Leena Viitaharju

Asymmetrical business relationships as a marketing management challenge for small food businesses

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Tiivistelmä

Pienillä elintarvikealan yrityksillä on keskeinen, mutta usein aliarvostettu rooli paikallistalouksien elinvoimaisuuden ylläpitämisessä. Ne edistävät työllisyyttä, maaseudun elinvoimaa ja sosiaalista yhteenkuuluvuutta sekä tukevat alueellista ruokaturvaa paikallisten toimitusketjujen kautta. Yhä monimutkaisemmat ja kilpailullisemmat ruokajärjestelmät altistaavat nämä yritykset kuitenkin epäsymmetrisille liikesuhteille suurempien ja vaikutusvaltaisempien kumppanien, kuten vähittäiskaupan ja julkisten ruokapalveluiden, kanssa. Erot resursseissa, osaamisessa ja neuvotteluvoimassa aiheuttavat alan pienyrityksille merkittäviä markkinoinnin ja strategisen johtamisen haasteita.

Väitöskirja tarkastelee, miten pienet elintarvikealan yritykset hallitsevat näitä liikesuhteita, ja miten valtaepätasapaino muokkaa markkinointia, luottamuksen rakentamista, viestintää ja innovointia elintarvikeketjuissa. Suhdemarkkinoinnin teorian ja pienyritysten markkinoinnin kirjallisuuden pohjalta tutkimus analysoi, miten yritykset voivat toimia yhteistyössä suurempien kumppanien kanssa säilyttääkseen kilpailukykynsä ja tasapainottaakseen suhteitaan.

Väitöskirja perustuu monimenetelmälliseen lähestymistapaan ja neljään artikkeliin. Ensimmäinen artikkeli tunnistaa toimintaympäristöön vaikuttavat keskeiset tekijät. Toinen artikkeli tarkastelee luottamuksen muodostumista epäsymmetrisissä liikesuhteissa. Kolmannessa artikkelissa analysoidaan viestinnän ja suhteiden dynamiikkaa viidessä EU-maassa kerätyn kyselyaineiston ja rakenneyhtälömallinnuksen avulla. Neljäs artikkeli kehittää innovaatiosuhteiden typologian ja tarkastelee epäsymmetrian vaikutuksia pienten ja suurten yritysten välisiin innovaatioihin. Tulokset osoittavat, että vaikka valtaepätasapaino asettaa rajoitteita, se voi myös kannustaa innovointiin ja oppimiseen. Luottamus ja tehokas viestintä ovat keskeisiä keinoja vähentää riippuvuutta ja edistää tasapainoisempaa yhteistyötä.

Väitöskirja täydentää suhde- ja pienyritysmarkkinoinnin kirjallisuutta jäsentämällä, miten pienet elintarvikealan yritykset voivat hallita epäsymmetrisiä suhteitaan luottamuksen, viestintäosaamisen ja innovaatioiden avulla. Se tarjoaa keinoja vahvistaa neuvotteluasemaa, parantaa kilpailukykyä ja rakentaa pitkäaikaisia, molempia osapuolia hyödyttäviä kumppanuuksia. Samalla se syventää ymmärrystä epäsymmetrisistä suhteista ja tarjoaa näkemyksiä siitä, miten pienet yritykset voivat menestyä muuttuvissa, epätasapainoisissa suhteissa.

Asiasanat: suhdemarkkinointi, epäsymmetria, elintarvikealan pienyritys, luottamus, viestintä, innovaatio

Abstract

Small food businesses play an essential yet often under-recognized role in sustaining local economies and fostering community resilience. Operating at the intersection of local production and wider food networks, they contribute to employment, rural vitality, and social cohesion while supporting regional food security through locally sourced supply chains. However, their participation in complex and competitive food systems exposes them to asymmetrical business relationships with larger, more powerful partners, particularly within retail and public food service sectors. These relationships, often marked by disparities in resources, knowledge, and bargaining power, create distinct strategic and marketing challenges for small food businesses.

This dissertation investigates how small food businesses manage and navigate these asymmetrical B2B relationships. It examines how power imbalances shape marketing practices, trust-building, communication, and innovation within food supply chains. Drawing on relationship marketing theory and small business marketing management literature, the study explores how small food businesses can strategically engage with larger partners to sustain competitiveness and enhance relational balance.

Methodologically, the dissertation employs a mixed-methods approach across four interlinked articles. The first identifies key factors influencing the food industry and the operational environments of small businesses. The second explores trust formation in asymmetric dyads. The third analyzes communication and relationship dynamics using survey data from five EU countries and structural equation modelling. The fourth develops a typology of innovation relationships, examining how asymmetry affects collaborative innovation processes between small and large partners. The findings show that although power asymmetries impose constraints, they can stimulate adaptive marketing behavior, encourage innovation, and facilitate learning. Trust and effective communication emerge as central mechanisms enabling smaller actors to mitigate dependency and foster more balanced cooperation.

The dissertation contributes to relationship marketing and small business literature by conceptualizing how small food businesses can actively manage asymmetric relationships through trust-building, communicative competence, and innovation. It offers small food businesses strategies to strengthen their bargaining position, enhance competitiveness, and build long-term, mutually beneficial partnerships. By deepening understanding of asymmetry in such relationships, this research insights into how small businesses can thrive in evolving and unequal relationships.

Keywords: relationship marketing, asymmetry, small food business, trust, communication, innovation

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Completing this dissertation has been far from a short sprint in the park; rather it has resembled a marathon run under demanding conditions and across difficult terrain. Now that the journey has reached its conclusion, it is finally time to thank all those people who have supported me along the way.

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So close no matter how far
Couldn't be much more from the heart
Forever trusting who we are
And nothing else matters

Kurikka, April 2026

Leena Viitaharju

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Abbreviations

B2B	Business-to-business
EU	European union
IMP	Industrial Marketing and Purchasing group
4Ps	Marketing Mix; product, price, place, promotion
SC	Supply chain
SME	Small and Medium-sized enterprise

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1 INTRODUCTION

Small food businesses play a multifaceted and often under-recognized role in sustaining local communities. They create local employment opportunities, often in rural or semi-urban areas where alternatives may be limited, and they contribute to retaining population and skills within the community (Hayden et al., 2014; Jokinen et al., 2009). Beyond their direct economic impact, these businesses often support regional development by strengthening local value chains and fostering collaboration between producers, processors, retailers, and service providers. By sourcing raw materials locally, small food businesses support farmers and other primary producers, enhance regional security of supply and increase the resilience of local food systems against disruptions (Stoeva et al., 2024).

The embeddedness of small businesses in the local economy often enhances trust and transparency, as consumers can more easily trace the origin and quality of products (László et al., 2025; Hinrichs, 2000). In addition, such businesses frequently promote and participate in local initiatives, whether through sponsorship of events, engagement in farmers' markets, or collaborating with schools and community groups, thereby reinforcing place-based identity and social cohesion (Bauermaister, 2016). Many serve as informal hubs for social interaction, where relationships between producers, suppliers, and customers develop over time, contributing to the cultural heritage and distinctiveness of the locality (Hinrichs, 2000). Since small businesses typically have limited bargaining power in their business relationships, they tend to prefer close and direct relationships with their partners to foster cooperation, mutual understanding, and innovation (Wixe et al., 2023; Stoeva et al., 2024; Maglaras et al., 2015). Close and direct relationships may thus help compensate for the imbalance in their relationships.

Relationship marketing, a deliberate process of keeping business partners long-term, focuses on interdependence, trust and cooperation (Payne & Frow, 2017; Grönroos, 1994; Morgan & Hunt, 1994). However, interorganizational relationships are often affected by asymmetry in resources, knowledge, and power between partners. Such imbalances may lead to one party to dominate the relationship or drive change. Research on business-to-business relationships shows that such asymmetries may shape trust, value creation, and the likelihood of relationship continuity (Agariya & Singh, 2011; Dyer & Chu, 2000). While asymmetry is traditionally viewed as a challenge and problematic, research shows it can also benefit smaller partners by fostering knowledge exchange, co-development, and improved interaction (e.g. Munksgaard et al., 2015; Colurcio et al., 2012). Thus, asymmetry in relationships can create opportunities for learning and adaptation when both parties remain committed to exchange and coordination. It should be noted that asymmetry is not static but rather dynamic, evolving over time and affecting outcomes in both positive and negative ways. Businesses must therefore reassess their relationships periodically to ensure they continue to provide net benefits and adapt to changing dynamics. Consequently, a deeper understanding of the operational context is crucial.

This research investigates the relationships between small food processing businesses and larger businesses within the food chain environment, as well as the marketing challenges that small businesses may encounter in these relationships. These challenges often stem from power imbalances, differences in regulatory compliance capabilities, and access to markets, which influence how small businesses navigate their relationships with larger counterparts. Different standards, policies and regulations shape the food system environment, creating a framework for businesses and organizations to operate within. Understanding the marketing challenges faced by small food businesses is essential for assessing how their potential contributions to local economies and food systems can be more fully realized.

This chapter provides an overview of the research background by demonstrating the significance of the research topic. The importance of studying small food businesses, especially in asymmetrical settings, is discussed first. Next, light is shed on their operational environment, followed by the presentation of the objectives and intended contributions of the study. Finally, presentation of the key concepts of the study concludes this chapter.

1.1 Why study small food businesses in asymmetrical settings?

The food system consists of a wide range of interconnected actors operating across food chains, from raw material production to final consumption. According to Whatmore (1995), these actors include agri-technology industries, factors of production (such as capital, labour, training, etc.), farming, intermediates (e.g. wholesale, and imports/exports), food processing, regulation (e.g. food security), and food consumption. At a minimum, the food system includes activities of food production, processing, packaging, distribution, retail, and consumption (Ericksen, 2008). The sector is characterized, for example, by volatility, diversity of actors, public regulation, and perishability of products. This dissertation focuses on the small food businesses operating in the processing sector, and their relationships with other food system actors, particularly their larger business-to-business customers in both private and public sectors. These relationships are typically characterized by asymmetrical power structures, as small food businesses often depend on customers who possess significantly greater bargain power, resources, and influence within the market (Maglaras et al., 2015; Fearne et al., 2005).

Finland joined the European Union (EU) in 1995, and since then the role of EU policies and regulations in the food sector have shaped the operational environment greatly. The operational environment in the food processing sector is highly regulated, as there are, for example, strict standards for food safety and quality, both national and international regulations for various ingredients and nutritional information, and both import and export requirements for food products (European Commission, 2020; European Union, 2002). All this necessitates a robust control of operations, and thorough management of documentation. In the EU the General Food Law (Regulation (EC) No 178/2002) is the foundation for the food by giving the framework for all development by covering all stages of food production and distribution.

In 2022, according to Eurostat (2024), there were almost 310 000 businesses in the EU processing food and beverages, representing over 14 per cent of all manufacturing enterprises. The EU's food businesses employed approximately 4.7 million people and added €266 billion in value. Small food businesses can be seen as the backbone of food processing industry in the EU, since little over 96 per cent of all food businesses are micro or small businesses, that employ less than 50 people, the average number of employees being 16. In terms of employment, the share of micro and small businesses of the total is approximately 35 per cent (Eurostat, 2024). Thus, also their economic importance as providing employment and social well-being is undeniably huge.

Quantitative traits are a common way to define small businesses even though they are not only 'scaled down' versions of large businesses, but there are different kinds of motivations, constraints and uncertainties in the small business context compared to the large business context (Westhead & Storey, 1996). There are also various qualitative traits defining the nature of small businesses. There is a close tie between the company and the owner; usually the company manager and the proprietor are one and the same person. The small business owner-manager is in direct contact with the employees, customers and suppliers as they usually are responsible for all areas of business operations. (Loecher, 2000). Thus, also the marketing characteristics of a small business are derived from the owner-manager's characteristics (e.g. owner-manager's key competences and his/her managerial style) and firm's characteristics (e.g. firm size and life-cycle stage) (O'Dwyer et al., 2009).

MacGregor (2004) lists features unique to small and medium-sized enterprises (SMEs) into internal and external characteristics. The internal characteristics include, for example, a strong desire for independence, intuitive decision-making processes, the intrusion of family life into business operations, and limited access to financial resources, technical knowledge, and specialist staff. The external features relate primarily to products, services and markets, and may include, for example, a relatively narrow product range, a limited market share, lower competitiveness, and higher business failure rates. Nieto and Santamaria (2010) argue that while the advantage of large businesses resides in their superior resources, the key strengths of small businesses lie in their behavioral advantages. Yet their smaller size can provide a degree of flexibility that supports and facilitates innovativeness. Also, close relationships with the customers can be considered as their strength. Knowing the customer will further help reinforce the relationships between business partners (Zontanos & Anderson, 2004).

Micro, small and medium-sized food businesses have traditionally operated within local or national markets, serving nearby communities with a unique range of products (Brink, 2018). Although their market orientation has historically been geographically limited, the sector is increasingly shaped by processes of globalization and intensifying competitive pressures (Hyrylä, 2023). As a result, even smaller businesses are, to some extent, compelled to comply with the rules and regulations of a global competitive environment. Sustaining competitiveness in such an environment requires strategic differentiation and the cultivation of robust inter-organizational relationships. These dynamics underscore the need for further research.

As already stated, small businesses usually lack the scale, resources, and market influence needed to negotiate strongly with larger partners. Because of this weaker bargaining position, they cannot rely on price pressure, contracts, or formal power to secure favorable outcomes. Instead, they turn to relational strategies. Previous research suggests that small food businesses often strengthen competitiveness through network participation, relational coordination, and trust-building with business relationships playing an important role in innovation, market access, and strategic differentiation (Stoeva et al., 2024; Brink, 2018). Accordingly, a deeper understanding of how small food businesses can leverage business relationships to enhance their competitive position is of growing scholarly and practical relevance.

1.2 Small food businesses in the Finnish food chains

According to the Finnish Ministry of Economic Affairs and Employment, there were nearly 2600 food and drink processing businesses in Finland in 2022 (Hyrylä, 2023). The annual turnover of the food and drink processing industry was approximately 13 billion euros in the same year (Hyrylä, 2023). The majority of these businesses are classified as small or micro-sized businesses. In fact, approximately 94 per cent of all food businesses in Finland employ fewer than 50 people (Aitoja makuja, 2023). Furthermore, as many as 81 per cent are considered micro businesses, meaning they employ fewer than 10 people. Regardless of their small size, these businesses play a crucial role in the local economy and employment (Ruoka 2030, 2017). It should be noted though that comprehensive and continuous statistics on the financial performance of small food companies are currently not available in the same way as, for example, those concerning primary production (Rikkonen et al., 2017). However, small businesses constitute a cornerstone of Finnish food supply chains, and their retention as vital can help the maintenance of regional equality.

In the food sector, the most common areas of production include bakery products, the processing of berries and vegetables, meat processing and slaughtering, and as well as beverages (Hyrylä, 2023). Together, companies operating in these sectors account for nearly 65 per cent of all food-related businesses. When small food businesses are evaluated based on revenue, their primary marketing channels are the retail sector and public catering services (Vaara et al., 2020). In recent years, however, the economic importance of direct sales to consumers as a marketing channel has grown significantly due to, for example, development of digital platforms (e.g. Guo et al., 2022). This trend has been particularly evident since the emergence of REKO[2] group sales in the mid-2010s. The REKO model has played a key role in reshaping local food systems by reconnecting producers and consumers. This not only supports local economies but also enhances transparency, trust, and sustainability within the food supply chains (Hagolani-Albov & Ehrnström-Fuentes, 2023).

Sales to retail sector

The retail sales of food stuffs and non-alcoholic beverages totaled over 16 billion euros in Finland in 2023. The retail sector is highly concentrated: over 80 per cent of the Finnish retail market of food is dominated by two retail chains, S Group and K Group. (Päivittäistavarakauppa 2024, 2024). Independent retail operators selling food stuffs, on the other hand, are almost non-existing or at least only with minimal significance in the Finnish context. The size of retail stores has increased during the past decades resulting in European Commission to perceive the situation in Finland as a threat to fair and even competition or pricing. The Commission has given recommendations in its several previous country reports that the retail sector in

[2] REKO is a short for Swedish words rejäl konsumtion, which in English translates 'fair consumption'. It is an alternative food network in which consumers can order goods directly from producers without middlemen (Hagolani-Albov & Ehrnström-Fuentes, 2023; Szymoniuk & Valtari, 2018).

Finland should be opened for a more efficient competition (European Commission 2023; 2015). This could be a way to enhance the possibility of new businesses to enter the Finnish retail markets and the consumers' freedom of choice.

Finland is a large and sparsely populated country, which means that an effective retail and wholesale structure is required to avoid e.g. high costs related to logistics (Päivittäistavarakauppa 2024, 2024). The highly centralized retail sector makes it, however, rather difficult for small food businesses to get their products into supermarkets' shelves as their production capacity rarely meets the needs of the hundreds or even thousands of stores across the country. Thus, it is more common for small food businesses to have their product in the retail assortment at the regional or local level, or they can build their presence in the retail sector gradually, reaching customers by supplying their products to one store at a time (see e.g. Työ- ja elinkeinoministeriö, 2023).

Sales to public food services

Approximately 350 million euros are spent yearly on the purchases of foods stuffs in the public sector in Finland. Public catering and public procurement are also highly centralized as the retail sector in Finland. Many municipalities or municipal federations have combined their forces in procurement, the main reason being the high level of expertise needed for the work (Karikallio & Arovuori, 2024). Public procurement procedures must be carried out in accordance with national procurement legislation and the procurement directives of the EU. Public Procurement in Finland is regulated by the Act on Public Procurement and Concession Contracts 1397/2016, which implements Directives 2014/24/EU, 2007/66/EC and 2014/23/EU of the European Parliament and of the Council, and the Council Directive 89/665/EEC.

As the public sector buying processes are regulated by the procurement law, this entails that the buyer must tell its needs publicly so that all the processes are fair, non-discriminant, equal and transparent (Julkisten hankintojen neuvontayksikkö, 2024a). At least in theory all the businesses operating in an appropriate field of industry would be potentially suitable for offering their products or services. However, the public procurement practices are often considered rather unfamiliar and vague by the small businesses (Sorama et al., 2021), and they are not too eager to answer public calls (Jääskeläinen & Tukiainen, 2019).

The operational environment of the public sector is thus seen rather challenging by the small businesses. Decision-making, food procurement, preparation, and serving may be handled by separate entities, creating disjointed processes that are hard to navigate. Additionally, large procurement groups dominate, favoring bulk suppliers and limiting opportunities for smaller businesses to compete (Viitaharju et al., 2014). Adding small businesses share in the public kitchens requires the procurers to have a thorough understanding of the entire production chain, and for small business owners to have the capability to comprehend procurement criteria and act entrepreneurially, listening to market demands at just the right time (Viitaharju et al., 2017). One of the factors undoubtedly complicating the access of small businesses is the fact that most of them often lack both marketing expertise and consumer awareness.

Certain policy incentives encourage small businesses to participate in the public tendering processes. The procurement law entails procurers to carry out a market survey before the invitation to tender is published, which is intended to help the procurers to modify the tender in a way that there would be at least a sufficient number of businesses to answer the open tenders (Julkisten hankintojen neuvontayksikkö, 2024b). There are two procurement procedures that can help small food businesses in getting access to public sector. First procedure is the dynamic procurement systems (DPS), which is a fully electronic means of procuring commonly used purchases, the characteristics of which meet the requirements of the contracting authorities (Karikallio & Arovuori, 2024). The suppliers can join the system at any time, and it is considered to offer a dynamic and flexible tool to purchase goods or services. It is believed to increase competition, as more tenders are usually placed compared to traditional procurement systems (Eyo, 2017). The second option is the innovation partnership, an effective approach to procurement through product development. It is intended to facilitate the development of products or services that are not yet present in the market, in collaboration between a business and a public sector actor (Aho, 2017). However, innovation partnerships can also involve risks, as their outcomes are uncertain at the initial stages of the cooperation.

Direct sales to consumer markets

The Finnish consumers' demand for food is a multifaceted and rather complicated issue. On one hand the consumers demand for diversity and novelty in their food purchases, but on the other hand the traditional and price sensitive products are also appreciated (Forsman-Hugg et al., 2024). The size of the families has been decreasing, and the number of single-person households has increased over the past decades; in fact, the number of such households has doubled in the past 30 years (Statistics Finland, 2024). These demographic changes have also influenced consumer food purchasing patterns, such as preferred package sizes and the desired degree of product readiness. Today, consumers may also be torn by the sustainability demands of their surrounding environment (e.g. Soutar & Wand, 2022; Irz et al., 2019), causing climate and environmental anxiety, and making even everyday food choices more complicated.

The direct sales to consumers previously meant either selling your produce in the marketplace or farmers' markets or establishing your own farm shop. The birth of so-called REKO movement, an alternative food network, happened in Finland in 2013, and has since become a significant marketing channel for small food businesses to reach consumers directly (Szymoniuk & Valtari, 2018). Two of its enabling factors are on one hand the dissatisfaction in the position of small food producers and processors in the food system, and on the other hand the growing use of social media or digital platforms. REKO can be called as a digital alternative food network, as the sales transaction happens on-line in a Facebook group as a form of pre-orders, directly from producers to consumers without middlemen (Hagolani-Albov & Ehrnström-Fuentes, 2023). Alternative food chains and short food supply chains thus reduce the social, geographical, and informational distance between those who produce food and those who consume it (Kneafsey et al., 2013; Renting et al., 2003). The reconnection between consumers and processors enables consumers to engage more directly with the economic, environmental, and cultural dimensions of food production (Sonnino & Marsden, 2006). For small food businesses REKO represents one mechanism for reducing asymmetry.

The growth of online shopping of food stuffs in Finland has been relatively slow, but recent years have brought some changes. However, the exact statistics of small food businesses' online sales remain limited. During the Covid19 pandemic and its lockdowns in 2020 and later, the main retail chains' online webshops attracted many new customers, and sales have remained rather steady since. However, online shopping for food stuffs still accounts for less than 3 % of the total retail sales (Päivittäistavarakauppa 2024, 2024). The food processors' own webshops, and webshops among various food processors that are managed by an outside operator, currently contribute only marginally to overall revenues, and two largest retail chains dominate the e-commerce of food (ECDB, 2024).

