contributes to a greater understanding of differences in behaviour.

The nature of further research arising from this study is considerable. First, a wider utilization of constructionist approaches, that seeks to uncover meanings and reflexivity in the everyday narratives of people doing business can provide insights into issues currently resisting theoretical development in small businesses and entrepreneurship, such as the link between intentionality and outcome. It provides a methodology to those calling for the researcher to get closer to the study of businesspersons in action in their environment (d'Amboise and Muldowney, 1988). The approach is compatible with an understanding that entrepreneurship is a process of continual learning and change.

Second, empirical and theoretical work can be undertaken to explore how the relationship strategies of small firms can change in different contexts. This study has examined the way that relationship strategies change through technology. Future research could consider the utility of the typology for understanding relational change in a number of different contexts, e.g. growth, sustainability, internationalization, the supply of professional services and finance, breadth of customer types, etc.

Third, theory of the management of small firms needs to be rethought. The way that intention, values and identity are inherent and implicit in the daily interactions with stakeholders needs to be made more explicit. Effective relationships are the medium for recognizing and responding to environmental change. From the firm's perspective, a nexus of relationships, including that with the owner-manager, sustains its existence. The diverse relationships that owner-managers need to manage, and the tensions created by the different needs and expectations of stakeholders, internal and external, create the working environment. Undertaking different relationship strategies requires different competences. Changing strategies (as the research discovered), can rapidly create a new environment and the requirement for new competences. Perhaps we need to concentrate more on these issues in small business management in research and teaching.

The findings have utility for management practice. Illuminating these alternative strategies and the inherent risks for owner managers may prove emancipatory. Each of the strategies creates different forms of dependency and risk. Embeddedness can make firms vulnerable to exogenous shocks (Uzzi, 1997) as well as protecting them (Larson and Starr, 1993; Ostgaard and Birley, 1994). An understanding of owner-managers' differing expectations of relationships is useful to firms attempting to develop a supplier relationship with small firms. Also, as we noted in our follow-up ethnographic research, changes in relationship strategy have considerable organizational effects that could be better anticipated with an explicit understanding of relationship strategies and the competences required to undertake them.

Summary

This research has revealed that people running small businesses have different approaches to relating to key stakeholders. More specifically, they develop relationship strategies to communicate and do business with their key stakeholders (who they identify almost universally as being primarily their customers.) Unlike the firms interviewed, we use the term 'strategy' to describe their behaviour because, although it is daily practice, it has a long-term orientation, through which the owner-manager reflexively shapes the direction of the firm.

The ontology is sociologically founded from the accounts of economic actors embedded in social systems. The actors were key decision-makers in 36 independent small businesses in a variety of sectors. The theoretical distinctions between the strategies are made by analytical interpretation, grounded in their narratives and language.

A relationship strategy is a concept that we use to explain how the owner-manager plans and attempts to put into practice a particular method of dealing with stakeholders. Five categories of relationship strategy were identified; network relationship strategy, contract relationship strategy, personal relationship strategy, personal service relationship strategy and strategic development relationship strategy.

These strategies are conceptualized as reflexive processes through which owner-managers daily engage with environmental events. The impact of environmental events and change (i.e. probabilistically deterministic causal powers) is mediated though these relationships, which are themselves causal with respect to the specific behaviour of the firm. The implication of this is that different strategies result in different outcomes relative to an environmental change.

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Appendix 1. Details of the interviewees