Based on several recent studies and reports, a large share of Finnish consumers value domestic, small-scale food production and processing, and they want to support just distribution of income in the food system (e.g. Forsman-Hugg et al., 2024; Niva & Peltoniemi, 2019). Unfortunately, the rising food prices have made it almost impossible for many low-income consumer groups to afford to buy the food they value. This naturally has its direct effects also on the small food processing businesses and their market possibilities.

1.3 Purpose, objectives, and contributions of the research

There is a lack of research on asymmetrical business-to-business relationships in food supply chains, particularly regarding how such asymmetries affect small food businesses operating within them. Previous studies on small food businesses and their interorganizational relationships have examined, for example, collaboration to manage quality (e.g. Burgess et al., 2023; Van Parys et al., 2023) or to reduce costs (e.g. Stoeva et al., 2024; Van Parys et al., 2023). Research on short food supply chains has also attracted considerable interest, but it has largely focused on the fairness or authenticity of the relationships (e.g. Bayir et al., 2022; Vandevelde et al., 2020; Forssell & Lankoski, 2014) rather than critically examining how asymmetry shapes relationship practices. In particular, limited attention has been paid to issues of power, and dependency despite their importance in shaping exchange conditions and outcomes. This gap is significant, as asymmetrical relationships may influence small businesses' strategic autonomy, access to resources, and ability to capture value.

The purpose of this study is to explore how small food businesses can engage in marketing practices to successfully manage asymmetrical business relationships with their larger B2B customers. It identifies the specific challenges these small businesses face in such relationships, examines their strategic responses, and proposes management approaches to enhance their marketing effectiveness and competitiveness under conditions of power asymmetry. Understanding the struggles small food businesses encounter in these unbalanced relationships is crucial for developing strategies that strengthen their bargaining power, improve competitiveness, and foster more equitable partnerships within the food supply chain.

More specifically, this research contributes to small business marketing management literature, with the special emphasis on relationship marketing literature, by conceptualizing and empirically exploring how small food businesses can strategically use communication and innovation activities to build trust in balancing the asymmetry they face in their business relationships with larger companies. This dissertation consists of four research articles, and each of them addresses one of the objectives. Figure 1 presents the purpose of the study (in the middle), and how it is further divided into four objectives in different articles.

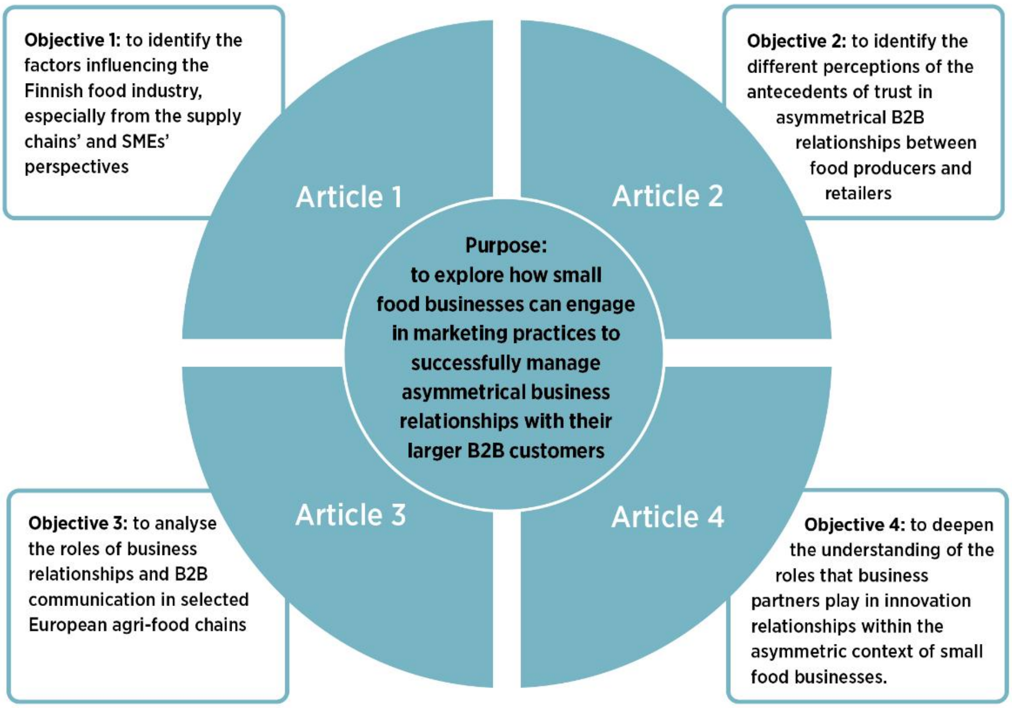

Figure 1 Purpose and objectives of the dissertation.

The overall purpose of the dissertation is divided into following four objectives:

> **Objective 1**: to identify the factors influencing the Finnish food industry, especially from the supply chains' and SMEs' perspectives.

The first objective highlights the importance of being familiar with the operational environment of the small food businesses and understanding the businesses' opportunities for success. Article 1 employs a Delphi method approach to explore the operational environment through insights from food sector experts. The Delphi exercise is effective in finding consensus on research issues among a panel of preselected experts. The panelists provide their responses anonymously, enabling them to express their opinions freely.

> **Objective 2**: to identify the different perceptions of the antecedents of trust in asymmetrical B2B relationships between food producers and retailers.

The second objective is attained by investigating the business relationships between the small food producers and their retailer customers in Article 2. Both sides of the business dyads are approached with the help of semi-structured face-to-face interviews. Article 2 examines asymmetric business dyads to find the antecedents of trust, and to study the differences of these antecedents between the business partners. There is a lack of research of trust in asymmetrical business settings, and this article helps to address that gap in the literature.

> **Objective 3:** to analyze the roles of business relationships and B2B communication in selected European agri-food chains.

The third objective is explored in Article 3 by examining the relationships in different agri-food chains. The data for the research is collected by surveys from farmers, food processors and retailers in two commodity sectors (meat and cereals) across five different EU countries. Structural equation modelling is used to test the empirical relevance of the research hypotheses, as it is regarded e.g. to be flexible in testing models with multiple dependent variables and fit to study difficult data. The results of this study offer valuable insights into relationship building process.

> **Objective 4:** to deepen the understanding of the roles that business partners play in innovation relationships within the asymmetric context of small food businesses.

The fourth objective is under investigation in Article 4. The aim of the article is to identify the types of innovation relationships between business partners, to analyze these relationships considering asymmetry, and to explore the practical implications of these relationship types in asymmetrical business dyads. The study aims to expand the understanding of the roles that business partners play in innovation within the asymmetric context of small food businesses. Article 4 builds a typology of innovation relationships, contributing to the literature on the innovativeness of small food businesses and demonstrating how asymmetry influences relationships with more powerful partners.

This study contributes to both academic literature on relationship marketing, and practical managerial marketing strategies by deepening the insights on dyadic relationships and elaborating on the challenges the small food businesses face in their asymmetrical B2B relationships. Hence, this research strives to advance the discussion of various coping mechanisms the small food businesses can use to balance their dyadic business relationships. The specific focus is on the following relationship marketing constructs: trust, communication and innovativeness. Categorization of the antecedents of trust, emphasis on the role of communication in relationships, and understanding the different innovation relationship types provides small businesses opportunities to position themselves as intentional relationship-building actors. Managerial contribution of the study is to offer small food businesses means to strategically manage their business relationships with larger, more powerful partners. The findings provide insights to help small food businesses strengthen their readiness to act proactively in their relationships, especially when those relationships are asymmetrical. By adapting the research findings to their daily business practices, small food businesses can leverage their capabilities to balance the asymmetry in their B2B relationships.

1.4 Key concepts of the study

The identification of the key concepts and their definitions is utterly important for the clarity and coherence of the phenomenon under study. This section introduces the fundamental concepts that constitute the conceptual foundation of this research. The central constructs examined in this study include relationship marketing, asymmetry in business relationships, trust (together with its antecedents), communication, and innovation. The definitions of these concepts are briefly outlined below and will be further elaborated in detail in Chapter 2.

Relationship marketing is commonly conceptualized as a strategic, long-term orientation that emphasizes the creation, development, and, most importantly, the maintenance of meaningful exchange relationships designed to generate mutual value for all key stakeholders (e.g. Payne & Frow, 2017; Palmer, 2000; Grönroos, 1994). These stakeholders extend beyond customers, to include suppliers, distributors, influencers or other actors within the broader business environment (e.g. Payne & Frow, 2017; Grönroos, 1994). Table 1 outlines the principal components of relationship marketing identified by various scholars over the past three decades, which collectively contribute to the establishment of sustainable and resilient business relationships.

Table 1. Main components of relationship marketing by various authors.

Author(s), year	**Concepts**
Grönroos, 1994	promise concept, trust, dialogue, value, customer perceived quality
Wilson, 1995	trust, commitment, cooperation, mutual goals, interdependence / power imbalance, performance, satisfaction, comparison level of the alternative, adaptation, nonretrievable investments, shared technology, summative constructs, structural bonds, social bonds
Bejou, 1997	trust, commitment, quality, ethics, communication, expertise, relationship duration, relationship satisfaction
Lewin & Johnston, 1997	relationship dependence, trust, commitment, communication, cooperation, equity
Garbarino & Johnson, 1999	satisfaction, trust, commitment

Author(s), year	Concepts
Palmer, 2000	value, trustworthiness, knowledge, image
Lindgreen, 2003	concern, commitment, service, promises, trust
Tzokas & Saren, 2004	trust, commitment, knowledge, interaction, dialogue
Ford & Håkansson, 2006	relationship, network, interaction, structure, process, value
Palmatier et al, 2006	commitment, trust, relationship satisfaction, relationship quality
Sheth, 2017	value co-creation, collaboration, brand communities
Payne & Frow, 2017	co-creation, value-in-use, stakeholders
Wang et al., 2020	trust, prior interaction, expectation of continuity, institutional distance

First, *relationship marketing* is often conceptualized as an on-going process that begins with attracting or identifying customers and continues with retaining them over the long-term (e.g. Payne & Frow, 2017; Grönroos, 1994; Morgan & Hunt, 1994). Second, scholars highlight that successful business relationships rest on mutual benefits for the partners involved (e.g. Lambert, 2010; Sheth & Parvatiyar, 2000; Grönroos, 1994). Third, it can be also argued that implementing relationship marketing involves all activities aimed at supporting relational exchanges, and that these activities may vary depending on specific relationships in question (e.g. Morgan & Hunt, 1994). Fourth, the literature also refers to stakeholders beyond customers alone, such as suppliers and employees (e.g. Payne & Frow, 2017; Grönroos, 1994). Overall, relationship marketing underscores the need to allocate limited marketing resources between existing and new customers or partners in a way that maximizes long-term profitability (Payne & Frow, 2017).

Asymmetry in business relationships means that there is an imbalance between the partners in one or more aspects. There can be a size difference of partners, but the parties can be heterogeneous also in many other aspects and possess diverse knowledge bases. A difference in size alone does not necessarily imply asymmetry in the relationship. There can also be differences in resources, capabilities, and power as well as management and the actors' culture (Munksgaard et al., 2015; Johnsen & Ford, 2008; Blomqvist, 2002). The imbalance in the resources of one of the businesses in a relationship, or in the way that those resources are used, often enables one of the businesses to be more able to influence the other, to initiate change in the relationship or to even dominate it (Mouzas & Ford, 2007). In practice, asymmetry often emerges when smaller suppliers rely heavily on larger buyers, which is frequently observed in food chains (Hingley, 2005b).

Trust, communication and *innovation* are all important constituents of relationship marketing and important building blocks of business relationships. Trust and communication have been mentioned in the theoretical discussion since the early days of relationship marketing (e.g. Lewin & Johnston, 1997; Grönroos, 1994), but innovation is a more recent addition, since the discussion on (value) co-creation increased. Trust can be defined as a certainty that a business partner can be relied on to fulfil its obligations in a situation involving risks and vulnerability (e.g. Sombultawee et al., 2025; Doney & Cannon, 1997; Mayer et al., 1995). Communication is an activity linking people and organizations together and helping to create and maintain relationships (Olkkonen et al., 2000; Mohr & Nevin, 1990). Innovation can be seen as a continuous process of learning, discovery and researching aimed at creating new products, techniques, organizational features or markets to strengthen business' market position (Baregheh et al., 2009; Lundvall, 2007). Innovations are regarded as an essential source of competitive advantage for businesses, which is the case also in the food sector (Salnikova et al., 2019; Fortuin & Omta, 2009). All these concepts will be further elaborated in Chapter 2.3.

1.5 Structure of the study

This dissertation is structured into five chapters, each contributing to a comprehensive understanding of the research topic. Together these chapters provide a logical progression from contextual framing to theoretical exploration, methodological justification, empirical analysis, and, ultimately, discussion and conclusions.

Chapter 1 establishes the foundation of the dissertation by introducing the background and broader research context. It begins by outlining the significance of the research topic and continues to the discussion of the dissertation's purpose and objectives. This chapter provides also a brief introduction to the key concepts of the study.

Chapter 2 builds upon the foundation laid in the introduction by offering a more in-depth examination of the conceptual and theoretical perspectives relevant to the study. It examines business relationships through multiple lenses, outlining key theoretical perspectives that guide the research.

In Chapter 3, the focus shifts to the philosophical underpinnings of the study, where the chosen research methodologies are discussed in detail alongside a presentation of the empirical data and its subsequent analysis. This chapter is concluded with a quality assessment of the study and a discussion of ethical considerations.

Chapter 4 presents the original research articles included in the dissertation, emphasizing their contributions by concisely summarizing their key findings and relevance to the broader study.

Finally, Chapter 5 brings together the main discussions and conclusions of the dissertation, reflecting on both the academic and managerial contributions. At the same time, it also critically acknowledges the study's limitations. The chapter concludes by suggesting potential and promising avenues for future research, suggesting how subsequent studies may build upon or refine the insights generated here.

The original research articles that form the basis of the dissertation are inserted in Part II, providing the reader with access to the detailed studies upon which the broader analysis is built.

2 A CONCEPTUAL APPROACH TO ASYMMETRICAL BUSINESS-TO-BUSINESS MARKETING DYADS

Business-to-business marketing dyads have long occupied a central position in marketing research, reflecting the fundamental role of inter-organizational exchange in economic activity (e.g. Grönroos, 1994; Webster, 1992). Historically, such dyadic relationships were examined primarily from the viewpoint of merely selling products, that is, from the transactional perspective. The focus rested on discrete exchanges, price mechanisms, and efficiency in selling products or services (Perreault & McCarthy, 2002; Kotler, 1972). Within this view, interactions between businesses were often treated as independent events, with limited attention given to the continuity or social context of exchange.

However, over the past few decades, this transactional focus has progressively shifted toward a more holistic and relationship-centered perspective. Influenced by developments in relationship marketing and network theory, scholars have increasingly emphasized the long-term interactions and ongoing collaboration between businesses (Hunt et al., 2006; Wilkinson & Young, 2002; Sheth & Parvatiyr, 1995; Morgan & Hunt, 1994). From this perspective, marketing dyads are understood not merely as sites of exchange but as evolving relationships shaped by repeated interactions, mutual adaptation, and shared expectations.

Consequently, increasing attention has been directed toward relational constructs such as trust, commitment, and communication, which are viewed as critical for sustaining long-term business relationships and enhancing performance (Morgan & Hunt, 1994; Ford, 1990). These relational dimensions highlight the social and behavioral aspects of inter-firm exchange, moving beyond purely economic explanations and acknowledging the embeddedness of business relationships within broader networks. This research adopts the relationship marketing paradigm to explore the nature of marketing dyads within this wider relational context.

This chapter discusses the theoretical underpinnings of the research. The text is divided into four separate subchapters. The first presents the evolution of the relationship marketing paradigm, its core elements, and how small food businesses fit within it. The second subchapter discusses the asymmetry in business relationships and the consequences it has for the business dyad. The third subchapter describes the key components of B2B relationships chosen for this study; trust, communication and innovation. Finally, the fourth subchapter presents the theoretical framework and structure of the dissertation.

2.1 Relationship marketing and small businesses

It is fundamental for all businesses to understand and manage their buyer-seller relationships. Relationship marketing has been a widely discussed topic among academics and marketing practitioners worldwide for almost 40 years already. However, the concept of relationships in business has been discussed for at least as long as marketing has existed as a discipline. The term 'relationship marketing' first appeared in the marketing literature in 1983. It was first used by Berry in a conference paper at the American Marketing Association's Services Marketing Conference (Berry, 2002). Although it was Berry who first used the term, several ideas of relationship marketing emerged in the marketing literature much before. For example, McGarry had relational ideas already in the early 1950s, Adler observed in the 1960s the symbiotic relationships between firms that were not linked by the traditional marketer-intermediary relationship, and in the 1970s Arndt noted the tendency of firms engaged in business-to-business marketing to develop long-lasting relationships with their key customers and their key suppliers rather than focusing on discrete exchanges (Sheth & Parvatiyar, 2000). Of course, these were influenced by the early marketing thinking that focused mainly on efficiency of marketing channels.

Based on these findings, several scholars in the USA began to exam long-term interorganizational relationships, and in Europe, the Industrial Marketing and Purchasing (IMP) group laid emphasis on business relationships and networks (Sheth & Parvatiyar, 2000). The Nordic school approach to services marketing has also been relationship oriented from its birth in the 1970s (Gummesson & Grönroos, 2012). During the 1980s and 1990s, several perspectives of relationship marketing grew. One aspect integrated quality, logistics, customer services and marketing, another aspect focused on partnering relationships and alliances as forms of relationship marketing, and e.g. relationship-oriented communication strategies and supply chain integration have interested researchers (Sheth & Parvatiyar, 2000).

Nevertheless, the concept of relationship marketing still lacks a clear, unified definition and, depending on the theoretical background adopted and the operational context, it is often used indistinctly to refer to different meanings (Agariya & Singh, 2011; Eiriz & Wilson, 2006). One way to approach the concept of relationship marketing is to compare it with transactional marketing. Relationship marketing and transactional marketing are said to be at opposite ends of a marketing continuum (Sheth & Parvatiyar, 1995). Transactional marketing is characterized by competition and conflict, independence, and a strong focus on short-term profits, whereas relationship marketing is characterized by mutual interdependence, cooperation and the pursuit of long-term partnerships (Agariya & Singh, 2011). To broaden the understanding, Table 2 presents a range of definitions of relationship marketing proposed by various authors.

Table 2. Definitions of relationship marketing by various authors.

Author(s) and year	**Definition**
Grönroos, 1989	*"...to establish, develop and commercialise long-term customer relationships, so that the objectives of the parties involved are met. This is done by a mutual exchange and keeping of promises."*
Ballantyne, 1994	*"Relationship marketing is an emergent disciplinary framework for creating, developing and sustaining exchanges of value between the parties involved, whereby exchange relationships evolve to provide continuous and stable links in the supply chain."*
Grönroos, 1994	*"Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises."*
Gummesson, 1994	*"Relationship marketing is marketing seen as relationships, networks and interaction."*
Morgan & Hunt, 1994	*"Relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges."*
Sheth & Parvatiyar, 2000	*"...the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-used customers to create or enhance mutual economic value at reduced cost."*
Berry, 2002	*"...attracting, maintaining and – in multi-service organisations – enhancing customer relationships."*
Christopher et al., 2002	*"...emphasises a relationship, rather than a transactional, approach to marketing... (...)...understands the economics of customer retention and thus ensures the right amount of money and other resources are appropriately allocated between two tasks of retaining and attracting customers."*
Gummesson, 2002	*"Relationship marketing is based on interaction within networks of relationships."*
Ramani & Kumar, 2008	*"It is a process for developing innovation capability and providing a lasting competitive advantage."*
Lambert, 2010	*"It is being viewed as strategic, process oriented, cross-functional, and value-creating for buyer and seller and as a means of achieving superior financial performance."*
Payne & Frow, 2017	*"Strategic management of relationships with all relevant stakeholders. These include not only customers, but also suppliers, influencers, referral sources, internal markets, etc."*

Based on different definitions of relationship marketing, several common factors can be identified. First, most definitions describe relationship marketing as a continuing process, starting from attracting or identifying customers and keeping them for long-term (e.g. Lambert, 2010; Grönroos, 1994; Morgan & Hunt, 1994). Second, many definitions emphasize the importance of mutual benefits between business partners as a prerequisite for a successful business relationship (e.g. Sheth & Parvatiyar, 2000;

Grönroos, 1989). Third, drawing from these definitions, it can also be argued that the activities in implementing relationship marketing are not strictly specified but instead encompass all actions undertaken to promote relational exchanges, with the specific activities varying according to relationship in question (e.g. Gummesson, 2002; Morgan & Hunt, 1994). Fourth, some definitions extend beyond customers to include other relevant stakeholders (e.g. Payne & Frow, 2017; Grönroos, 1994). Overall, relationship marketing highlights the need to balance scarce marketing resources between existing and new customers or partners in order to achieve maximum long-term profitability (Payne & Frow, 2017).

Traditionally, research on B2B marketing dyads has focused primarily on economic and transactional aspects of exchange, such as price, efficiency, cost minimization and formal structures of interaction (Sheth et al, 2012; Dabholkar et al., 1994). Inter-firm relationships were largely viewed as discrete market transactions in which firms sought to maximize economic value through competitive pricing, efficient logistics, and contractual arrangements. As a result, relatively little attention was devoted to the social and relational dimensions of business relationships, including trust, commitment, communication, and the processes involved in building and maintaining long-term partnerships (Sheth et al., 2012; Coviello et al., 1997). A paradigm shift emerged in the late 1980s, early 1990s, placing greater emphasis on long-term relational exchanges, and since then collaboration and partnerships have increasingly been regarded as core elements in B2B relationship marketing practice and research (Fill & Fill, 2005).

The traditional 4Ps marketing (product, price, place, promotion) can be argued to be almost irrelevant for small businesses that predominantly rely on face-to-face interaction (Anderson & McAuley, 1999). Although relationship marketing can benefit businesses of all sizes, its value is especially pronounced for small businesses. Owing to their constrained financial and human resources, such businesses face challenges in allocating substantial investments e.g. to mass marketing or new customer acquisition strategies. The benefits of relationship marketing include, among other things, increased customer life-time value, lower marketing costs, higher customer satisfaction, small perceived risks, deeper customer understanding, and reliable customer base (e.g. Chisam et al., 2022; Durmaz et al., 2020; Ravald & Grönroos, 1996).

Small businesses typically emphasize personal business relationships, flexibility, and the tailoring of their offerings. In other words, they aim to serve their customers and create value - factors that are widely recognized as central to their competitiveness (Gilboa et al., 2019; Zontanos & Anderson, 2004). Prior research demonstrates that relationship marketing fosters mutually satisfying, lasting relationships with customers, thereby enhancing retention, increasing lifetime value, and reducing marketing costs in the long run (Sheth & Parvatiyar, 2000; Grönroos, 1994). These outcomes align closely with the operational objectives of small businesses. Moreover, social relationships and personal communication have been identified as critical elements of customer experience and business success, particularly for small businesses (Gilboa et al., 2019; Zontanos & Anderson, 2004). Consequently, relationship marketing can be regarded as especially well-suited in the context of small businesses.

Relationship marketing is now an established field of research, focusing on the generation of knowledge relating to the initiation, maintenance, and enhancement of mutually beneficial relationships between partners (Gummerus et al., 2017). Relationships are not always characterized by harmony; relationship marketing literature has long acknowledged that power struggles and trust building processes influence relationship outcomes (e.g. Brion et al., 2019; Morgan & Hunt, 1994). This view is not always recognized by newer theoretical approaches such as Service-Dominant logic, which highlights value co-creation (Lusch & Vargo, 2014). Even within such frameworks, exploitative or negative behaviors can occur.

There is a need for a conceptualization of relationships that also encompasses cases in which the parties do not benefit equally, and for understanding the contingencies that shape such outcomes beyond purely dyadic factors such as power or deception. In this regard, the asymmetrical business relationships and their specific characteristics examined in my dissertation articles contribute to a deeper understanding of this phenomenon. As noted earlier, empirical research is still needed in the field of relationship marketing, and studies situated in small business context remain relatively scarce. It is thus worthwhile to investigate relationship marketing practices and outcomes in small business context and within their asymmetrical relationships in order to address this gap in the literature.

2.2 Asymmetry in business relationships

Relationship marketing often emphasizes the ideals of symmetry and mutuality in long-term business relationships (Hingley, 2005b; Ganesan, 1994). In such relationships, both parties are assumed to contribute equally and benefit mutually, fostering a balanced and sustainable partnership. However, this ideal is not always realized in practice. In contrast, asymmetry suggests that there are inequalities between the partners of the relationship (Johnsen & Ford, 2008). These disparities can arise not only from differences in organizational size, but also from the heterogeneity of the actors involved. Partners may differ significantly in their knowledge bases, access to resources, capabilities, levels of power, as well as management and culture of actors (Munksgaard et al., 2015; Johnsen & Ford, 2008; Hingley, 2005b; Blomqvist, 2002). Research on power in B2B relationships has traditionally adopted a transactional approach, and the relational view has been lacking (Siemieniako et al., 2025). In this research the relational view is in focus.

Power asymmetry in B2B relationships is frequently used interchangeably with related terms such as power imbalance (Essabbar et al., 2016; Chiksand, 2015) and dependence asymmetry (Kim & Fortado, 2021), reflecting the unequal distribution of control, resources, and strategic options between exchange partners. Rather than representing a fixed state, asymmetry can be understood as a continuum ranging from low to high levels of relational imbalance. At the high end of this continuum, the weaker partner typically experiences limited autonomy and increased vulnerability to the stronger partner's influence, while at the low end both parties retain greater freedom of action and negotiating power (Bogomolova et al., 2026).

An imbalance in the resources between the companies in a relationship, or in the way that those resources are mobilized and applied, can shape the power dynamics or patterns of interaction within the relationship. It often enables one of the companies to be more able to influence the other, to initiate change in the relationship or to dominate the relationship (Mouzas & Ford, 2007; Hingley, 2005b). Small businesses may express concern over exploitative and negative behaviors within such relationships (e.g. Hingley, 2005b) and the potential risk these imbalances entail. The risks associated with resource imbalances extend beyond immediate transactional inequities. They can influence trust formation, relational commitment, and the overall stability of the partnership (Hingley, 2005b). Thus, the way such imbalances are perceived, negotiated, and managed becomes central to determining whether the relationship evolves toward exploitation or strategic interdependence.

Asymmetry in business relationships naturally has consequences for those involved in them. The scientific literature has often characterized asymmetry in relationships to cause mainly problems or only costs to suppliers (e.g. Johnsen & Ford, 2008). However, scholars such as Blomqvist et al. (2005), Colurcio et al. (2012), Hingley et al. (2015) and Munksgaard et al. (2015) have argued that asymmetry can also generate positive outcomes for smaller partners within a relationship. The positive effects of asymmetry can be seen, for example, in small businesses gaining new knowledge or competencies from their larger and more powerful business partners and in partners' mutual eagerness to co-development (Colurcio et al., 2012).

An asymmetrical setting is therefore not always a hindrance but can encourage well-functioning and productive interaction within business relationships (Hingley et al., 2015; Munksgaard et al., 2015) and may even serve as a catalyst of innovation

(Lambrecht et al., 2015; Colurcio et al., 2012). Hingley and colleagues (2015) further contend that symmetrical relationship is not necessarily the ideal form of business, as it may not always result in meaningful co-operation or the creation of novel and relevant outcomes. As they suggest, "the most interesting outcomes stem from asymmetry" (ibid., p. 229). Hence, asymmetrical business settings may enhance co-innovation by stimulating mutual learning, resource complementarity, and creative problem-solving between partners with differing capabilities.

Lacoste & Johnsen (2015) investigated the management of asymmetrical relationships between suppliers and strategic customers, focusing on how such imbalances in power and dependence can be effectively navigated. They argue that supplier performance is primarily a process-driven phenomenon, which is shaped by the supplier's own strategic actions, learning, and relational management capabilities (ibid.). This perspective underscores the role of the less powerful partner, the supplier, not merely as a passive actor, but as an active participant seeking to influence and shape the relationship in ways that foster success and generate mutually beneficial outcomes. Through collaboration and adaptation, partners signal their commitment to the relationship and desire to invest in the relationship for the long term (Nyaga et al., 2013).

It is important to recognize, however, that asymmetry is a non-static phenomenon. While certain structural imbalances may appear stable at a given point in time, asymmetry inherently possesses a temporal dimension (Thomas & Esper, 2010). This implies that both the degree of asymmetry and its consequences can evolve over time. Consequently, businesses cannot assume that the benefits and drawbacks of an asymmetrical relationship will remain constant, and that a relationship that was beneficial in the past will remain so indefinitely. Instead, it becomes essential for businesses periodically to reassess their business relationships to ensure that the advantages they derive continue to outweigh the potential risks or disadvantages and support their goals (Cowan et al., 2015). Such reassessment not only helps in safeguarding long-term value creation but also enables businesses to verify whether these relationships are being managed strategically and effectively, adapting governance mechanisms where necessary to maintain a sustainable balance.

As previously mentioned, asymmetrical business interactions can create opportunities for innovation (Lambrecht et al., 2015; Colurcio et al., 2012); however, the relationship is not always straightforward. In fact, the innovation capacity of business partners in asymmetric relationships may sometimes be diminished, as asymmetry can hinder transparent information sharing between the parties (Michalski et al., 2019). This dynamic is particularly relevant in the context of the food sector, which is characterized by the high prevalence of small and resource-constrained firms operating within complex supply chains. In order to remain competitive in asymmetric business relationships, small food businesses are often compelled to develop more innovative solutions across various areas of their operations, including production, marketing, management and logistics (Setyawan et al., 2019; Minarelli et al., 2015; Colurcio et al., 2012). This drive for innovation is essential to meet evolving customer needs and preferences effectively (Capitanio et al., 2009; Costa & Jongen, 2006; Bhaskaran, 2006; Avermaete et al., 2003).

Unfortunately, small food businesses may lack both financial, human and technological resources needed for innovation, but co-operation with more powerful partners can address these resource limitations (Lambrecht et al., 2015; Batterink et al., 2010). In this context, open and transparent communication plays a critical role. When communication is effective, it can bridge gaps in resources and expertise, enabling even the smaller partner to contribute meaningfully to joint innovation efforts (Colurcio et al., 2012). Therefore, small businesses can even enhance their innovation potential in asymmetric business relationships with more powerful partners if knowledge is shared actively.

Asymmetrical B2B relationships within the food sector frequently create information gaps as smaller businesses often lack equivalent bargaining power, market visibility, or direct access to information compared to larger partners (Maglaras et al., 2015; He et al., 2013). These asymmetries can undermine market functioning, compromise product quality, and diminish consumer trust. A systematic exploration of such power imbalances is essential for advancing transparency, supporting equity within supply chains, and thus promoting the business success of small businesses. All this can have direct economic and social impact.

2.3 Key components of business-to-business relationships: Trust, communication and innovation

2.3.1 Trust and its antecedents

Trust is a frequently discussed concept in both everyday life and academic research. In practice, whether between individuals or organizations, trust often manifests as confidence in the actions or intentions of others. It has been examined across a wide range of disciplines, including sociology, psychology, economics, marketing, finance, law, and political science (Herian & Neal, 2016; Schoorman et al., 2015; Rousseau et al., 1998). Within this broad body of research, trust is commonly regarded as a critical aspect of co-operation and its effectiveness (Assis et al., 2022). It also provides a foundation for understanding how social actors relate to one another and how collaborative initiatives are initiated and sustained (ibid).

Despite extensive scholarly attention, there is no universally accepted definition of trust. Nevertheless, several attempts have been made to delineate trust in business relationships. First, trust is closely related to the willingness to accept risk; making oneself vulnerable to the actions of another person whose behavior cannot be fully controlled is considered as a fundamental element of trust in business relations (e.g. Blois, 1999; Doney & Cannon, 1997; Mayer et al., 1995). Second, trust is often associated with belief or confidence in the other party's goodwill or benevolence (e.g. Doney & Cannon, 1997; Mayer et al., 1995). Goodwill and benevolence carry moral connotations, referring to an intention to consider others' interests beyond an egocentric profit motive (e.g. Hosmer, 1995). In many ways, therefore, trust can be viewed as the opposite of opportunism in business relations. Consistent with these characteristics, this study defines trust as confidence that a business partner can be relied upon to fulfil its obligations in a situation entailing risks and vulnerability.

It is practically impossible for a relationship between businesses to function without trust (van Zeeland-van der Holst & Henseler, 2018). Trust facilitates cooperation, reduces uncertainty, and enables businesses to take calculated risks, which are all crucial for long-term partnerships (Huang & Wilkinson, 2013; Garbarino & Johnson, 1999; Doney & Cannon, 1997; Morgan & Hunt, 1994). Thus, its absence may lead to inefficiencies, heightened risks, and failed partnerships, making trust not just desirable but essential.

The emergence of trust between business partners is considered to be shaped by the context of the relation (e.g. Tyler & Kramer, 1996; Hardy & Magrath, 1989) and by the characteristics of the partners involved (Massey & Dawes, 2007; McAllister, 1995). These factors naturally introduce variation in the nature and development of trust. Trust is therefore commonly understood to comprise two correlated but empirically distinguishable dimensions: cognitive trust, based on rational assessments, and affective trust, based on feelings, emotions, or social skills (Dowell et al., 2015; Johnson & Grayson, 2005; McAllister, 1995). In the marketing literature, cognitive forms of trust have received greater scholarly attention than affective forms (Dowell et al., 2015).

Furthermore, trust is not static; its intensity and character typically evolve as business partners accumulate shared experiences (Dowell et al., 2015; Lewicki & Bunker, 1996; Ganesan, 1994; Ring & Van de Ven, 1992). During the early stages of a relationship, the trust-building process relies on different foundations than it does in more mature stages. While cognitive trust is important throughout the relationship, affective trust tends to play a relatively greater role in the early phases (Dowell et al., 2015). Recognizing this distinction is essential for managers seeking to build trust and maintain successful business relationships.

To fully understand how trust is built, it is important to identify the antecedents of trust, i.e. the preconditions required for trust to arise. These vary greatly across business contexts and populations (Geyskens et al., 1998). In the B2B context, the antecedents of trust can be divided into organizational and personal characteristics (e.g. Doney & Cannon, 1997; Moorman et al., 1993). In addition, characteristics of the product or service and of the market in question have also been highlighted as important antecedents of trust (Gounaris & Venetis, 2002; de Ruyter et al., 2001). Geyskens et al. (1998) provided an even more detailed classification in their extensive meta-analysis of trust in marketing channels, identifying seven categories of antecedents with varying importance in the trust-building process. Overall, there is no fixed or universally agreed-upon list on the antecedents of trust; rather, scholars differ in their views on which factors matter most. Moorman et al. (1993) argue that both belief and behavioral intention components must be present for trust to arise, otherwise trust remains limited, and other relationship components, such as power or control, may dominate. Table 3 presents a selection of the antecedents of trust identified by various authors.

Table 3. Antecedents of trust in selected studies

The author(s)	**Research design**	**Antecedents**[3]
Aulakh, Kotabe & Sahay (1996)	Survey on 257 US firms having distributor and licensing relationships with firms from Asia, Europe and Central/South America	Continuity expectations (+), flexibility (+), information exchange (+), social control (+)
Doney & Cannon (1997)	Survey on 210 firms involved in industrial manufacturing in USA	size of the supplier firm (+), willingness to customize (+), expertise of the salesperson (+), likeability (+), similarity (+), frequent business contact (+)
Simpson & Mayo (1997)	Survey on 331 beer distributors	Use of noncoercive strategies (+), coercive strategies (-), increases in noncoercive influence attempts in highly relational systems (-)
Sako & Helper (1998)	Survey on 675 first-tier automotive component suppliers in the US and 472 first-tier suppliers in Japan	Commitment (+), information sharing (+), technical assistance (+), market uncertainty (-), ownership and location (+/-), management practices (+)
Selnes (1998)	Survey on 177 customers of a food producer serving in the Norwegian institutional market	Satisfaction (+), communication (+)

[3] The plus and minus signs indicate whether each antecedent has a positive or negative effect on trust—that is, whether it promotes trust or distrust.

The author(s)	Research design	Antecedents[3]
Dyer & Chu (2000)	Survey on 453 automakers and their selected suppliers in the U.S, Japan and Korea	Length of relationship (+), continuity of relationship (+), assistance (+)
Zineldin & Jonsson (2000)	Survey on 114 purchasing managers at Swedish timber merchants	Shared values (+), communication (+), satisfaction (+)
Nicholson, Compeau & Sethi (2001)	Survey on 238 wholesale franchisees for new agricultural machinery	Interpersonal liking (+)
de Ruyter, Moorman & Lemmink (2001)	Survey on 491 firms in the VHV copiers market in the Netherlands	Offer characteristics (+), relationship characteristics (+)
Armstrong & Yee (2001)	Survey on 200 Chinese industrial buyers and sellers in Malaysia	Perceived intention (+), organizational trust (+), strength of personal relationship (+), dialect fluency (+), similarity in cultural values (+)
Gounaris & Venetis (2002)	Survey on 152 customers of advertising agencies in Greece	Service quality (+)
Perks & Vaux Halliday (2003)	Interviews with 30 informants of four case studies in strategic collaboration between large multinational European and Japanese organizations	Knowledge of state of resources and capabilities (+), intentionality and prediction (+), behaviour (+)
Gounaris (2005)	Survey of 127 companies from different industries in Greece	Service quality (+), bonding (+)
Sharif, Kalafatis & Samouel (2005)	Survey of 229 SMEs within the UK electrical and electronic industry	reputation (+), skill (+), transaction specific investments (+), formal information exchange (+), informal information exchange (+), coercive power (-), flexibility (+)
Bstieler (2006)	Structured questionnaires of 34 manufacturers	communication (+), fairness (+), conflicts (-), egoism (-)
Mehta, Larsen, Rosenbloom & Ganitsky (2006)	Survey of 149 US exporters	cultural similarity (+)
Suh & Kwon (2006)	Survey of 170 American firms practicing supply chain management	respondent's asset specificity (-), partner's asset specificity (+)
Doney, Barry & Abratt (2007)	Survey of 202 buyers of aviation component repair services in 42 countries	social interaction (+), open communication (+), customer orientation (+), overall service quality (+), perceived value of service (+)
Bstieler & Hemmert (2008)	survey of 100 vertical product development partnerships in South Korea and Austria	communication quality (+), fairness (+), unresolved conflicts (-)
Bönte (2008)	survey of 179 firms with an aeronautical affinity	incoming knowledge spillover (+), appropriability problems (-), geographical proximity (+)
Karlsen, Græe & Massaould (2008)	In-depth interviews of 11 project managers	reliable behavior (+), good communication (+), sincerity (+), competence (+), integrity (+), reaching

The author(s)	Research design	Antecedents[3]
		project milestones (+), commitment (+), benevolence (+), goal congruence (+)
Vélez, Sánchez & Álvarez-Dardet (2008)	Longitudinal case study of a manufacturer and its distribution channel	management control systems (+)
Leonidou, Talias & Leonidou (2009)	Survey of 151 producers of industrial goods currently exporting	coercive power (-), non-coercive power (+)
Lohtia, Bello & Porter (2009)	Survey of 181 US firms engaged with Japanese B2B buyers	long-term orientation (+), relationship building (+), product differentiation (+), product modification (+)
Nguyen & Rose (2009)	Initial interviews with 6 entrepreneurs, survey of 61 company owners and managers in Vietnam	use of social network (+), sharing business information and practices (+), establishing personal rapport (+)
Hsu, Chang & Yen (2011)	Survey of 324 members of virtual communities	knowledge growth (+), perceived responsiveness (+), social interaction ties (+), shared vision (+), system quality (+), knowledge quality (+)
Theron, Terblanche & Boshoff (2011)	web-based survey of 158 relationship managers and telephone survey of 400 clients in South Africa	satisfaction (+), communication (+), customization (+), competence (+), shared values (+)
Franklin & Marshall (2019)	Survey of 268 managers or other decision-makers; Fuzzy-set qualitative comparative analysis	co-creation (+), integrity (+)

In B2B exchanges, especially under conditions of asymmetry, antecedents of trust may take on particular complexity. The weaker party is often more sensitive to signals of fairness, benevolence, and reliability from the stronger party, while the stronger party may focus more on competence and performance (Zaheer et al., 1998). This contextual sensitivity highlights the need to study how trust is actually constructed and maintained in specific relational settings, especially in asymmetrical relationships.

We currently live in a digital era where interactions are increasingly conducted online, and trust has become even more important, but at the same time it is more difficult to establish in indirect and technologically mediated connections (Kozuch, 2021). It must be noted that like in traditional face-to-face interactions, in digital surroundings trust is not inherent, but it must be deliberately cultivated. This requires transparency, openness and consistent commitment to foster genuine collaborative relationships (Rijswijk et al., 2023; Kozuch, 2021). Moreover, digitalization appears to reinforce existing power structures (Rijswijk et al., 2023), which means that asymmetry in a relationship may become even more pronounced. In this sense, digital transformation not only reshapes the antecedents of trust but also amplifies the challenges of building and sustaining it in contexts where dependency and imbalance are already present.

2.3.2 Communication

Communication is one of the most important building blocks of a contemporary marketing channel. Through communication, business relationships can be built, maintained and strengthened (Mason & Leek, 2012; Olkkonen et al., 2000; Mohr & Nevin, 1990). Communication is the human activity that really links people together and creates meaningful relationships (Mason & Leek, 2012; Anderson & Narus, 1990). Compared to traditional transaction-based marketing, relationship marketing is more communication intensive at every level; therefore, greater attention should be paid to the management and monitoring of communication and its messages to ensure strategic consistency (Duncan & Moriarty, 1998).

Communication can be understood as the formal and informal sharing of information between different chain members, facilitating interorganizational relationships, and making mutually beneficial outcomes possible. For example, Grönroos (1994) emphasizes that relationship marketing depends on information sharing and commitment fulfillment, highlighting the interdependence between communication and productive organizational relationships. Communication in relationships is influenced by various factors which can be grouped into three categories: communication behavior (e.g. readiness and norms), information quality (e.g. relevance, accuracy, reliability and timeliness), and communication tools (Mohr et al., 1996; Mohr & Nevin, 1990). Together, these factors determine how effectively business partners coordinate, build trust, and create value within their relationship.

Interorganizational communication is strongly linked to trust (Shanka & Buvik, 2019; Sheng et al., 2006). According to Doney and Cannon (1997), clear and transparent communication fosters trust between business partners, leading to the establishment of rapport and the development of mutually beneficial relationships. Trust is essential for effective collaboration and long-term partnership success (Morgan & Hunt, 1994). Trust and communication are therefore in a constant interplay, and relational issues cannot be separated from communicational occurrences; business dyads or relationships evolve through interpersonal communication (Olkkonen et al., 2000). Through close relationships, small businesses can gain access to information, expertise, or networks that would otherwise be unattainable, as these resources are embedded in and mobilized through social networks (Hernández-Carrión et al., 2020; Stam et al., 2014).

Interfirm knowledge transfer in supply chain partnerships can deliver notable benefits and should be a major objective in supply chain management. Studies indicate that effective knowledge sharing among supply chain partners enhances operational and innovation performance by fostering innovation, reducing costs, and supporting joint problem-solving (e.g. Shan et al., 2023; He et al., 2013). Empirical evidence shows that knowledge sharing and transfer activities between supply chain partners, for example site visits, video conferencing, or shared online platforms, enable closer communication (He et al., 2013), which is directly linked to improved performance outcomes for participating businesses. These findings highlight the significance of not only sharing knowledge but also focusing on the quality and relevance of the knowledge exchanged in the specific context of each relationship.