Relationship Strategy	Firm Type	Case ref.	Employee band	Status	Interviewee/s	Gender
Contract	Stone Masonry	117	50–99	independent	Managing Director	M
	Printing (Franchise)	139	10–19	franchise	Owner-Manager	M
	Air Humidifier Manuf.	121	100+	independent	IT Manager	M
Network	Telecoms Repair Service	107	1–9	independent	General Manager	M
	Recondition Telecom Products	120	20–49	independent	General Manager	M
	Light Plant & Power Tools Hire	130	1–9	independent	Managing Director	M
Personal Service	Flag Manufacturer	101	1–9	independent	Managing Director	F
	Advertising	102	10–19	independent	Managing Director	M
	Audio Distributor	112	100+	independent	Purchasing Supervisor	M
	Microfilm Service	113	20–49	independent	Managing Director	M
	Pharmacy	116	50–99	independent	Managing Director	M
	Executive Coach Travel	119	10–19	independent	Managing Director	M
	Occupational Hygiene Labs	124	1–9	independent	Managing Director	M
	Stationery Printers	126	1–9	independent	Managing Director	M
	Elect/Mech. Engineering	133	10–19	independent	Director	F
	Architectural Glass	137A	20–49	independent	Financial/ Production Manager	M/M
Personalized	Eng. Problem Solving	105	10–19	independent	Managing Director	M
	Publishing	106	1–9	independent	Managing Director	M
	Security Installation/Testing	108	10–19	independent	Managing Director	M
	Chemical Processing	110	20–49	independent	Finance Director	M
	Heating & Ventilation	114	20–49	independent	Director	M
	Marketing/PR/Design	118	20–49	independent	Director	M
	Food Packaging Tester	122	1–9	independent	Managing Director	M
	Detergent Product Testing	125	20–49	independent	Managing Director	F
	Engineering	131	50–99	independent	Manager (family)	F
	Industrial Marketing/PR	134	1–9	independent	Principal Consultant	F
	Audio Speaker Manufacturer	135	1–9	independent	Director	M
	Secretarial support	140	10–19	subsidiary	Managing Director	M
Strategic Development	Wedding Bureau/Photographer	141	1–9	independent	Managing Director	M
	Pipework Lining Manuf/Fitters	129	10–19	independent	Managing Director	M
	Sealant Manufacturer	104	50–99	independent	Managing Director	M
	Body Repair Workshop	109	10–19	independent	Managing Director	M
	Hard/soft Landscapers	111	50–99	independent	Partner & Financial Director	M
	Video Distribution	128	1–9	independent	Managing Director	M
	Printers	136	20–49	independent	Partner	M

Appendix 2. Interview guide

Typical questions used in the interviews

About the firm
Brief background to history, general overview of the current business activities.
History of the firms introduction and use of IT and any other technologies, e.g. what kinds of IT/communication systems does your firm use? What are they used for? Why does your firm use these particular technologies?

Customer/Supplier relationships
Discussion about your firm's customers.
How does your firm deal with these different customers, e.g. face to face, by telephone?
Which people were involved in setting up and developing relationships?

How have particular relationships changed, how much time is spent in contact, what technologies are used? Similar questions re suppliers.

Examples of questioning:

Context setting

- Interviewer: 'I am specifically taking a qualitative perspective and trying to really understand primarily what relationships mean in business, how relationships are changing, and then try and address and look at how relationships are changing with the impact of IT.'

Typical questions to elicit meaning

- What I'm really interested in, in terms of small business research, particularly for this piece of research, is what a relationship means to people operating a small business. I just wondered what you understood by the term relationship?
- Do you have an idea of what a relationship in business means?
- What about relationships with clients what do they mean to you? What do you think is involved?
- Relationships in business is a term that everybody uses – relationships with customers and suppliers. What does that mean?

Encouraging some narrative in response

- I just wondered whether you could talk me through a few examples of how you gain their business. How you maintain contact with them and the role that IT has in these relationships?
- Could you take an example of a relationship with a customer or supplier and actually talk me through how you do business with them. How they initially contact you? How the business develops? How you follow it through?
- So could you take a few customer relationships as an example and actually go through what you do for them?

Developing an understanding of relationship characteristics

- Do you have any customers that are long-standing?
- So what's an important feature of the relationship with customers then, is it the knowledge that you give them?
- Do you think there is different kinds of knowledge involved in the different relationships?
- What about the word power?
- What part do you think then that knowledge plays in relationships?
- Can you define what relationships with UK customers are like in comparison (to Japanese customers)?
- And what about relationships with suppliers. What kind of suppliers do you have?
- And how does a relationship differ with suppliers to customers then?
- Do you find that your relationships with suppliers then however large or small the organisation is, is pretty much similar or do you have a sense of difference?
- And what about your suppliers. What kind of suppliers do you use, are they long-standing suppliers?