According to Mason and Leek (2012), the richness of the communication medium significantly influences relationship satisfaction. Media richness refers to the capacity of a communication channel to effectively convey information, emotion, and nuance. For example, face-to-face conversations and video calls are considered “richer” than emails or written reports because they allow for immediate feedback, nonverbal cues, and more personalized interaction (Daft et al., 1987). Mason and Leek’s (2012) findings indicate that the use of richer media correlates positively with partners’ perceptions of relationship quality. In other words, when communication occurs through channels that allow for greater expressiveness and responsiveness, partners are more likely to develop trust, empathy, and mutual understanding (Vickery et al., 2004). This implies that selecting appropriate communication channels is crucial for fostering mutual understanding and strengthening relational bonds.

Communication plays a particularly vital role in relationships characterized by uncertainty (e.g. Trada & Goyal, 2020; Davis, 2016). This is especially evident in asymmetrical business relationships, where power imbalances and information asymmetries can amplify ambiguity and perceived risk. Trada and Goyal (2020) show that communication exerts several distinct influences on the outcomes of dyadic relationships. It can directly diminish business partners’ opportunism, moderate the positive association between exchange hazards and opportunism, and mitigate the negative consequences of opportunism on relationship performance (ibid).

All in all, communication plays a critical and unifying role in nurturing strong and enduring business relationships. It serves as the foundation for collaboration and innovation, facilitates conflict resolution, and ultimately contributes to long-term organizational success. Effective communication also supports coordination and mutual learning, helping partners adapt to changing conditions and sustain interdependence over time (Trada & Goyal, 2020). In such contexts, communication functions not only as a channel for information exchange but also as a relational governance mechanism through which partners clarify expectations, coordinate actions, and reduce uncertainty in buyer–supplier exchange relationships (e.g. Murphy & Sashi, 2018; Nyaga et al., 2013). These interconnected functions underscore that effective communication is not merely a supporting activity but a strategic capability essential for sustaining competitive advantage.

2.3.3 Innovation and co-innovation in small businesses

Schumpeter (1934) defines innovation as a combination of an entrepreneur's prior knowledge, skills, and resources into novel configurations that generate economic value. He further argues that such innovations revolutionize the economic structure from within by creating something new. Lundvall (1985), on the other hand, views innovation as a continuing and interactive learning process that emerges through ongoing relationships between producers, users, and other actors, in which knowledge is created, exchanged, and applied within a broader economic and social system. Innovation thus often arises from practical problem-solving and collaboration. Research in the small business context is important due to the central role that small businesses play in economic development, employment, and innovation. Beyond their quantitative significance, small firms exhibit distinct innovation dynamics characterized by resource constraints, flexibility, and close customer interaction (e.g. Gronum et al., 2012; Avermaete et al., 2004).

Innovations in the small food business sector can yield differentiated products or services, extensions of product lines, identification and development of new supply sources, creation of new sales formats and introduction of new organizational forms or promotional modes (Bhaskaran, 2006). A characteristic feature of innovations in the food sector is that they are often incremental and evolutionary, which may result from the fact that consumers are typically conservative in their food choices and may reject more radical innovations (e.g. Muscio et al., 2010; Martinez & Briz, 2000). As a result, truly radical innovations in the food sector have been rare.

Previous studies have suggested that the role of small business owner-managers, especially their willingness to take risks, as well as the characteristics of the business and its external environment (e.g. business size, resource scarcity, organizational culture, competition, the position in a value-chain, customer demand, networks) can all influence small food businesses' willingness to innovative (Damanpour et al., 2009; Bhaskaran, 2006). Similarly, research has shown that innovative small food businesses often exhibit a strong market orientation (Batterink et al., 2006; Costa & Jongen, 2006). Market orientation refers to the systematic monitoring of market developments and the alignment of business operations with these developments

(Grunert et al., 1995). Innovativeness is further strengthened by favorable business environments and institutional factors that promote innovation (Bhaskaran, 2006).

Although the food sector is a rather traditional industry in which major transformations tend to occur gradually, both renewal and technological change remain critical for the competitiveness and long-term viability of businesses operating within it (Wang et al., 2025; Lipan et al., 2017). While consumers are generally stable in their preferences, they simultaneously seek novelty and variety in food products, creating a constant tension between tradition and innovation. Yet consumer demand is not the only force driving transformation in the sector. Broader global challenges, such as climate change, loss of biodiversity, and unpredictable conflicts, are increasingly compelling food businesses to adopt innovative and adaptive strategies (e.g. Hassoun et al., 2022).

Small firms seldom innovate in isolation but instead rely heavily on external sources of information and other inputs (Coppola et. al., 2022; Avermaete, 2004). Indeed, it is argued that in the small business sector, innovativeness may be limited by the lack of in-house human or financial resources (Batterink et al., 2010). Thus, the combination of internal resources and the utilization of external resources, i.e. collaboration and networking with external stakeholders (e.g. customers, competitors, suppliers, research institutions) to expand a firm's range of expertise, is an essential means of overcoming resource limitations and enhancing the ability to innovate (Soriano et al., 2019; Caridà & Colurcio, 2014; Colurcio et al., 2012; Gronum et al., 2012; Enkel et al., 2009; Sarkar & Costa, 2008; Grunert et al., 1995). Accordingly, network relationships and their successful management are often cited as the most important antecedents for innovativeness among small food businesses (e.g. Colurcio et al., 2012; Briz & de Felipe, 2007; Grunert & Valli, 2001). Still, the idea of collaborative innovation remains a relatively underutilized innovation method among food businesses (Fortuin & Omta, 2009; Briz & de Felipe, 2007), especially among small firms.

As previously discussed, access to external knowledge through collaborative relationships is a crucial factor influencing the survival, renewal, and growth of local food producers in a demanding and dynamic environment (Wixe et al., 2023). Effective collaboration enables firms to share expertise, resources, and market insights, thereby reducing uncertainty and fostering innovation. Collaborative communication refers to the formal and informal exchanges that occur between employees across partner organizations and is grounded in mutual trust that strengthens cooperative efforts (Mohr et al., 1996). When such information exchange is smooth, it creates the conditions necessary for co-innovation, where partners jointly develop new products, processes, or practices that neither could achieve alone (Saragih & Tan, 2018; Bitzer & Bijman, 2015). Consequently, co-innovation thrives in relationships characterized by openness, reciprocity, and a shared commitment to learning and improvement.

In a co-innovation process, the resources, competences and knowledge bases of different partners are integrated and leveraged to create mutual value, potentially leading to outcomes that none of the partners could have achieved independently (Ngugi et al., 2010). Such collaboration enables partners to combine complementary strengths, share risks, and accelerate learning, thereby fostering more effective innovation (Bitzer & Bijman, 2015). It must be noted, however, that successful co-innovation demands agility and adaptability throughout the process. An agile co-creation approach involves the continuous implementation, testing, and refinement of ideas to ensure steady progress and responsiveness to emerging challenges or opportunities (Sjödin et al., 2020). Previous research (Barrane et al., 2020) has shown that businesses pursuing intensive innovation collaboration with external partners can generate superior new product development performance and enhance the long-term orientation of their partnerships. For collaboration intensity to be effective, there must be commitment, trust and top management support between the partners (ibid.).

To conclude, in order to manage asymmetric business relationships effectively, small food businesses must pursue innovative approaches across production, marketing, and other operational domains to sustain competitiveness and respond to customer demands (Capitanio et al., 2009; Bhaskaran, 2006; Costa & Jongen, 2006). Although asymmetry may constrain innovation capabilities, strategic cooperation and co-innovation serve as critical means through which small food businesses can balance asymmetry in their business relationships.

2.4 Development of conceptual framework

Developing a conceptual framework or an overview in any academic study entails the careful identification and definition of key concepts, as well as the articulation of the relationships between them. In the context of this dissertation, the preceding chapters have provided an in-depth examination of the operational environment in which the focal research objects operate. In parallel, the earlier discussion has also elaborated on the relevant theoretical foundations that guide the study. The aim is to ensure a coherent and focused approach aligned with the overall purpose of the research.

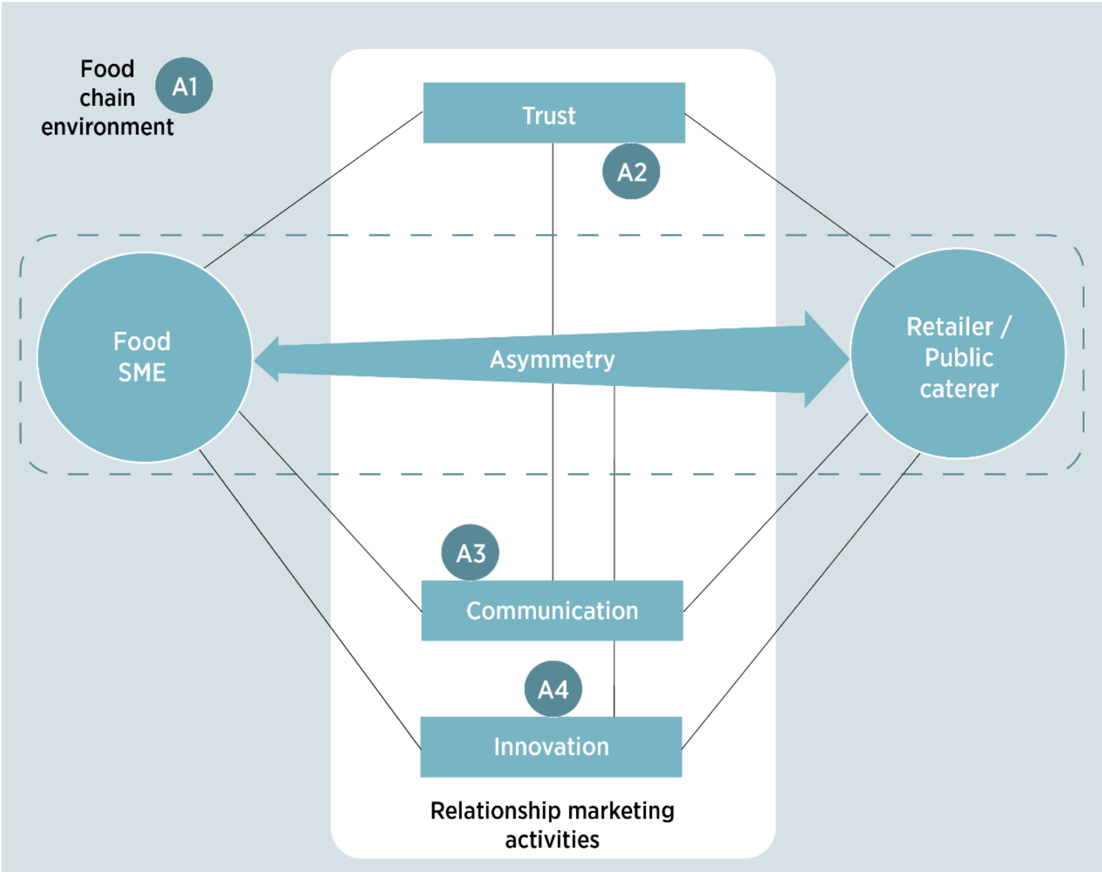

Figure 2. Overview of the key concepts and their interrelationships in this dissertation.

Based on the literature review presented in previous sub-chapters, this dissertation integrates insights from various theoretical discussions—including relationship marketing, power asymmetry, innovation management, communication and trust-building in B2B contexts—and situates them within the specific research context of small food businesses operating in asymmetrical business relationships. These theoretical lenses inform and are operationalized through the four individual articles (A1–A4), each of which draws from and contributes to different aspects of the overarching framework. Figure 2 above presents a visual synthesis of the key concepts and their interrelationships in this dissertation, demonstrating how the dynamics between small food businesses and their more powerful B2B customers (namely retailers and public caterers) are shaped by relational and structural factors.

Food chain environment is the larger context in which business partners operate. Relationship marketing activities can include various kinds of strategies and actions that help in building long-lasting relationships with customers and other business partners. The dotted line illustrates the business relationship that the two parties have with each other. The arrow labeled "asymmetry" is positioned between the business partners and is intentionally drawn thicker on the side of the retailer or public caterer to emphasize their dominant position in the relationship. This visual metaphor underscores the imbalance of power, which is a defining characteristic of the B2B setting explored in this study. In response to this imbalance, small food businesses actively engage in a range of relational practices, such as trust-building, communication strategies, and innovation activities, with the aim of maintaining the relationship and mitigating the adverse effects of asymmetry. These strategic actions represent the mechanisms through which small businesses attempt to influence, balance, or partially reconfigure the power dynamics within the relationship.

This visual presentation not only clarifies the theoretical grounding of the study but also illustrates how each of the four articles (marked A1-A4 in Figure 2) contributes to understanding the main purpose of research: to explore how small food businesses can engage in marketing practices to successfully manage asymmetrical business relationships with their larger B2B partners. The framework serves as both a synthesis of existing theoretical perspectives and a foundation for the empirical exploration carried out in the individual articles.

3 RESEARCH DESIGN

This chapter explores the philosophical and methodological foundations of the research through three distinct subchapters. The first subchapter examines the study's ontological and epistemological assumptions, establishing the foundation that underpins the entire research. A presentation of the mixed-methods approach is also provided. The second subchapter discusses the methodological choices applied in the four research articles, detailing the data collection methods, the nature of the empirical data, and the approaches to data analysis. The third subchapter evaluates the quality of the research by assessing the reliability and validity of the four articles, ensuring the rigor and credibility of the study. Finally, the fourth subchapter discusses the ethicality of the research.

3.1 Research approach and positioning of the study

In this subchapter, I examine the philosophical choices underpinning my research, specifically in terms of ontology, epistemology, and methodology. These foundational perspectives shape the overall research design, influencing how knowledge is conceptualized, acquired, and analyzed (Van der Waldt, 2017; Guba & Lincoln, 1994; Burrell & Morgan, 1979). Given their fundamental role in guiding both theoretical and practical aspects of any study, it is essential to reflect on these philosophical underpinnings. Such reflection ensures coherence between research objectives, methods, and interpretations, thereby enhancing the study's rigor and credibility. Consequently, discussing these elements is not merely a procedural step but a crucial aspect of conducting sound and meaningful research.

Ontology concerns how reality is viewed, the theory of being. It specifies the form and nature of reality, what can be known about it, and how it can be explained (Mulisa, 2022; Antwi & Hamza, 2015; Guba & Lincoln, 1998). Ontology asks: What exists? and What is the nature of being? Social sciences acknowledge multiple ways of describing ontology. Ontological inquiry may involve: 1) the study of what exists, 2) the study of the different conceptions of being, 3) the study of the most general characteristics and relations of being, and 4) meta-ontology, which examines the aims and methods of ontology as well as the nature of ontological questions (e.g. Guba & Lincoln, 1994; Dooley, 1990). Ontology thus focuses on the essence of truth. Two extremes of ontological considerations can be identified: realism (or objectivism) and relativism (or subjectivism). Realism hold that the world consists of hard, tangible, and immutable structures, whereas relativism views social reality as composed of names, concepts, and labels that individuals use to construct and interpret that reality (Denzin & Lincoln, 2018; Burrell & Morgan, 1979). Realism is often associated with positivism, which assumes that the world can be objectively observed and measured, while relativism aligns with interpretivism, which posits that reality is constructed through social interaction (Antwi & Hamza, 2015; Schwandt, 1998).

Epistemology, in turn, concerns the nature of knowledge and how we come to understand the existing reality (Mulisa, 2022; Handriana & Dharmmesta, 2013). It addresses fundamental questions such as: How do we know what we know? and What are the sources and limits of knowledge? Epistemology therefore deals with the theory of knowledge, how knowledge is generated, interpreted, and justified, and how we determine what is ‘true’ or ‘false’ (Potter, 2017; Burrell & Morgan, 1979). It also examines the processes through which knowledge is acquired, validated, and structured, as well as the boundaries that constrain it (Guba & Lincoln, 1994). Consequently, epistemological viewpoints strongly influence researchers’ decisions regarding paradigm choice, as well as decisions related to data collection methods, analytical approaches, and the interpretation of findings.

For several decades, positivism and quantitative methodology have dominated research in the social sciences in general, and also in marketing. Originating from the natural sciences, such as biology, chemistry, physics, and geology, positivism focuses on investigating phenomena that can be observed, measured, and analyzed using systematic, numerical methods (Antwi & Hamza, 2015). Positivists assume that reality is objective, a truth to be uncovered, regardless of the researcher or instruments. According to positivism, law-like generalizations exist, and experimental studies are often used to examine them (Saunders et al., 2019; Guba & Lincoln, 1994). Thus, positivists tend to regard knowledge as something that can be discovered through systematic observation and measurement, although the role of the researcher and methodological choices may still influence this process.

At the other end of the spectrum is the interpretivist stance, or social constructionism, which is rooted in the belief that reality is socially constructed and that individuals create meaning through their interactions and experiences within specific social and cultural contexts (Schwandt, 1998; Burrell & Morgan, 1979). Unlike positivism, which emphasizes objective, observable truths, social constructionism focuses on understanding subjective experiences, the social processes that shape knowledge, the existence of multiple realities, and the role of interpretation in generating knowledge (Pervin & Mokhtar, 2022). Overall, the constructivist stance emphasizes the complexity and subjectivity of human experience, focusing on understanding meanings, interpretations, and contexts within which individuals operate. It offers insights into social phenomena by highlighting the diversity and richness of human perspectives and behaviors (Pervin & Mokhtar, 2022; Guba & Lincoln, 1994). Its aim is to understand a particular phenomenon, not to generalize to a population.

Critical realism is a philosophical approach that distinguishes between the "real" world and the "observable" world; it is often positioned as a middle ground between positivism and constructionism (Bhaskar, 1975). Critical realism focuses on explaining what is seen and experienced (Saunders et al., 2019). Critical realists accept that our world is partly socially constructed but argue that this is not entirely the case (Easton, 2010). They admit the existence of an independent reality, while also recognizing that our understanding of it is limited by empirical observation (Mingers et al., 2013; Lincoln & Guba, 2000). People's experiences are regarded as sensations or representations of what is real, which can be deceptive (Saunders et al., 2019). Hence, critical realists believe that to understand the world, one must first examine the direct experience (sensation), and then reason backwards from the experience to the underlying reality (mental processing, abduction) (Saunders et al., 2019). Critical realism thus combines a realist ontology with a relativistic epistemology (Stutchbury, 2022).

The primary aim of this research is not to prove causality, but to examine the broader picture and pursue an understanding of deeper mechanisms that may cause various events (see Saunders et al., 2019). Critical realists are interested in context-based causality with "particular situations and events, rather than addressing only general patterns" (Maxwell & Mittapalli, 2015, p. 156). Thus, critical realism values experiences and narratives in understanding and building causal explanations (Stutchbury, 2022). Critical realist approach can also be a valuable asset in managerial decision-making, as it encourages managers to reflect more thoroughly on why certain decisions lead to particular outcomes (Easton, 2010). This can help them better understand the deeper processes underlying their business relationships. Applying critical realism in this dissertation helps illuminate complex market dynamics and the interplay between structures and agencies in asymmetrical business relationships.

Methodologically, critical realists advocate the use of different research methods to pursue knowledge, as knowledge exists in different types of objects (physical, social, and conceptual). Therefore, adopting a mixed-method research strategy is often beneficial (e.g. McKim, 2017; Mingers et al., 2013). This dissertation applies mixed-methods research, combining qualitative insights with quantitative data of the marketing phenomena under investigation. The central premise of mixed-method research is that by combining qualitative and quantitative approaches, a richer understanding of research problems can be achieved than either approach alone, thereby adding validity to the findings (Creswell & Plano Clark, 2007). Mixed-methods research can thus be used to ensure that a systematic and comprehensive picture of a phenomenon is obtained (cf. Zachariadis et al., 2013; Maxwell & Loomis, 2003).

Critical realism accepts that different research methods have complementary features (McKim, 2017; Creswell & Plano Clark, 2007; Maxwell & Loomis, 2003). The role of quantitative methods in critical realism is predominantly descriptive, as correlations between variables alone cannot fully uncover the causal mechanisms that generate real-world events we observe or predict future occurrences (Zachariadis et al., 2013). The role of qualitative methods in critical realism, in turn, is more holistic; they can describe phenomena more thoroughly and identify structures or interactions, even among complex mechanisms (McKim, 2017; Zachariadis et al., 2013). A mixed-method approach was adopted because the research examines both the structural features of small food business relationships and the subjective experiences that shape them. Combining qualitative and quantitative approaches enables the study to capture both the measurable patterns and the underlying meanings of the phenomena, producing a more robust and comprehensive understanding than either method could offer alone.

Accordingly, this thesis uses both qualitative and quantitative research to address the research objectives and to gain richer data with greater credibility. Åkerblad, Seppänen-Järvelä and Haapakoski (2021) state that in mixed-methods research, the mixing may occur either during the data collection, analysis, or interpretation phase, or across several of these phases. In this research, mixing occurred primarily during the data collection phase (e.g. open-ended responses collected alongside quantitative measures) and the interpretation phases (e.g. using qualitative insights to add depth and meaning to statistical results), but in some cases also in the analysis phase (e.g. quantifying qualitative data). Traditionally, quantitative research has dominated the marketing discipline (Crick, 2021). In this thesis, the qualitative methods dominate and are applied in three of the four articles. The following sub-section describes and discusses the empirical data collection rounds with their methods in more detail.

3.2 Empirical data collection

The empirical data of this dissertation's four articles were gathered on three different occasions to get a multifaceted view of the research subject. The first round of data gathering was conducted between 2001-2003, and it included both a Delphi study of food chain representatives with differing expertise in the food sector, and semi-structured face-to-face interviews with 38 small food business owner-managers and 54 retail sector representatives. This data was used in articles one and two.

The second round of data gathering was conducted in 2006-2007 as a survey by sending structured questionnaires to primary producers, food processors and retailers in five different European Union (EU) countries. Altogether 1026 responses were obtained. This data was used in article three. The third data set was gathered in 2015-2016 by semi-structured face-to-face interviews with 14 small food business owner-managers and 14 public catering sector representatives. This data was used in article four. Each article and its data with context, objectives and methodology are presented in Table 4 below. The rest of this chapter displays the empirical data collection rounds and the data analysis in detail for each article.

Table 4. The articles of the dissertation and their objectives, method, and empirical data.

Article	Research context	Objective	Methodology	Empirical data
I	Finnish food industry	to identify factors that influence the operation and development of food supply chains and analyse their significance for rural food SMEs in Finland	Delphi study	Expert panel of 19 people, three rounds
II	Small food businesses and their retail customers	to identify the different perceptions of the antecedents of trust in asymmetrical B2B relationships between food producers and retailers	Qualitative interviews	semi-structured face-to-face interviews with 38 small food businesses and 54 retailers
III	European agri-food chains	to analyse the roles of business relationships and B2B communication in selected European agri-food chains	Survey	Structured questionnaire, 1,026 farmers, food processors and retailers in two commodity sectors (meat and cereals) and in five different EU countries
IV	Small food businesses and their public catering customers	to deepen the understanding of the roles that business partners play in innovation relationships within the asymmetric context of small food businesses	Qualitative interviews	semi-structured face-to-face interviews with 14 small food businesses and 14 public caterers

3.2.1 Empirical data 1: Expert panel and qualitative interviews within food chains

Expert panel

The Delphi method is a forecasting tool that was developed by the RAND Corporation already in the 1950s to serve the political needs of the cold war era (e.g. Okoli & Pawlowski, 2004). The name Delphi is adopted from the Greek mythology, where Delphi was a place for a famous oracle. Delphi method can be considered as a planning, forecasting, idea generation and decision-making tool, that relies on structured, yet indirect, approach to elicit responses from experts (Okoli & Pawlowski, 2004; Gutierrez, 1989). It is suitable for topics that are complex and multi-faceted, and where there is insufficient information available (Ziglio, 1996; Gutierrez, 1989; Linstone & Turoff, 1975). Delphi has been successfully used in many fields, including the food sector (e.g. Rikkonen, 2005; Rodriguez-Diaz, 2000; Russo & McLoughlin, 1992; Dietz, 1987), and thus it was regarded as a valid tool to use also in this research that targeted the food sector. In this research, the aim of the Delphi study was to identify different factors affecting the development of food supply chains and food businesses, and to show the relevance of networks and relationship marketing for small businesses.

The core elements of Delphi study are anonymity, iteration, controlled feedback, and statistical aggregation of group response (Kuusi, 2003; Loo, 2002; Rowe et al., 1991; Linstone & Turoff, 1975). A Delphi study involves anonymous forecasts made in two or more rounds by a group of independent experts who receive feedback between rounds (Okoli & Pawlowski, 2004; Kuusi, 2003). Anonymity helps to reduce the negative effects of group interactions in decision making (Gupta & Clarke, 1996), such as group conflict or individual dominance (Rowe et al., 1991) as the experts never meet face-to-face. The feedback between the rounds gives the experts a chance to learn from each other, review the subject, and form a consensus among the group (Okoli & Pawlowski, 2004). The most common technique to conduct a Delphi method is to use a structured questionnaire (Sourani & Sohail, 2015), and that was chosen also for this research, but with some open-ended additions.

The recruitment of panel members is of utmost importance for the success of the Delphi study. The size of the panel can vary considerably, from 10 to even several thousands of respondents (Kuusi, 1999), but the smaller panels (two-digit numbers) are more common (Ziglio, 1996). Altogether 19 experts operating in Finnish food supply chains were recruited for the Delphi panel by a two-step process. Considerable amount of time was used in this process to find suitable and committed informants. Guidance for recruiting the experts for this specific panel was compiled before starting the process. The criteria for the selection of the Delphi panelist were:

1) interested in food supply chain; 2) having important knowledge or experience valuable for the study; 3) are strategic thinkers.

First, appropriate organizations, companies or institutions were identified. Then, appropriate people from selected organizations, companies or institutions were listed and contacted by phone or e-mail. The organizations and businesses represented different actors and different parts of the food chains since a variety of respondents was sought, which according to Rowe and Wright (1999) and Johnson (1976) is highly recommended. The recruited people were professionals of the food sector, and they worked in various roles either in large retail chains, business support organizations, ministries, or academia.

Preparation of the study and recruitment of the panel members took approximately two months. Actual implementation of the Delphi study was carried out in three rounds under the period of approximately two and half months. The first-round questionnaire was accompanied with a cover letter, guidance for answering the survey, and a brief introduction of Delphi method. The respondents were given a two-week time to fill in the questionnaire, and the initial analysis by the researcher between the rounds was allowed roughly two weeks. Table 5 presents the themes included in the study and some examples of statements applied in the questionnaire.

Table 5. Main themes of the Delphi study

Theme	**Examples of statements/themes in the study**
Main factors influencing the supply chain environment for food SMEs	Migration from rural to urban areas Shortage of skilled labor force
The likelihood of events in the food industry	The majority of food SMEs will develop cross-organisational teams with their food service customers to develop new products. Direct sales from primary food producers to consumers will become increasingly important.
Changes in the food chains	Outsourcing by food SMEs Food SME profit margins

The first-round Delphi questionnaire used both structured statements and open-ended questions. The statements were derived from previous research, based on a literature review of food supply chain management, food-related marketing and rural development. In a Delphi study, quantitative assessments traditionally cover aspects such as probability, impact, and desirability of occurrence, though they are not limited to these (Beiderbeck et al., 2021). The questionnaire consisted of statements regarding both the likelihood and importance of specific future events, as well as assessments of how selected factors might evolve. A few open-ended questions were also included to elicit new insights that had not been previously identified by the researcher. The results of the first round were summarized, and the median and interquartile range of responses were shared with the panelists. They were asked to revise their initial estimates where appropriate or to justify their answer that differed from the majority view (i.e. outside the interquartile range).

The second-round questionnaire retained most of the original statements, with some new ones added based on the responses to the open-ended questions in the first round. These additional questions aimed to both prompt further insights and to reduce potential respondent fatigue. The third and final round used the same questionnaire as the second round. The final analysis of all Delphi study responses was conducted at the end of the process. As previously mentioned, simple statistical techniques were used to analyze the structured statements (i.e. median and inter-quartile range). The open-ended responses were analyzed by using qualitative content analysis (see, e.g. Patton, 2002).

There are some challenges commonly associated with the Delphi method. Two frequently mentioned issues are non-response rates, and the time commitment required from the panelists (e.g. Rotondi & Gustafson, 1996). The full process, including the time required for all three rounds, was clearly explained to recruits prior to obtaining their consent. The panelists appeared motivated by the potential for personal and professional development. Their commitment can be considered relatively high, as only three participants dropped out in the first round, and two more after the second round - both due to the summer holiday season. The stability of the panel between the rounds strengthens the methodological robustness of the study.

The Delphi method was utilized as a structured technique for eliciting informed judgments from food sector experts, providing robust market intelligence on key themes emerging from the literature review. The Delphi results formed the empirical foundation for Article 1.

Qualitative interviews within a food chain

The second part of the empirical data 1 consists of qualitative interviews. Qualitative research has a wide applicability in business studies – including marketing - and is particularly useful for investigating complex phenomena (e.g. Crick, 2021; Gummesson, 2006). Furthermore, it emphasizes understanding and critically analyzing processes and context, while also facilitating the discovery of meanings through interaction with interview participants (Saunders et al., 2019). Interviews were chosen as a data collection method to enable spontaneous discussion with informants and to allow them to freely describe the unique and intricate nature of their business relationships, thereby helping the researchers capture the multifaceted context in which they operate (see, e.g. Denzin & Lincoln, 2018; Patton, 2002).

The face-to-face, semi-structured interviews were carried out with 38 small food processors and 54 retailers in two different regions in Finland, both south (Southwest Finland) and north (Northern Ostrobothnia). The sampling criteria for the businesses (processors) interviewed were as follows: 1) independently owned; 2) small size (fewer than 50 employees); and 3) operating in the food processing industry. At first possible interviewees were sought from various business databases, and in the second phase, regional food sector development agents in the two target regions were asked for advice. The interviewees were usually the owner-managers or marketing managers of the small food businesses or retail entrepreneurs and store managers in the retail businesses.

Suitable businesses and individuals were contacted by phone, and interviews were agreed to be conducted on the premises of the interviewees. In few cases the interviews took place in a cafeteria or similar public facility. All interviews were fully recorded and later transcribed verbatim. The main themes of the interviews included various aspects of the interviewees' supply chains and their business relationships. The interview themes were derived from the literature review on food supply chains. The themes and question examples are presented in Table 6.

Table 6. Main themes of the interviews in the food chain members' data

Theme	Examples of questions in the interviews
business & entrepreneur characteristics	number of employees/annual turnover highest level of the education of the entrepreneur key motivations for establishing the business
supply chain relationships	describing the upstream/downstream features of supply chains describing the relationship characteristics
operational context of studied businesses	the level and use of ICT in relationships the role of external assistance for business relationships the significance of local economy for the business

The interview data were analyzed using a mixed-methods approach, combining both qualitative and quantitative techniques to provide a more comprehensive understanding of the phenomenon under study. However, the primary emphasis was placed on qualitative interpretation. First, the interviews were read multiple times to ensure familiarity with the data. During this iterative reading phase, the process of structuring and organizing the data into meaningful units began (see Shaw, 1999). At this stage, the goal was to inductively identify all the antecedents of trust mentioned by the interviewees in the context of their business relationships, even though trust was not directly addressed in the interview questions. The aim of such approach was to allow the findings to emerge naturally from the data, free from the restraints of structured methodologies (see Thomas, 2006). Instances in which business relationships were described utilizing concepts such as credibility, reliance of fulfillment of obligations, risk and/or vulnerability, were included in the second phase of analysis.

In the second phase of reading, open codes were assigned to the extracted sections that appeared to reflect the interviewees' perceptions of the antecedents of trust. These coded data sections were then compared for similarities and differences, leading to the identification and naming of 23 distinct antecedents of trust. These were subsequently grouped into five broader categories based on shared characteristics.

Following the qualitative phases, a quantitative analysis was conducted to examine the frequency of occurrence of each antecedent within two distinct groups. The number of business owner-managers and retailer representatives mentioning each antecedent was recorded. A chi-square test was then applied to assess the statistical significance of differences between the groups. The food chain members' interview data was used in Article 2 of this dissertation.

3.2.2 Empirical data 2: Survey of business relationships in European food chains

The second empirical data of this dissertation is quantitative in nature. Quantitative research aims to describe phenomena by measuring different variables and analyzing their relationships, thereby providing a structured and systematic approach. It includes the investigation of observable events through the application of statistical and mathematical techniques. (Wilson, 2014.) This method was chosen to generate objective, generalizable insights and to test relationships between key variables identified. By quantifying patterns and associations, the quantitative analysis complements the rich, contextual understanding derived from more qualitative phases (Creswell & Creswell, 2018), thus offering a more comprehensive view of the research problem.

A large survey was sent as a mailed questionnaire for primary producers, food processors and retailers in five different EU countries (Finland, Germany, Ireland, Poland, and United Kingdom). In some cases, mail surveys were supplemented by face-to-face or telephone interviews. In addition, active collaboration with sector organizations and trade/industry associations was sought to inform relevant respondents in form of newsletters, press releases and various other communication means. Altogether 1026 usable responses were received. Table 7 presents the main themes (communication, trust, commitment, power, satisfaction, collaboration) of the survey conducted. The themes and subtopics presented in the table are the ones that were related to business relationships in food supply chains and considered vital for successful relationships.

Table 7. Main themes of the European food chains survey.

Theme	**Examples of subtopics**
communication	frequency of communication characteristics of communication information quality
trust	trust in the buyer
commitment	commitment of buyers relationship duration/repeated transactions
power	power distribution independence from buyers
satisfaction	satisfaction with buyer
collaboration	type of business relationship past collaboration experience

Based on a literature review - including business management theories, institutional economics and supply chain literature – as well as a pilot study involving expert interviews, a set of hypotheses were developed. These hypotheses were categorized as chain-internal and chain-external determinants. The data were analyzed using structural equation modelling (SEM). SEM is usually considered useful in research that aims to test whether an existing theory is supported. It is particularly well-suited for examining latent variables (Bollen, 1989) - unobservable theoretical concepts. SEM was considered appropriate for this study, given that the conceptual framework encompassed multiple variables, and SEM offers both flexibility and realistic estimates (ibid). The AMOS software package was used. The results of the European food chains' survey were utilized in Article 3.

3.2.3 Empirical data 3: Interviews in business dyads

Empirical data 3 follows the protocol of qualitative research approach and is based on semi-structured interviews with 14 small food business owner-managers and 14 public caterer representatives. The interviewees were selected based on a purposeful sampling method (Patton, 2002) beginning with small food businesses. The interviewees were based on the criterion whether they had supplied an innovative product or service to a public caterer. The public caterers interviewed were those that had a business relationship with the interviewed small food businesses. Altogether a total of 14 dyadic business relationships were examined.

Table 8. Main themes of the interviews in the business dyads data.

Theme	**Examples of interview questions**
business characteristics	Number of employees? What are the main customer groups?
innovation and its development	How was the innovation developed? Who were involved in developing the innovation?
the role of the actor in the innovation process	What was your role in developing the innovation? What was the motivation behind this innovation?
collaboration with business partners	Which stakeholder groups were involved in the development process? What kind of roles did the different stakeholders have?
the effects of the innovation	Has the innovation helped you in gaining your business goals and how? How has the innovation been reflected in other business operations?
future prospects of the business	Where do you see your business in the near future?What kind of changes do you think there will be in terms of local foods in the coming years?

The interviews were conducted face-to-face, recorded, and transcribed verbatim afterwards. They were approached as conversations, following a flexible structure that allowed topics to emerge in their 'natural' order while providing sufficient scope to respond to issues raised by the interviewees (cf. Legard et al., 2003). Table 8 presents the main themes and example questions used in the interviews carried out among the business dyads. The interview themes were informed by a review of the literature on food supply chains, business relationships and small business innovation.

The data analysis employed a qualitative content analysis approach. In this context, it involved reducing and making sense on a large volume of qualitative material to identify core consistencies and meanings (Patton, 2002). The primary aim was to develop a qualitative typology illustrating how innovation processes manifest in the relationship between small food businesses and public caterers. This study adopted Stapley et al.'s (2022) perspective on ideal types, wherein typologies emerge through a grouping process based on one or more attributes.

The data analysis began with repeated readings of the interview transcripts to become thoroughly familiar with the data and to begin structuring and organizing it into meaningful units. Attention then shifted to sections specifically addressing the innovation process and the dynamics of business relationships. Each type of business relationship was summarized through a case reconstruction that compared the narrative of a small food business with that of its public caterer partner. Four broad themes were identified: initiation, motivation, communication and commitment. These reconstructions formed the basis of the typology and were used to compare and contrast the case constructions (see Stapley et al., 2022).

Three types of innovation relationships between small food businesses and public caterers were identified, and categorized as supplier-led, customer-led, and interactive innovation relationships. The findings suggest that asymmetry can have both positive and negative impacts on B2B relationship, depending on how the relationship is managed and whether mutual goals are prioritized. The data discussed here formed the basis of Article 4 of this dissertation.

3.3 Quality assessment of the study

The concepts of reliability and validity are essential for assessing the quality of research and the credibility of the research findings. Credibility ensures that research is able to meaningfully contribute to scientific knowledge, thereby enhancing its overall impact and value (Lincoln & Guba, 1985). Reliability refers to "the extent to which your data collection techniques or analysis procedures will yield consistent findings" (Saunders et al., 2007: 149), whereas validity concerns the consistency and stability with which the research captures the real-world phenomena of interest (Kimberlin & Winterstein, 2008). Thus, the findings of a study must be well-grounded and accurately represent the concepts under investigation.

In quantitative research, validity and reliability are typically assessed through standardized tests and statistical measures. For example, measurement validity ensures that indicators measure what they are intended to measure (Abowitz & Toole, 2010). Whereas in qualitative research this is not possible. Instead, qualitative inquiry emphasizes deep engagement with the research focus to develop a rich understanding of the phenomenon under investigation and the specific context in which it occurs (Elo et al., 2014). Trustworthiness is the qualitative equivalent of validity and reliability, prioritizing nuanced representation of human experience rather than statistical generalization (Lincoln & Guba, 1985). Trustworthiness is commonly evaluated through credibility, dependability, transferability, and conformability (Elo et al., 2014).

Credibility pertains to the extent to which the data accurately reflect participants' perspectives, as consistently interpreted and represented by the researcher (Cope, 2014). In this study, qualitative validity was strengthened through the researcher's in-depth involvement in all phases of data collection and analysis, transparent coding procedures, and the inclusion of direct quotations from interviewees, which enhances traceability and transparency in the interpretation of findings. Dependability refers to the stability of data over time and under different conditions (Elo et al., 2014). To support transferability, the selection criteria for interviewees were clearly outlined, and their key characteristics described, enabling readers to assess the applicability of the findings to other contexts.

A key strategy for enhancing validity and robustness in qualitative research is data and researcher triangulation (e.g. Stake, 1995; Riege, 2003). In this study, triangulation was applied in several ways: both qualitative and quantitative data were collected (methodological triangulation), and multiple researchers participated in the analysis process (researcher triangulation). Intercoder reliability was addressed by having coders work independently before discussing discrepancies in face-to-face meetings. This is a strategy aligned with practices recommended by Harley and Cornelissen (2020). These procedures strengthen interpretive validity and help mitigate researcher bias.

In the quantitative component of the study, the use of established scales and statistical validation techniques such as reliability coefficients (e.g. Cronbach's alpha) further strengthens internal consistency. Additional steps were taken to ensure the reliability of SEM model fit (Shook et al., 2004). In the Delphi study, reliability was supported through iterative rounds and controlled feedback, in line with best practices for ensuring stability and consensus in expert-based research (Riege, 2003).

Overall, this research demonstrates a strong commitment to methodological rigor. The use of triangulation, transparent coding and analysis practices, attention to model fit in quantitative analysis, and clear documentation all contribute to the credibility, dependability, and robustness of the findings (Singh et al., 2021). These practices ensure that the study not only meets academic standards but also offers valuable and trustworthy insights for both theory and practice.

3.4 Ethical considerations

A fundamental part of any research process is adherence to ethical guidelines and principles throughout all stages of research process, from study design to data collection, analysis, and reporting. In this study, I followed the guidelines of the Finnish National Board of Research Integrity (TENK). According to TENK (2023), research integrity is grounded in reliability, honesty, respect, and accountability, and it includes respecting human rights and ensuring informed consent. Participation in this study was entirely voluntary, thereby upholding the participants' right to self-determination.

Given the mixed-methods design, which combined qualitative interviews and quantitative survey data, ethical considerations were addressed for each method individually and in relation to their integration. Participants were informed about the aim of the research either in writing (for the Delphi panel and survey), or verbally (for interviews). For interviews, the purpose of the research was explained both during the scheduling phase and again at the beginning of the interview. Consent was obtained for audio recording, and participants were free to pause or stop the recording at any time. Interviewees were also able to choose a suitable location and time for the interview, ensuring their comfort and autonomy.

To guarantee strict anonymity and confidentiality, all personal identifiers were removed from the survey data. Responses were collected in a manner that prevented the identification of individuals, and no addresses, names, or contact details were stored. The data were securely stored in a location accessible only to the researcher and handled in accordance with institutional data protection policies. For the qualitative data, interview transcripts were anonymized and identifying details removed. The anonymization process included careful attention during the transcription, coding, and reporting to avoid inadvertently revealing identities through contextual clues. Ethical care was also taken when using direct quotations in the articles to preserve meaning while maintaining anonymity.

Ethical considerations extend beyond the data collection to the analysis and reporting stages. Ethical research principles require reflexivity and the open-mindedness of the researcher (see Saunders et al., 2007). During the data analysis, researchers can easily become distanced from the individuals that were interviewed. To maintain sensitivity to the data and to participants' perspectives, I regularly discussed emerging findings with fellow researchers at different stages of the process. Preliminary results were presented at various conferences, allowing for external feedback and critical reflection throughout the study.

4 SUMMARY OF THE ARTICLES

The dissertation consists of four independent articles that examine the business-to-business relationships of small food businesses operating in asymmetrical settings with powerful customers. All articles are either published or under review in peer-reviewed scientific journal. This chapter provides a brief synopsis of each article, highlighting their key findings and contributions. Full versions of the articles are included in the second part of the dissertation. Articles 1, 2, and 3 are published with the permission of their respective publishers. Article 4 is an unpublished manuscript that is currently undergoing a peer review in a scientific journal in the fields of marketing and entrepreneurship. I authored article 1 independently, while articles 2, 3 and 4 were co-authored in collaboration with other researchers, with responsibilities shared in different ways depending on the nature of each project.

In article 2, both the acquisition of research funding, data collection, data analysis and the writing of the manuscript were all equally shared between the two authors. Both authors were actively involved throughout the research process, from the initial study design to the finalization of the article.

Article 3 was produced as part of a large, cross-national research partnership, involving multiple researchers and research contexts. My contribution included participation in data collection and analysis, as well as writing the theoretical sections, particularly those related to communication, power distribution, and local embeddedness. These contributions were central to framing the study's analytical perspective and linking the empirical findings to the relevant theoretical discussions.

In article 4, I collaborated with two co-authors, with clearly defined, but partly overlapping roles. My primary responsibilities included securing research funding, collecting the empirical data, conducting the data analysis, and drafting the manuscript. The interview data collection was carried out jointly with the third author. Preliminary data analysis was conducted collaboratively by all authors, allowing multiple perspectives to inform the interpretation of the data. The final stages of analysis were primarily undertaken by the first and second authors. Similarly, the writing process was shared equally between the first and second authors, while the third author contributed through comments and revisions that helped refine and strengthen the final manuscript.

4.1 Article 1: Prevailing challenges in rural food SMEs in Finland: the promise of a relationship marketing approach

Article 1, entitled *Prevailing challenges is rural food SMEs in Finland: the promise of a relationship marketing approach*, sets the stage for the dissertation by presenting the challenges faced by the small food businesses within the supply chains and their wider operational environment.

The purpose of the first article is to identify the factors influencing the Finnish food industry, particularly from the perspective of supply chains' (SC) and SMEs', as well as to explore the demands and potential for theoretical approaches for understanding these companies' opportunities for success. Specifically, the objective of this article is to identify factors that influence the operation and development of food supply chains and to analyze their significance for rural food SMEs in Finland. The second objective is to demonstrate the relevance of network and relationship marketing theories in advancing research concerning the role of food SMEs within food supply chains. In doing so, the article not only enhances understanding of the situation of rural food SMEs in food supply chains in Finland but also contributes theoretically by exploring the application potential of network and relationship marketing theories in studying cooperation, competitive strategies and food supply chain relationships.

Future visions were explored using the Delphi technique, a qualitative forecasting method that employs a team-based approach to decision-making. Delphi was chosen as a suitable methodology, since its validity had been proven in previous food sector studies (e.g. Mili & Rodríguez Zúñiga, 2001; Rodriguez-Diaz, 2000; Russo & McLaughlin, 1992). A total of 19 panelists were recruited from relevant organizations to participate in the study. The Delphi process comprised three rounds, with a summary of the results from each round circulated to all panelists prior to the commencement of the subsequent round.

Drawing on the findings of the Delphi study and review of marketing and management literature, networking and relationship management emerge as critical factors for enhancing the success and profitability of rural food SMEs. Nonetheless, further empirically grounded research is required to substantiate and extend these preliminary insights.

The role of article one in this dissertation is to present the operational environment of small food businesses and highlight key factors affecting them. The adoption of relationship marketing approach in SMEs can significantly influence the creation of valuable strategic alliances - either among SMEs, or between SMEs and other SC members - thereby enhancing competitiveness of a single business. Since marketing in SMEs typically has a relational focus, SME owner-managers should prioritize understanding, establishing, and facilitating relationships such that a network of viable contacts would be developed (Coviello et al., 2000). Close relationships with SC partners enable SMEs to leverage information for better-informed marketing decisions (Zontanos & Anderson, 2004), which positively affects their position in the marketplace and increases their competitiveness. To facilitate effective communication, an integration of all marketing communication messages and activities is required in relationship marketing (Grönroos, 2004) to support the dyadic communication between SC partners. Communication has been described as glue that holds together a channel of distribution (Mohr & Nevin, 1990) and is thus regarded as significant in business relationships.

4.1.1 Assessing the accuracy of Delphi forecasts in the 2020s

This subchapter intends to briefly assess how accurate the Delphi panel forecast was in the long term, and what kinds of changes has happened since 2008 in the operational environment of food supply chains in Finland and beyond. In the original article the categories of competitive strategies, co-operation and relationships within chains were identified as those where network and relationship marketing theories were regarded as most valuable. Therefore, the focus here is on these results and on the statements related to aforementioned categories.

Although the data of the original article included a wide range of themes and topics, not all were relevant to the network and relationship marketing theories and are thus excluded from this subchapter. This assessment of the Delphi results is based on a variety of sources, including institutional documents related to the food sector in Finland, recent industry documents or reports, and scientific articles that address issues relevant to evaluating the accuracy of the original findings (see Table 9). A more recent Delphi study in the Finnish food systems (Rikkonen et al., 2024) was also included.

To start with, it can be stated that many of the expert forecasts have stood the test of time rather well, since major changes in the broad lines of operational environment in the food sector do not happen in a very short time, but they take a considerably long time to actualize, even several decades. However, I am not trying to argue by any means that nothing or no changes have happened in the food sector. Some new topics or concepts (e.g. sustainability, resilience, climate change) have of course arisen into general discission over the years (see e.g. Zurek et al., 2022; Knorr & Augustin, 2021), new technologies have been introduced, and certain procedures have been altered, but the way businesses operate with one another has not changed significantly.

Table 9. Selected sources of information regarding the operational environment of food chains in Finland.

Institutional documents	**Scientific articles**	**Professional industry documents / reports**
Luomu 2.0 (2021) Lähiruokaa – totta kai! (2021) Ruoka 2030 (2017)	Hagolani-Albov & Ehrnström-Fuentes (2023) Kujala et al. (2022) Rikkonen et al. (2024) Szymoniuk & Valtari (2018)	Aho (2017) Aitoja makuja (2023) Elintarvikealan pk-yritysten koronaselvitys (2021) Hyrylä (2023) Luomu Suomessa 2020 (2021) Päivittäistavarakauppa 2024 (2024) Tikkanen (2023)

The Delphi panel forecasted that it was highly likely that both primary producers and food SMEs would form producer groups or be involved in networks with other producers. The co-operation was seen to offer diverse synergy benefits both for primary producers and SMEs so that cost savings and higher profit margins would be generated. However, the statement about direct sales becoming increasingly important for SMEs and primary producers to consumers was seen highly unlikely. This was reasoned due to geographical features as Finland has long distances, and it is sparely populated. It was said that direct sales to consumers cannot be economically profitable for businesses. All kinds of direct sales points of local farmers or processors have been tried during the past decades, and practically none of them has lasted very long. Furthermore, the projection that interest in regional and specialty products will increase in the future, along with the expansion of dedicated distribution channels for such products, was considered highly likely. Regional specialties were anticipated to attract consumers as an alternative to mass-produced goods, and to ensure their sufficient visibility, the creation and development of specialized supply chains was deemed probable. This projection was later realized through the REKO movement.

The so-called REKO groups or networks have operated in Finland since 2013 (Hagolani-Albov & Ehrnström-Fuentes, 2023; Szymoniuk & Valtari, 2018), and these groups can be seen as a form of producer groups. The power distribution in food supply chains has focused on fewer and fewer operators, as, for example, the retail and wholesale trade of food stuffs is currently highly centralized (Päivittäistavara-kauppa 2024, 2024; Lähiruokaa – totta kai!, 2021). This means less power for SMEs. REKO is a retail and distribution model, a form of alternative food network, since in REKO groups producers and farmers are able sell the food stuffs directly to consumers. REKO groups were born from dissatisfaction of producers and processors on their income; they wanted to have their fair share. These groups were first operated in a small geographical area in western Finland, but they were quickly adopted to all parts of the country (Szymoniuk & Valtari, 2018). The decision of a certain business to use REKO, can be seen as a part of its distribution strategy. The fast advancement of digitalization has helped here, as even the smallest businesses can afford to have basic level digital tools in their use. The digital platforms were invented, and the development has been extremely fast which has made it easier even for small businesses to reach out to the final customers.

The REKO offers customers a way of ordering products directly from the producer, without the need for middlemen. The REKO networks operate via Facebook as closed groups in which orders and deliveries are agreed on in advance (Szymoniuk & Valtari, 2018). The groups are run by volunteers, who do not receive payment for their contribution (Aitoja makuja, 2023). REKO groups was invented in Finland, but it has grown to be a worldwide phenomenon (Hagolani-Albov & Ehrnström-Fuentes, 2023). By using REKO groups, many small businesses have improved their market position, and many businesses have even been able to decrease the prevailing power asymmetry in the market. The competitiveness of a single business has increased due to REKO as a lot of middlemen are being disregarded, and the direct relationship with consumers has been strengthened. REKO groups can be seen as a counter-movement for traditional, concentrated retail markets. Although the number of consumers shopping online has increased only modestly[4] over the past decade (ECDB, 2024), the REKO model, which combines digital and face-to-face interaction, appears effective in attracting consumers to purchase from local SMEs.

The growing demand for organic produce to open new profitable markets for food SMEs was seen highly likely by the Delphi panelist. The food SMEs play a crucial role in the local economy and employment (Kujala et al., 2022; Ruoka 2030, 2017), and due to their size, they have the possibility to be flexible in their operations and e.g. produce smaller quantities that a suitable for organic. The development of organic demand and production during the past 15 years has been both positive and negative. The demand for organic food stuffs has gradually been rising among consumers, even though not as steeply as expected by the panelist, but the direction is right. Both the

[4] It must be noted that Covid19 pandemic in 2020 dramatically increased the use of digital platforms by consumers, but it has since dropped near to a level that it was before the pandemic (ECDB, 2024).

arable land area for organic produce and number of organic animal farms have approximately doubled since 2008 (Luomu Suomessa 2020, 2021). The Finnish Ministry of Agriculture and Forestry recognizes significant potential with the organic produce but notes that its full benefits are yet to be realized, and realizing it will necessitate increased investment in research, production, marketing, and export experimentation (Luomu 2.0, 2021). A lot has already been done, and many organizations are continuing the promotion of organic production and demand.

The retail trade of organic products has more than doubled in Finland since 2011, but the size of the market is still rather small, only 2,6% of total in 2020. The share of organic produce in the retail market has been steadily rising almost every year during the past decade. According to recent studies in Finland, the interest of the consumers towards organic products is, however, higher than the actual purchases; the higher prices of organic products compared to conventional ones guides the purchase decisions of many consumers. (Luomu Suomessa 2020, 2021). The high inflation of recent years has slowed down the increase of market share of organic products, and the retail chains estimate that the share has dropped to 2,2% (Tikkanen, 2023).

During any macro environment disruptions, some changes, whether short- or long-term, appear in the operational environment of food chains. The Delphi panel found it highly likely that because of food scandals consumers' confidence in food SMEs is higher than the confidence in large food companies. At the time of the forecasts, the foot and mouth disease were a hot topic, and the confidence in smaller businesses was expressed. This view may be comparable to the developments during the Covid-19 pandemic, as REKO sales rapidly increased when consumers started to appreciate small businesses and the direct relationships with them (Maaseudun tulevaisuus, 2021).

The respondents thought it was highly likely that most food SMEs will develop cross-organizational teams with their food service customers to develop new products. It could be a bit exaggerated to claim that a majority of food SMEs operated like this, but there have been efforts to mitigate the co-operation of SMEs especially with the public sector representatives. The current procurement law (from 2016) tries to offer more equal opportunities also for the small businesses. The law says that procurement units must execute a market survey before the call for tender is published so that they know the supply and can formulate their calls for tender accordingly. On top of that, the procurement law includes the possibility to use the innovative public procurement as a procurement instrument. This refers to the procurement of new or significantly improved goods or services that can help to enhance the productivity, quality, sustainability and/or effectiveness of public services (Aho, 2017). By using innovative public procurement instrument, e.g. a food business and public caterer can develop new products together.

A more recent Delphi study in the Finnish food system found similarly to this research, that the Finnish food system actors will begin to operate in close coordination to envision and develop the food supply chain as a more self-sufficient, profitable, and resilient system (Rikkonen et al., 2024). Covid-19 pandemic, war in Ukraine, and the rise of the food prices have all caused disruptions in the food chains and increased uncertainty of the chain members (Rikkonen et al., 2024; Hyrylä, 2023; Elintarvikealan pk-yritysten koronaselvitys, 2021). This situation necessitates closer cooperative relationships between members of the chain to re-establish mutual trust.

To conclude, even if small changes happen all the time in our operational environment, any major changes in the food chain environment are for the most part relatively slow. Larger, structural changes may take years and years, or even many decades to happen. Therefore, it is fair to say that the results of the Delphi panel forecasts related to business relationships are still mostly accurate if the Delphi results are seen as overall change trends over time. If SMEs want to keep up with what is happening in the food chain environment, it would be highly recommended that the entrepreneurs or owner-managers continuously follow what is going on in the field, both in the national and international levels. This might require e.g. acquiring knowledge through reading both professional and academic publications, networking with various people in different roles of the food system and attending food-related events to get new knowledge and nurture relationships.

4.2 Article 2: Different perceptions of the antecedent of trust in asymmetrical business relationships

In article two, the relationship between a small food business and a retailer is examined. As the retail sector is the primary marketing channel for many small food businesses in Finland, it provides an important and relevant research context. Trust is widely recognized as a key moderating factor in business-to-business marketing literature (e.g. Håkansson & Snehota, 2000; Grönroos, 1994; Morgan & Hunt, 1994) and is considered essential ingredient for successful relationships (Lee & Trim, 2006; Dwyer et al., 1987). However, in certain marketing dyads, in which a power asymmetry exists, trust is not inherent (Hingley, 2005a, 2005b); indeed, power can be viewed as the antithesis of trust (Kumar, 1996). An asymmetrical relationship implies an imbalance in one or a few characteristics between the partners involved (Johnsen & Ford, 2008; Gundlach et al., 1995). It can therefore be assumed that in asymmetrical relationships there are differences also in how business partners perceive trust (Hingley & Lindgreen, 2002).

The purpose of the article is to identify the different perceptions of the antecedents of trust in asymmetrical business-to-business relationships between food producers and retailers. The empirical data consists of semi-structured face-to-face interviews with 38 small food business owners and 54 retailers. The analysis combines both qualitative and quantitative methods.

The term "antecedents" refers to the preconditions necessary for trust to emerge. Thus, these antecedents play a pivotal role in the development of business relationships, as trust constitutes an essential component of such relationships. However, because the antecedents of trust are not necessarily valued or interpreted equally by each partner, trust within business relationships can assume multiple forms, which may, in turn, exert a significant influence on the trajectory of relationship development. The main aim of the article is thus to examine what kind of antecedents of trust are valued by small food businesses and retailers in a buyer-supplier relationship and how these differences affect the relationship. The aforementioned research task can be defined more closely through following questions:

1) are there differences in how small food businesses and retailers perceive the antecedents of trust?;

2) how do different antecedents affect the nature of trust?;

3) is it possible for businesses having different types of trust to collaborate effectively?

By studying two sides of the relationship simultaneously, this research contributes to the gap in research of trust in buyer-seller relationships as the current research of the antecedents of trust provides mainly a one-sided view on trust by concentrating only to one side of the dyad. This study is qualitative and interpretative in nature to the extent that the objective is to understand the nature of trust in business relationships from the viewpoint of both small producers and retailers (see e.g. Burrell & Morgan, 1979).

A total of 23 different antecedents of trust were identified from the empirical data and further categorized into five groups: product-, business-, person-, relationship- and third party-related features. The different perceptions of the two groups studied, businesses and retailers, were further examined for each antecedent identified. The differences were either qualitatively or quantitatively significant.

The role of article two in this dissertation is to shed light on the significance of different forms of trust in the relationship between a small food business and its larger, more powerful customer, and how this dynamic affects asymmetry in the relationship. The study highlights the crucial role of small businesses in fostering and maintaining trust in such relationships. Above all, this often requires a great amount of flexibility from producers, as this was an attribute implicitly associated with many antecedents.

While symmetry and mutuality are typically considered essential in relationship marketing, the study suggests that relational and transactional approaches can coexist in asymmetrical producer-retailer relationships over extended periods. Power asymmetry may lead to reduced continuity and relationship instability. Although the key role of producers in the development and maintenance of trust was usually equally emphasized by both groups of interviewees, we argue that this in fact increases the sense of asymmetry in the relationship. As a result, small food producers remain vulnerable in such relationships. Nevertheless, the weaker party may possess something the stronger values, which can offset the negative effects of asymmetry, making the relationship functional and mutually satisfactory.

4.3 Article 3: Business relationships and B2B Communication in selected European agri-food chains – First empirical evidence

In article three, the roles of business relationships and B2B communication in selected European agri-food chains are analyzed. To address the challenges of ever-changing business environment and capitalize on emerging opportunities, improved supply chain co-ordination among farmers, processors and retailers is essential. This can be achieved through the development of sustainable business relationships and the intensification of communication along the chain. Since it is an essential part of business to connect with others (particularly customers, but also other stakeholders such as suppliers, employees, financial analysts and public-sector organizations), building effective relationships and communicating professionally are considered key drivers of success. These elements are often the foundation of a sustainable competitive advantage.

Using survey data from 1026 farmers, food processors and retailers across two commodity sectors (meat and cereals) and five different EU countries, the empirical relevance of several theory-based determinants of relationship goodness was tested. The estimation results, derived from structural equation modelling of the aggregated data, indicate that the most significant contributor to good business relationships is effective communication, with its two components, adequate communication frequency and high information quality, being equally important. The importance of personal bonds to relationship quality suggests that retaining key personnel is vital for sustaining supply chain relationships. Alternatively, employing supply chain staff who are culturally and/or socially aligned with their counterparts may also facilitate stronger relationships. Finally, the strong correlation between effective communication, balanced power distribution, and the development of personal bonds indicates that these elements are interconnected components of relationship building. Therefore, they should be developed in tandem as part of any major effort to strengthen relationships. Figure 3 presents the main determinants of relationship goodness.

Thus, agri-food business managers seeking to improve their supplier or buyer relationships need to consider the crucial role of effective communication and the positive contribution that the existence of personal bonds can make to the development and maintenance of sustainable relationships.

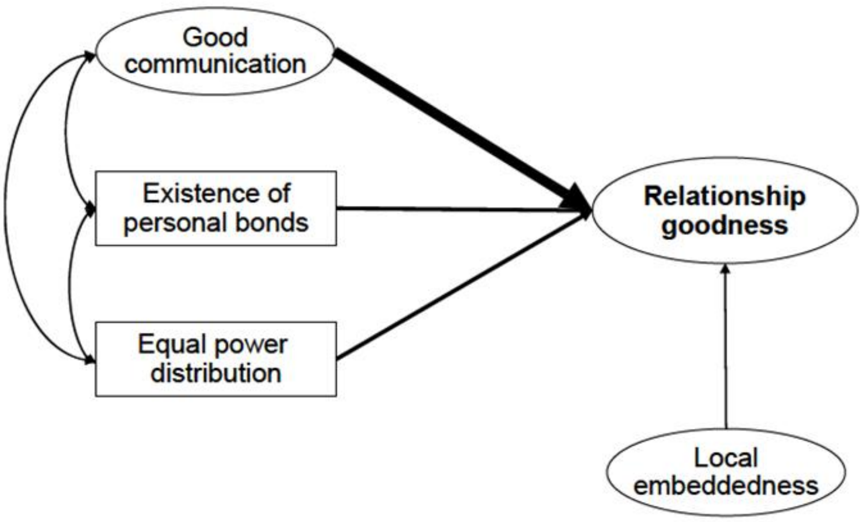

Figure 3. Main determinants of relationship goodness in agri-food chains (Fischer et al, 2008).

The role of article three is to highlight the importance of communication and the effects of the distribution of power within business relationships. The results indicate that the most significant contributor to good supply chain relationships is a combination of adequate frequency and high quality of communication. This finding supports the results of previous research, which also identifies communication as the key factor in achieving successful inter-firm cooperation (Mohr et al., 1996; Bleeke & Ernst, 1993). Communication can foster the creation of sustainable business relationships and contribute to their stability and evolution.

Beyond the exchange of information, communication can positively contribute to chain performance and the satisfaction of stakeholders, as well as the quality of the relationship in terms of mutual trust and commitment. In this sense, communication can be regarded as the glue that holds relationships together. One important implication of this finding is that stakeholders must secure they have both the technical and interpersonal capabilities to send, receive, process, and respond to information and requests. Doing so enables them to unlock the full benefits of good communication and strengthen their supply chain relationships.

4.4 Article 4: Balancing the market asymmetry: Innovation relationship between small food business and public caterer

Innovations and innovativeness have repeatedly been highlighted as essential sources of competitive advantage for businesses, with food businesses being no exception (e.g. Fortuin & Omta, 2009; Costa & Jongen, 2006). It has been argued that whereas food businesses in the past primarily sought to maintain competitiveness by minimizing production costs, increasing globalization has shifted the focus toward production that aligns with diverse customer and market demands (e.g. Fortuin & Omta, 2009; Avermaete et al., 2003; Traill & Meulenberg, 2002). Food manufacturers increasingly rely on market information from business partners to support innovations (Steward-Knox & Mitchell, 2003). Accordingly, the positive influence of business relationships on innovations is widely acknowledged, as interorganizational collaboration facilitates knowledge sharing and interactive learning (e.g. Inkpen & Tsang, 2005; Powell et al., 1996).

The concept of business-to-business relationships has been discussed in the literature as long as marketing has existed as a discipline (e.g. Cannon & Perreault, 1999; Morgan & Hunt, 1994; Dwyer et al., 1987). Although the significance of buyer-seller relationships is well established in the marketing literature, there is a risk of treating such relationships as homogeneous (Laing & Lian, 2005), despite the fact that they are always shaped by their specific contexts. Businesses are embedded in multifaceted ways within their networks (Ritter et al., 2004; Håkansson & Snehota, 2000). For instance, small food businesses often find themselves in asymmetrical relationships where customers hold stronger negotiating power and possess greater consumer knowledge. Consequently, collaboration toward innovation between a small food business and an external stakeholder is frequently characterized by asymmetry (Lambrecht et al., 2015). An imbalance in resources of one of the companies in a relationship, or in how those resources are leveraged, enables one of the companies to exert greater influence, initiate change in the relationship or dominate the relationship (Mouzas & Ford, 2007). The role of article four in this dissertation is to demonstrate how innovations can be viewed as constituents of trustful relationships between a small food business and a more powerful business partner.

The empirical data of the study are based on semi-structured interviews with 14 small food business owner-managers and 14 representatives of public catering organizations. The primary selection criterion for the interviewed businesses was that they had supplied an innovative product or service to a public caterer. Each of the 14 public caterers interviewed were those that had an established business relationship with one of the interviewed small food businesses, resulting in a total of 14 dyadic business relationships examined in this study.

The main objective of the data analysis was to build a qualitative typology illustrating how innovation processes manifest within the relationship between small food businesses and public caterers. The typology helps us to understand how asymmetry plays out across different relationship types and how small businesses can manage it. Three distinct types of innovation relationships between small businesses and public caterers were identified and categorized as interactive, customer-led and supplier-led innovation relationship. These types are analyzed through four common themes identified during the data analysis: initiation, motivation, communication, and commitment. The summary of the results is presented in Table 10.

A common feature across all three types is that the innovations around which the relationships were built were incremental in nature, which is rather typical of food innovations (e.g. Muscio et al., 2010; Martinez & Briz, 2000). While previous studies highlight the central role and motivation of small business owner-managers in innovation processes (Damanpour et al., 2009; Bhaskaran, 2006), our findings show a more nuanced picture. The supplier-led and interactive innovation types align with this view, but the customer-led innovation type demonstrates that owner-managers may sometimes play only a minor role, acting mainly as executors of externally initiated ideas. In customer-led innovation relationships, the role of small business and its owner-manager is often limited in implementing the innovation, with minimal influence on its development. Even in supplier-led innovation relationships – where the innovation originates from the business and often evolves independently of customer input - small businesses tend to value stakeholder support during their innovation process (e.g. Coppola et. al., 2022; Avermaete, 2004). There is evidence that good experiences in a customer-led innovation relationship might later lead to more co-operational relationships between the business partners.

Table 10. Summary of the results of article 4.

	Supplier-led innovation relationship	**Customer-led innovation relationship**	**Interactive innovation relationship**
Initiation	The innovations are initiated solely by small businesses, and products or services are usually ready when offered to caterers with no involvement from external parties in the development process.	Innovations are initiated by caterers who provide ideas for innovation, with limited involvement from small businesses.	The innovations are initiated solely by small businesses, and products or services are usually ready when offered to caterers with no involvement from external parties in the development process.
Motivation	Small businesses are motivated by their entrepreneurial spirit, and the desire for a maximal use of the production capacity. Caterers are motivated by the potential to innovate with a low effort and cost.	Caterers identify a very specific need or deficiency and want to find a partner to fulfil that need. By accepting the customer's terms, the small business can secure their business relationship with the caterer.	Motivation arises from meeting mutual needs and gaining access to new markets. Innovation serves as a way to spread economic risks and enhance business relationships.
Communication	Communication is not systematic but occurs mainly at the beginning of the relationship and is led by the business.	Communication is not systematic but occurs mainly at the beginning of the relationship and is led by the business.	Continuous, open communication reflected in iterative cooperation.
Commitment	Caterers' low commitment negatively affects the businesses' desire to invest in the relationship.	Caterers' low commitment negatively affects the businesses' desire to invest in the relationship.	Both parties are committed to the continuation of the relationship as both have invested in the development of the innovation.

One of the key strengths of small food businesses is the flexibility, which allows them to be responsive providers of innovative products or services for public caterers. It is not uncommon for new products introduced by a small business to require multiple modifications at different production stages based on customer feedback. However, this is usually accepted as a natural part of the innovation process and a way to maintain the business relationship.

This study contributes to the literature on B2B marketing, particularly in the context of asymmetrical business relationships viewed from a dyadic perspective. It enhances our understanding of how asymmetry affects relationships between smaller and larger partners, showing that asymmetry can yield both positive and negative outcomes. Importantly, the presence of goal congruence in a co-operative relationship can help mitigate the negative effects of asymmetry and enhance the positive ones.

5 DISCUSSION AND CONCLUSIONS

This dissertation studies the asymmetrical business-to-business settings in the food chains by exploring how small food businesses can engage in marketing practices to successfully manage asymmetrical business relationships with their larger B2B customers. The study increases the understanding of the role of small businesses in the food sector, and the challenges they usually meet in asymmetrical B2B relationships with their larger, usually more powerful, customers, and how they can successfully operate in such relationships. The purpose of this chapter is to present the relevance of this dissertation's findings' theoretical and managerial contributions, and to assess the research limitations and finally, suggest further research directions.

This research contributes to B2B marketing management literature, particularly in a small business context, by both conceptualizing and empirically exploring the mechanisms through which small food businesses can strategically deploy communication and innovation activities to build trust in balancing the asymmetry they face in business relationships with larger companies.

5.1 Theoretical implications

The aim of this dissertation is to advance our understanding about the marketing management of asymmetrical B2B relationships in which small food businesses operate, by identifying the challenges they face and examining their strategic responses. The theoretical contribution lies in extending relationship marketing theory by demonstrating how small businesses in asymmetrical B2B relationships can actively manage their relationships to mitigate the effects of power imbalances. While much of the existing literature assumes that asymmetry inherently limits the agency of smaller firms (e.g. Johnsen & Ford, 2008; Hingley, 2005b), the findings of this dissertation suggest also otherwise. Rather than eliminating agency, asymmetry reshapes it through relational practices. This study complements Bogomolova et al. (2026) by showing that empowering weaker actors to reshape their relationships can help them mitigate the effects of asymmetry and strengthen their business opportunities and resilience.

By emphasizing trust-building, frequent and transparent communication, and small-scale innovations, small food businesses can strengthen their role in the relationship and foster long-term commitment, even in asymmetric circumstances (Koponen & Julkunen, 2022; Van Zeeland-van der Holst & Henseler, 2018; Munksgaard et al., 2015). These findings expand relationship marketing theory by positioning small businesses not merely as passive recipients in power-laden networks, but as strategic actors capable of influencing relational outcomes even under conditions of resource dependence. In this view, influence is exercised less through structural power and more through relational competencies such as trust-building, open communication, responsiveness, and adaptive innovation, all of which are developed and negotiated through ongoing interaction (Gilboa et al., 2019). This aligns with the broader relationship marketing tradition, which treats relationships as collaborative, value-creating processes rather than purely transactional exchanges (Sheth et al., 2012). Small firms may therefore compensate for limited formal power by leveraging interpersonal closeness, flexibility, and relational capability in their ties with customers and partners (Gilboa et al., 2019; Zontanos & Anderson, 2004).

One of the key theoretical contributions of this research is the development of a new categorization of the antecedents of trust in asymmetrical B2B relationships. Prior studies have typically focused for example on personal and organizational features (Zaheer et al., 1998; Doney & Cannon, 1997; Moorman et al., 1993), as well as product or service characteristics (Gounaris & Venetis, 2002; de Ruyter et al., 2001). Building on and extending this work, the antecedents identified in this research were grouped into five categories of product-, business-, person-, relationship- and third party-related features, each encompassing several distinct antecedents of trust. This categorization advances our theoretical understanding by demonstrating that trust in power-imbalanced relationships is multi-dimensional and contingent on both parties' willingness to adapt and engage in relational norms (Palmatier et al., 2006). When both sides show a commitment to such norms, mutual trust can develop, even in cases of significant asymmetry, and thereby reducing relational risks and improving coordination (Marcos-Cuevas et al., 2015; Ganesan, 1994). Similar to Marcos-Cuevas et al. (2015), I argue that goal congruence, honoring relational ties, and demonstrating credible commitments help to build trust between partners and, in turn, balance asymmetry in a relationship. This is further strengthened through close social and personal relationships, i.e. learning to know each other, developing a shared language, and embedding the relationship in broader social networks.

When asymmetric partners recognize and honor valued antecedents of trust, such as competence, prior experience, and third-party endorsements, relational risks are reduced, and coordination improves (Zafari et al., 2023; Chowdhury, 2012). Mutual willingness to commit to relational norms, including openness, reciprocity, and integrity, further fosters the development of mutual trust even in the presence of power asymmetries. Crucially, both parties must be willing to engage in relationship-specific investments (whether social, strategic, or reputational), that signal commitment to continuity and collaboration (Pulles et al., 2023; Ngugi, 2019). Trust-based relationships also facilitate knowledge exchange and co-development activities, as both parties feel more secure in sharing ideas and engaging in joint problem solving (Zafari et al., 2023; Palmatier et al., 2006). Taken together, this multidimensional and contingent approach to trust antecedents offers nuanced insight into how power-imbalanced B2B relationships can still foster strong, mutual trust through genuine commitment to relational features and adaptive behavior, ultimately reducing perceived risk and improving coordination and stability.

In asymmetrical interorganizational relationships, cooperative engagement between partners introduces specific dynamics that shape the nature and trajectory of innovation-related interactions (Siemieniako et al., 2025; Ngugi, 2019). Such relationships are typically governed by the dominant actor, who possesses greater control over critical resources and decision-making processes, while the smaller partner is often compelled to exhibit adaptive behaviors to preserve the relationship. This structural imbalance can constrain relational development and inhibit the emergence of collaborative innovation, as trust and reciprocity are more difficult to establish under perceived coercive conditions (Saãd & Noureddine, 2023; Leonidou et al., 2009; Hingley, 2005b). However, when both actors demonstrate behavioral flexibility and a willingness to engage in mutual adaptation, a foundation of trust can be cultivated. This, in turn, can attenuate the negative relational effects of asymmetry by fostering relational equity and enabling more balanced interaction patterns (Håkansson & Ford, 2002). Importantly, trust and collaboration in such contexts are not linear but reciprocal, each reinforcing the other and creating a virtuous cycle that supports innovation despite initial power differentials (Li et al., 2025; Amentae et al., 2018). This study contributes to innovation theory by conceptualizing small-scale innovation not merely as an outcome of collaboration but as a relational mechanism through which smaller businesses signal value, build credibility, and influence more powerful partners.

This study also advances theory in the domain of food supply chains and small business strategies by applying relational and power asymmetry perspectives within a sector characterized by volatility, regulatory complexity, and perishability. Zafari et al. (2023) argue that a strong relational orientation becomes even more crucial for business success in turbulent environments, as disruptions tend to increase uncertainty and the risk of opportunistic behavior. The findings suggest that in unstable and unpredictable environments, relational capabilities (particularly innovation and adaptability) are not merely complementary assets but essential tools for managing dependence in business relationships (Kähkönen, 2014; Fearne et al., 2005). This adds a critical nuance to existing models of B2B power dynamics, which often overlook sector-specific constraints and opportunities (Bogolomova et al., 2026; Hingley et al., 2015). These findings are in accordance with Koponen & Julkunen (2022) and Marcos Guevas and their colleagues (2015) who emphasize the importance of relational competence and goal congruence in mitigating asymmetry. By situating this research within the context of small food businesses, the study contributes to the theorization of how firm size and industry characteristics interact to shape the dynamics of trust and commitment in asymmetrical business relationships.

5.2 Managerial implications

The findings of this thesis offer constructive opportunities for small food businesses to strengthen their positions within asymmetrical business relationships by focusing especially on trust building, effective communication and innovation. These elements serve as strategic levers that enable smaller businesses to mitigate the disadvantages arising from asymmetrical power dynamics and foster more collaborative, long-term partnerships with larger business counterparts (e.g. Hingley et al., 2015; Munksgaard et al, 2015). Prior research shows that trust reduces uncertainty and coordination costs, while high-quality communication supports partnership stability and relational learning (He et al., 2013; Mason & Leek, 2012; Sheng et al., 2006; Morgan & Hunt, 1994). In turn, innovation-oriented collaboration allows smaller firms to contribute distinctive value, helping to rebalance dependence and sustain mutual commitment (Barrane et al., 2020). This subchapter summarizes the key practical implications derived from the study and provides recommendations for marketing management strategies in asymmetrical business settings. The insights presented aim to guide small food businesses in developing relationship-oriented marketing strategies that enhance their competitiveness, improve negotiation capacity, and promote mutual value creation within the broader food chains.

Building trust and managing business relationships proactively are essential components of small businesses' long-term success. Trust serves as the foundation for collaboration and enduring partnerships, which are particularly critical for small food businesses seeking to thrive in competitive and asymmetrical markets. To fully integrate trust-building into everyday business practices, small business owner-managers should view themselves as active and intentional relationship actors. This involves consciously emphasizing appropriate antecedents of trust that hold significance for both parties in the relationship. While small businesses must strive to meet the needs and expectations of their customers, it is equally important that they remain aware of and protect their own strategic and economic interests. The successful management of trust antecedents requires not only explicit communication but also a tacit understanding of the partner's values, goals, and operating conditions. Such implicit, experience-based knowledge strengthens relational bonds and fosters cooperation that extends beyond transactional exchanges (Zaheer et al., 1998). By taking an active role in initiating, nurturing, and sustaining trustful relationships, small business managers can better influence the balance of power in their B2B relationships and mitigate the negative effects of asymmetry. These findings are consistent with Nguyen and Rose (2009), who emphasize that trust and proactive relationship management enhance small firms' ability to maintain mutually beneficial and resilient partnerships.

Communication between business partners plays a pivotal role in balancing relationships characterized by asymmetry. Through open, consistent, and well-functioning communication, partners can foster mutual understanding, enhance transparency, and gradually reduce the negative effects of power imbalances (Trada & Goyal, 2020). Transparent communication enables both relationship parties to align expectations, clarify goals, and share critical information, thereby strengthening the relational foundation on which cooperation is built. The more transparent a relationship becomes, the easier it is to cultivate trust, as the open exchange of information diminishes perceived uncertainty and reduces the risk of opportunistic behavior (Schilke et al., 2026; Morgan & Hunt, 1994). For small food businesses, however, achieving this level of communication requires deliberate effort. Small business owner-managers must be willing to invest time, attention, and emotional energy into developing communication practices that go beyond transactional exchanges. Proactive and continuous dialogue, rather than sporadic or reactive communication, helps small businesses demonstrate reliability, openness, and commitment to their partners. In doing so, they can gradually reposition themselves as credible and trustworthy collaborators, capable of influencing the relationship dynamics and contributing to more balanced, long-term partnerships.

Defining the most suitable type of innovation relationship for a small food business is inherently complex and contingent upon multiple interrelated factors. Unlike larger firms that often have more clearly defined innovation strategies and resource flexibility, small businesses must navigate significant constraints in terms of capacity, capital, and strategic autonomy. The selection of an appropriate innovation partnership model ultimately hinges on the business' strategic objectives, long-term vision, and, critically, its willingness and ability to invest in relational assets. These investments may include not only financial resources (e.g. co-development costs, joint technology acquisition) but also non-financial commitments such as time, knowledge sharing, trust-building, and alignment of organizational practices. Each type of investment carries inherent risks, including opportunity costs, potential dependency, and the possibility of misaligned expectations. Therefore, small food businesses must carefully evaluate both their internal capabilities and the relational dynamics with prospective partners to determine the most beneficial and sustainable form of innovation engagement.

All in all, it can be argued that small food businesses should adopt an active and strategic role in their asymmetrical business relationships in order to influence the development and maintenance of those relationships more effectively. Taking a proactive stance enables small firms to move beyond reactive behavior and to become intentional participants in shaping the dynamics of cooperation, rather than merely adapting to the terms set by larger partners. While flexibility is often considered one of the core strengths of small businesses, particularly in fostering trust and engaging in innovation-oriented collaboration (Sen et al., 2023; Beraha et al., 2018), its application must be carefully calibrated. Excessive flexibility may unintentionally reinforce asymmetry by increasing dependence on more powerful partners or by limiting the firm's ability to negotiate favorable conditions (Håkansson & Ford, 2002). Therefore, each small food business must identify an optimal degree of flexibility that allows for responsiveness and adaptability without compromising its strategic autonomy or bargaining position. Achieving this balance between flexibility and control is essential for transforming asymmetrical relationships into genuinely reciprocal and mutually beneficial collaborations. By maintaining both adaptability and strategic intent, small food businesses can position themselves as credible, trustworthy, and indispensable partners within the broader food supply chain.

5.3 Limitations and future research directions

It is widely acknowledged within the academic community that all research is subject to certain limitations, and the present study is no exception. Recognizing and critically reflecting upon these limitations is a fundamental aspect of scholarly integrity, ensuring both transparency and a realistic appraisal of the study's scope and contribution. Accordingly, the following section outlines the potential limitations of this work and discusses their implications for interpreting the findings. By identifying these boundaries, the study not only demonstrates critical self-reflection but also highlights the complex realities inherent in researching small businesses within asymmetrical business environments. Furthermore, this reflective process serves as a foundation for identifying areas where further inquiry might be needed. The section concludes with a consideration of possible directions for future research, highlighting opportunities to build upon the current findings and to address the limitations identified. Through such continued investigation, the understanding of relationship dynamics and strategic behavior in asymmetrical business contexts can be further deepened and refined.

One limitation of this study lies in its selective focus on only three components of relationship marketing, namely trust, innovation, and communication, while the broader framework encompasses additional elements such as commitment, reciprocity, shared values, conflict resolution, and long-term orientation. By narrowing the scope to these three dimensions, the study may not fully capture the complexity and multi-dimensionality of relationship marketing as it operates in asymmetrical B2B contexts. However, this focused approach was necessary to allow for more in-depth analysis within the constraints of the research design. Future research could overcome this limitation by adopting a more comprehensive framework that includes a wider range of relational constructs, or by conducting comparative studies that assess the relative influence of different relationship marketing dimensions across varying degrees of asymmetry and industry contexts. Such an approach would offer a more nuanced understanding of how different relational mechanisms interact and contribute to relationship development in small business settings.

Another limitation of this study is its strong contextual focus on Finland (apart from one article, Article III), a country characterized by a high cultural propensity to trust. This socio-cultural backdrop may have influenced the findings, particularly those related to the ease with which trust is established and maintained also in asymmetrical business relationships. In environments where interpersonal and institutional trust are culturally embedded, relational dynamics (such as the development of trust, openness in communication, and willingness to collaborate) may unfold differently than in lower-trust societies. However, the Finnish context is not only a limitation but also a strategic lens that reveals how high-trust institutional environments shape asymmetry differently. As a result, the generalizability of the study's conclusions to other cultural or national contexts may be limited, but it also opens a possibility to cross-cultural research.

The forecasts made by the Delphi panel in Article I concerned the year 2007. Since that date has passed, it was necessary to evaluate the forecasts for their accuracy and relevance for the present day. The results of that article were assessed using more recent publications from various sources to determine whether they remain valid in the 2020s. To demonstrate the continuing relevance of a relational focus for small food businesses' operational environment, the appropriate findings were discussed in light of these publications. The assessment concluded that while minor changes constantly occur within the food chain environment, major transformations, particularly in the relational context of food chains, tend to take considerably longer. Therefore, the original results are not in significant conflict with current developments.

It should also be noted that in Article III of this dissertation, communication emerged as the most important contributor to the goodness of a business relationship in the aggregated model estimation. However, in the country-specific checks with the Finnish data alone, communication was not found to be significant. In the Finnish case, local embeddedness was the only significant determinant. Nevertheless, the three other determinants (including communication) are all positively and significantly correlated with one another. The divergence between the Finnish results and those of the aggregated model may be attributable to the smaller sample size in the country data or to the interconnectedness of the variables. It is important to emphasize that none of the country-specific estimations yielded results identical to those of the aggregated data, so Finland was no exception.

All the articles included in this dissertation open several interesting possibilities for future research directions, and some of them will be discussed to conclude this section. First, one particularly promising direction would be to replicate the Delphi study presented in Article I, this time focusing again on small food businesses and their operational environment. Conducting the study for a second time would make it possible to collect valuable longitudinal data offering insights into how accurate and resilient the original findings have proven to be over time. This would not only allow for a comparison between the earlier forecasts and the current situation but also help to identify the degree to which the developments anticipated in the original study have materialized. Moreover, a repeated Delphi study could reveal emerging trends and shifts in the food business environment. It could provide a richer understanding of how relational dynamics, market developments, and consumer expectations evolve within food networks.

In Article II, five distinct categories on the antecedents of trust were identified through the qualitative analysis of interview data: product-related, business-related, person-related, relationship-related and third party-related features. Altogether, 23 individual antecedents emerged within these categories, reflecting the multifaceted nature of trust formation in asymmetric relationships between small food businesses and their retail partners. To enhance the generalizability and robustness of these findings, future research could examine these antecedents across a wider range of settings, either through a nationwide study encompassing diverse regions and market structures or through a cross-national comparative study of small food businesses and their retailer customers. Such an approach would enable to assess whether the identified categories of the antecedents of trust hold consistent relevance across different institutional, cultural, and market environments. Moreover, it could reveal how contextual factors, such as national business norms, regulatory frameworks, and cultural dimensions of trust, shape the relative importance and interplay of these antecedents. Future studies could thus contribute to a more comprehensive understanding of trust formation in asymmetric B2B relationships, offering valuable insights for both theory development and managerial practice within the food sector.

Another promising future research direction would be a cross-national examination of small food businesses and their more powerful business partners. Such a study could enrich the analysis of asymmetry's effects in B2B relationships, particularly regarding trust development within asymmetrical B2B settings. Previous studies (e.g. Zolfaghari & Madjdi, 2022; De Jong et al., 2021) have shown that the propensity to trust varies significantly across countries, influenced by cultural and economic factors. Collecting empirical data from multiple countries in future research could therefore deepen our understanding of how trust is formed and sustained in asymmetrical business relationships. Moreover, such a study could serve as a valuable starting point for expanding our knowledge of the unique characteristics of the food sector and how relational asymmetries manifest within it.

Future research could also usefully compare the innovation relationships of small food businesses with those firms of operating in other industries. Such a comparative approach would help determine whether the findings of Article IV are sector-specific or whether they reflect more general patterns of innovation and collaboration across business sectors. Extending the analysis beyond the food sector might also yield new managerial and theoretical insights, particularly by revealing which relational or structural factors are unique to food networks and which are shared across industries. These insights could, in turn, inform strategies for enhancing innovation capacity and competitiveness within the food sector.

It is also important to acknowledge that the macro-environment of food supply chains has undergone significant transformation since the early 2000s. Digitalization, sustainability demands, and repeated supply chain disruptions have reshaped the structural conditions under which small food businesses operate. These developments may influence the relevance, salience, and interaction of relational mechanisms such as trust, communication, and innovation. It can be argued that over the past two decades, relational capabilities, such as trust, communication, innovation, have evolved into resilience mechanisms rather than merely marketing tools. Future research should therefore examine how these macro-level shifts alter the dynamics of asymmetry and relational strategy, and whether the relational capabilities identified in this dissertation continue to function as effective means of managing dependence in increasingly complex and digitally mediated food chains.

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LEENA VIITAHARJU

Prevailing challenges in rural food SMEs in Finland: the promise of a relationship marketing approach

ABSTRACT

Small-scale food processing is one of the main rural industries in Finland and small and medium-sized enterprises (SMEs) are extremely important for rural areas as promoters of employment and social well-being. It has been forecasted that a new form of competition will dominate in the near future in food markets: chain versus chain, rather than individual competing enterprises. However, it is far from clear what will actually happen in practise. The developments in the supply chain (SC) environment are resulting in an increasingly competitive business environment. The focus of this paper is on identifying factors, with the help of a Delphi technique, influencing the operation and development of food SCs as they relate to food SMEs in Finland. The impact of these factors on SMEs and their marketing activities is considered. The findings suggest that horizontal networking among food SMEs could be the way to survive in the concentrated food markets and gain more bargaining power in vertical relationships. According to the analysis of the Delphi results, the usefulness of relationship marketing (RM) for SMEs should be further investigated.

Key words: *relationship marketing; small and medium-sized enterprises; rural areas; food supply chain; Delphi technique.*

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1. INTRODUCTION: THE FOOD SUPPLY CHAIN ENVIRONMENT IN FINLAND

The globalisation of competition is affecting all the industries, also the food processing industry. Increasing competition and differing markets offer both opportunities and threats for food businesses. Major challenges facing food supply chains (SCs) include, for example, attaining concrete benefits through differentiation, networking and creating partnerships, understanding mutual benefits, and controlling changing markets (Isosaari 1999, Lääperi and Tohmo 2000, Manning and Baines 2004). However, at the same time with the development of global economy, there is a growing interest in local products in the food sector (see e.g. Ilbery et al. 2006). Nowadays many consumers are seeking safe and traceable products that are produced by ethically responsible businesses (Lobb and Mazzocchi 2007). These characteristics are usually connected with locally processed food products. The production of local foods offers opportunities especially for small food businesses located in rural areas.

Finnish food processing has traditionally been a domestic industry. Before Finland's membership in the European Union (EU), the food industry was protected against imported goods. Since then, it has had to face ever tightening competition, and the businesses have been forced to develop new competitive strategies. Other factors influencing the changing environment of the Finnish food industry have been, for example, the fall of the Russian economy in 1998, the Common Agricultural Policy (CAP), severe domestic competition from both Finnish and international firms, and changing consumers needs and demands (Ihmisten maaseutu 2000, Wiklund and Brännback 2001). Approximately half of the food processing firms in Finland are located in rural areas. As small-scale food processing is one of the main rural industries, small and medium-sized enterprises (SMEs) are important for rural areas as providers of opportunities for employment and agents of social well-being. Rural SMEs, though, have an immensely important role in maintaining the economic viability of rural areas (Kangasharju 1998, Anderson and McAuley 1999, Forsman 2000). However, as small actors in food chains, the SMEs' position may often be complex, and therefore a careful analysis of both external and internal demands and aspects concerning their position is important.

The small size of businesses and the lack of adequate knowledge are tightly linked together. If SMEs want to survive in an ever hardening competitive environment, they have to adapt themselves to continuously changing markets. In general, SMEs do not have enough resources for the development of new products or for marketing, and their competence in these fields is rather restricted (Pelham and Wilson 1996, Anderson and McAuley 1999, Zontanos and Anderson 2004, Viitaharju et al. 2005). Current and future changes call for strategic decision-making at the managerial level in food SMEs. There already exists well-established development work carried out by the authorities in the field of small-scale food processing at the regional level in Finland, but it is rarely based on scientific knowledge and may be too shortsighted. In order to mend this weakness, more visionary aspects of the future should direct the development work. In this study future visions and trends will be examined with the help of the Delphi technique as the other type of data, for example statistics or other research results, is virtually non-existing in this case. The Delphi results are further discussed from the SME point of view.

The purpose of the study is to identify the factors influencing the Finnish food industry, especially from SCs' and SMEs' perspectives, and the demands and potential for theoretical approaches to understand the companies' opportunities for success in this new situation. Two objectives are set for this article. The first objective is to identify factors that influence the operation and development of food SCs and analyse their significance especially for rural food SMEs in Finland. The first objective is attained by using the Delphi method. An application possibility of the Delphi method is the identification of a theoretical perspective for the research purposes (Okoli and Pawlowski 2004). The second objective is to show the relevance of network and relationship marketing (RM) theories for advancing research concerning the role of food SMEs in food SCs. Thus, in addition to enhancing the understanding of the situation of rural food SMEs in food SCs in Finland, the theoretical contribution of this article is the specification of application potential of network and RM theories for researching co-operation, competitive strategies and food SC relationships.

2. RESEARCH METHOD AND DESIGN

The Delphi method was selected as an appropriate methodology for this study because its validity both as a forecasting tool and as a means to refine the opinion and expertise of a panel of experts has been proven, and it has also been successfully used in forecasting changes in the food industry and as a tool in management decisions (Johnson 1976, Dietz 1987, Young 1987, Russo and McLaughlin 1992, Holmes 1995, Rodriguez-Diaz 2000, Mili and Rodríguez Zúñiga 2001). Delphi is a qualitative forecasting technique that employs a team approach to decision-making (Feret and Marcinek 1999, Rowe and Wright 1999). It involves anonymous forecasts made on two or more rounds by a group of independent experts who receive feedback between rounds. Round 1 usually contains a number of open-ended questions, whereas Round 2 or any subsequent rounds involve more closed questions. (Shon and Swatman 1998, Rowe and Wright 1999). It is particularly useful when accurate information is unavailable or expensive to obtain (Linstone and Turoff 1975, Shon and Swatman 1998). Rowe et al. (1991) claim that the main criterion for Delphi's employment is the indispensability of judgement information, which may arise in cases where no historical data exist, or where such data are inappropriate, as was the case with the present study.

In April and May 2001, altogether 19 panellists[1] were recruited for the Delphi study by a two-stage process. First appropriate institutions, companies or groups were selected, secondly the appropriate person from the selected institution, company or group was selected. It is important to get the commitment of experts before Round 1 (Johnson 1976, Marr and Prendergast 1993), as the success of a Delphi study depends on continued and dedicated participation by panel members. The goal was to obtain members from a wide variety of backgrounds and positions in the subject area (see Johnson 1976 or Rowe and Wright 1999). The recruited panellists included representatives from members of food SCs (5), representative organisations/associations (3), support institutions (10), and academic institutions (1). In order to help to harness the tacit knowledge into collective expert opinion, the panellists were asked to consider events in three and six years time, i.e. for 2004 and 2007. The use of the two time periods allowed for some estimation of trends and of the rate of change over time. There were three strands to be considered in this Delphi study: food SCs and SMEs in these chains, information and communication technology (ICT) in food SCs, and rural development. The panellists needed only to be expert in one of the three strands. However, as they were required to answer all questions, some prior knowledge of all strands was required. The focus of this paper is on the first strand. Table 1 indicates the response rate for each round.

TABLE 1. Summary of responses to three rounds of Delphi.

Round No.	Date issued	No. issued	No. of responses
1	May 7th 2001	19	16
2	May 29th 2001	16	16
3	June 28th 2001	16	14

The questionnaire was developed on the basis of the review of existing literature on SC management, food-related marketing and rural development, the point of view being in the operation of food SCs. It was piloted with three experts having considerable knowledge and experience of consumer market research, rural development and strategic marketing. The questionnaire comprised three sections. The section 1 was concerned with the unprompted identification of the most important factors influencing the SC environment of food SMEs in lagging rural regions. This was to allow for the specification of factors not previously identified by the directors of this research. The section 2 was concerned with the likelihood and importance of some events in the food SC, derived from the literature, occurring in the future. The section 3 was concerned with

1 There are differing opinions about the ideal panel size by different experts, varying from less than ten to several hundred people. For further information, see e.g. Kuusi 2002, Loo 2002 or Mullen 2003.

assessing how some factors will evolve in the near future, i.e. become more or less important. Following some minor modifications, the Round 1 pack, which contained the questionnaire, guidelines for completing the questionnaire, a short document on the Delphi methodology and an introductory letter was mailed on May 7th, 2001. Some follow-up e-mails were required to ensure that the attrition rate did not result in a 'skewed' panel of experts. The responses were analysed, and a results document and questionnaire developed for Round 2. The Round 2 pack, including a summary of results from Round 1, a questionnaire, instructions for completing the second questionnaire and a letter, was issued on May 29th, 2001. Additional statements were introduced on Round 2. New statements were prompted from responses to Round 1 questions, to gain further information and to reduce the experts' boredom and fatigue. The panellists were required to read the results of Round 1 before completing the Round 2 questionnaire. Following analysis of the returned Round 2 questionnaires, the final Round 3 pack was issued on June 28th, 2001. The Round 3 questionnaire contained the same statements as on Round 2. The analysis of data was done after each round. Simple statistical techniques were used in analysing the results, i.e. median and inter-quartile range (IQR). The open-ended questions were analysed by using a qualitative content analysis in order to find congruencies and themes in the data (see e.g. Koskinen et. al 2005 or Patton 2002). The following chapter presents the results of the Delphi study which are further discussed from the SME point of view in the final chapter.

3. FOOD SUPPLY CHAINS IN RURAL REGIONS: DELPHI STUDY FINDINGS

The following results are presented according to the three rounds of the Delphi and highlight changes (or no change) in views over time. The original survey included a wide range of food chain related issues. The focus of this article is on factors influencing the food SC environment in lagging regions in Finland, from the point of view of food SMEs, and the likelihood of events occurring in the subsequent six years.

3.1 Factors influencing the supply chain environment

The panellists were asked to outline important factors likely to influence the SC environment of food SMEs in lagging regions by 2007. This unprompted, open-ended question acted as a 'scene setter' and gave respondents the opportunity to outline key SC issues emergent in lagging regions. Table 2 summarises the main results which are grouped according to different 'nodes' of the SC. The factors can have both positive and negative impacts on the future development of food SMEs.

In the case of a macro environment the impact of factors on food SMEs were seen as rather diverse according to the Delphi panellists. Migration from rural to urban areas propels, for exam-

TABLE 2. Main factors influencing the supply chain environment for food SMEs in Finland by 2007.

'Node' in the SC	Main influencing factors
Macro environment	– migration from rural to urban areas – growth of imports – e-commerce – regulatory environment
Consumers	– smaller households – ageing of population
Primary producers	– retention of domestic primary production – shortage of skilled labour force
Processors	– regional foods – networking among SMEs – shortage of skilled labour force
Intermediaries	– increasing competition
Customers/Retailers	– development of retail trade – increase of disposable income

ple, the centralisation of the wholesale and retail trade, which in turn increases the cost of transportation of goods for the processing businesses. The resources of SMEs are fairly limited and increasing cost levels may seriously impede their business operations. The growing popularity of e-commerce was seen to have both positive and negative impacts on food SMEs. E-commerce can offer new forms of doing business in the future, even though in the case of foodstuffs the future of e-commerce in consumer markets is still obscure. In business-to-business operations the use of ICT was seen as a prerequisite for all sizes of business in the near future, including SMEs.

Changes in consumer tastes and lifestyles will create opportunities for food SMEs, but SMEs are also forced to pay attention to all the demographic changes that are happening. The ever increasing number of smaller households and the ageing of consumers put new demands on, for example, product development or category management in SMEs. Smaller package sizes and speciality food products must also be developed in SMEs for the future needs of consumers, to maintain or strengthen market position. As processors, the SMEs may greatly benefit from the growing interest among consumers in local foods, as the common belief is that local food products are usually manufactured by reliable small businesses in the immediate area. The Delphi panellists were also convinced that enhanced networking among rural food SMEs could offer them more possibilities to enter markets than operating alone. Networking among businesses should cover various sectors of business operations, as well as raw material acquisition, as the shared usage of factors of production maximise the businesses' capacities. With the help of networking, the scarce resources of SMEs would be best used to attain greater market share.

The Delphi panellists argued that in the case of primary producers the retention of domestic primary production would be the most important factor for SMEs as most of them use purely domestic raw material in their produce. If food SMEs are able to get domestic raw material for their production needs, the maintenance of a high image for local foods can continue. The shortage of skilled labour alongside the diminishing number of farms and increasing imports of foreign raw material threaten the future of domestic primary production, and thus affects the success of rural food SMEs.

The increasing competition among food SC intermediaries (e.g. transport businesses and specialist wholesalers) was considered to greatly affect the food SMEs. The tightening competitive situation among the logistics service providers is forcing them to develop new and more efficient services, but usually on the large businesses' terms. More suitable logistical solutions for SMEs are thus also needed. In the case of customers, especially retailers, the structures are changing and are usually leading to more centralised operations. This may possibly hinder market entry for small businesses as the volume demands are massive from the SME point of view. However, the structural changes among customers are forcing SMEs to rethink their business operations, for example logistical systems, which may offer various possibilities: 'To reduce costs, small businesses should unite their product deliveries and operate as one chain. (…) Chains have to specialise and gain their competitive advantage through that' (*Delphi Round 1*).

The panellists remarked on the *opportunities* the above factors presented for rural development. The retention of consumer confidence in domestic food production having high quality and a good image was regarded as guaranteeing that migration from rural to urban areas would slow down and the appreciation of domestic production would continue. Some key issues considered to help promote the development of small-scale food production locally were, for example, an increasing interest in local foods among consumers, processor networks, partnership thinking, efficient marketing activities and product differentiation. Most of the panellists remarked on the various *threats* to rural development posed by the factors mentioned. The declining number of retail outlets in rural regions adds to the region's vulnerability at least to some extent, as services are slipping further and further. Increasing raw material imports make it even harder for domestic primary production to survive and this drastically hinders the economic development of rural areas. Due to migration, the shortage of skilled labour in rural areas makes it hard for food SMEs to recruit the people they need.

3.2 The likelihood of events

For each of the three rounds, panellists were asked to indicate the extent to which particular events were likely to occur in the near future in the food industry in Finland on a scale of 1 to 9 (1 = extremely unlikely, 9 = extremely likely). A series of 20 event statements (S), derived from the literature, were presented for the panellists, who were also asked to indicate the importance of these statements in terms of their influence on food SMEs located in Finland on a scale of 1 to 9 (1 = totally unimportant, 9 = of critical importance). The panellists were asked to provide more details on the three statements they gave the highest or lowest rating to. The median and IQR for most and least likely statements are presented in table 3 for each round.

TABLE* 3. *Likelihood of various event statements.

	Round 1		Round 2		Round 3	
	Median	IQR	Median	IQR	Median	IQR
(S1) The majority of primary producers will increasingly co-operate with other primary producers to form producer groups.	7	6–8	8	6.5–8	8	6.5–8
(S5) The majority of food SMEs will be involved in at least one network with other processors.	7	7–9	7.5	6.5–8.5	8	6.5–9
(S19) The food SC will become more integrated due the concept of competition between companies will change to competition between chains for all products.	7	5–8	7	5–8	7	5–8
(S12) The majority of food SMEs will develop cross-organisational teams with their food service customers to develop new products.	6.5	4–8	7	5–8	7	5–8
(S18) The majority of food SMEs and logistical service providers will co-operate to establish and share uniform objectives.	6.5	5–8	7	5–7.5	7	5–8
(S15) SCs dedicated to regional and speciality food products will become markedly more common.	6	5–8	7	5.5–8	7	6–8
(S11) The majority of food SMEs will develop cross-organisational teams with their retail customers to develop new products.	6.5	5–8	6.5	5–7.5	7	5–7
(S8) The majority of food SMEs and their food service customers will share assets and technology.	4	2–6	4	2–6	4	2–6
(S7) The majority of food SMEs and their retail customers will share assets and technology.	4	3–6	4	2.5–5.5	4	2.5–6
(S16) Direct sales from primary food producers to consumers will become increasingly important.	3	3–6	3	3–5	3	2.5–4.5
(S17) Direct sales from food SMEs to consumers will become increasingly important.	3	2–6	3	2–4	3	2–4.5
(S4) The majority of food SMEs will take ownership of primary producer enterprises for at least some of their raw material requirement.	3	2–4	3	2–4	3	2–3

The predictions that the majority of primary producers will co-operate with other primary producers to form producer groups (S1) and that the majority of food SMEs will be involved in at least one network with other processors (S5) were regarded as being highly likely, as the panellists believed that the high quality of raw material must be guaranteed for the purposes of domestic production. According to the panel, it will be almost impossible to manage without any partners because the competitive environment is becoming more and more demanding all the time, especially for small businesses. The benefits of co-operation were seen to offer rather diverse synergy benefits, for both SMEs and rural regions. Joint investments offer many new possibilities, resources and skills for carrying out various business activities which generate cost savings and thus lead to higher contribution margins and profits. As co-operation between primary producers or rural food SMEs was seen as extremely important for the businesses themselves, it was seen almost as a lifeline for the survival and vitality of the rural areas too.

Food SC integration (S19) aroused rather diverse and even contradictory opinions among the panellists. Some regarded that many requirements in the food sector to be more demanding due to increasing concentration in the wholesale and retail trade, and therefore close co-operation between different chain members would be a must as well. Chain integration was also seen as a backlash against foreign competitors entering the Finnish markets. Others saw the integration as causing some chain members to lose at least part of their independence. Regional specialities (S15) were estimated to interest consumers as an alternative to mass production, and to guarantee the sufficient visibility of such products the creation and development of specialised SCs was believed to occur.

The panellists predicted that the food SMEs will increase the co-operation with their intermediaries (such as logistics providers, S18) and commercial customers (S12 and S11). In particular, the enhanced co-operation with the food service sector aroused very encouraging comments: 'This is an excellent idea! This could bring more jobs to rural areas' *(Delphi Round 1)*. However, many panellists considered that most of the food SMEs have no skills for co-operating with the food service sector. Through co-operation, the customers' needs are simply better met as the customisation of new products gets easier in close co-operation. The panellists stated that there are already clear indications about co-operation between food SMEs and retailers, although usually in the case of private labels. In any case, extensive co-operation between food SMEs and retailers was seen as a good opportunity for a small business to enter larger and possibly more profitable markets and thus increase turnover. As well, the structural changes and consumer-based way of thinking and operating were estimated to necessitate co-operation with logistics service providers. This was regarded as a basic prerequisite for businesses in lagging rural regions.

The majority of the Delphi panellists did not believe that food SMEs would share any assets or technology either with the food service customers (S8) or retailers (S7). A common rationale for the former statement was that very few SMEs even know how to co-operate with the food service sector. The panellists also highlighted the fact that each node of the chain must concentrate on its core competencies, and that for example the retailers are not interested in sharing the assets with their SME suppliers. Neither does it pay to own the primary production (S4), because raw material is easily available for the production purposes of food SMEs. This kind of ownership was not seen to drive the efficiency of the sector. Competitive advantage must be found somewhere else.

In the case of direct sales (S16 and S17), the majority of the panellists argued that it is highly unlikely. Long distances in sparsely populated rural regions was in itself seen as blocking all attempts at direct sales, as this cannot be economically profitable, or in the best cases only seasonally. The safety risks were also considered to be too high. The consumers of today were seen to avoid any inconveniences; they do not have any interest in buying their groceries decentralised; it has to be easy and quick, as free time is precious.

A new set of statements was prompted from the panellists' open-ended comments on Round 1 answers. On Rounds 2 and 3, the panellists were asked to indicate the extent to which particular events are likely to occur in the near future for the food industry in Finland, on a scale of 1 to 9 (1 = extremely unlikely, 9 = extremely likely). They were also asked to indicate the importance of these statements in terms of their influence on food SMEs located in Finland, on a scale of 1 to 9 (1 = totally unimportant, 9 = of critical importance). The panellists were asked to give more details on the three statements they gave the highest or lowest rating to. The median and IQR for most and least likely statements are presented in table 4.

The Delphi panellists believed that the demand for organic produce is growing and that the growth in consumption will offer new markets for SMEs (S24). The increase in the standard of living as well as food crises, for example, offers organic products a possibility, because in general they have a good and clean image in consumers' minds. However, greater research and development inputs are needed which naturally is difficult for SMEs. The production of speciality foods (S26) was also forecasted to be more suitable for food SMEs than large businesses. The panellists argued that the market is difficult, but as small businesses have more flexible operating methods compared to large businesses, and because there is a need for small production lots in speciality foods, their production is more profitable for SMEs.

The growing trend in Finland to eat out has been noted in various studies (see e.g. Mäkelä 2002). Based partly on this visible trend, the Delphi forecasts showed that the panellists believed in the growing importance of the food service sector as a marketing channel for food SMEs (S29). The food service sector was said to be an excellent customer group for SMEs, but on the other hand, also highly demanding. Locally operating food SMEs have mainly been used for co-operating with the retail sector, and sometimes the operating methods are totally different in the food

TABLE 4. Most and least likely event statements.

	Round 2		Round 3	
	Median	IQR	Median	IQR
(S24) The growing demand for organic produce will open new profitable markets for food SMEs.	8	7.5–8.5	8	8–8
(S26) The production of speciality food products according to consumers' needs is more easily implemented by food SMEs than large food companies.	7	5.5–8.5	7	7–8
(S29) Increase in eating out will increase the importance of the food service sector as a local marketing channel for food SMEs.	7	5–8	7	5.5–8
(S32) As a result of food scandals, consumers' confidence in food SMEs is higher than the confidence in large food companies.	7	4.5–8	7	5–7
(S28) Market penetration of international food SCs into Finnish markets will offer better opportunities for food SMEs to gain market access.	4	2.5–6.5	4	2.5–6
(S23) ICT applications will be faster adopted by food SMEs than large food companies.	4	2–5	3.5	2–5
(S27) The ever concentrating retail trade makes market access easier for food SMEs.	3	2–7.5	3	2–6.5

service sector in comparison with the retail sector. This means learning completely new operating methods in food SMEs.

The traceability issues were seen as extremely important now and in the future in the Delphi exercise as a whole. In the case of consumer confidence in food scandal situations (S32) the panellists considered that consumers trust small businesses more than large businesses. The median of forecasts was seven, which can be regarded as a surprisingly high score. However, deviating opinions were also presented: 'This may happen at the local level in places, but in reality the readiness of a large business to react is better' (*Delphi Round 3*).

The market penetration of international food SCs into Finnish markets (S28) or the increasing concentration of the retail trade (S27) were not seen as being positive for SMEs. The panellists considered that for SMEs it is not any easier to get into a foreign retail chain selection compared to Finnish chains, and it may even be the other way around: 'Even now the market access for food SMEs is extremely difficult' *(Delphi Round 2)*. Even large SC actors were considered to be scared by the arrival of foreign competitors. But on the other hand, the possibilities, at least in theory, increase for SMEs. The increasing concentration of the retail sector was regarded as making market penetration even harder for food SMEs due to their low capacity. It is worth noting that the deviation of forecasts was great, but the comments given were uniformly negative.

ICT and its adoption was one of the statements presented for the Delphi panellists (S23). The panellists mainly disagreed that food SMEs would adopt ICT applications faster than large businesses. Nevertheless, ICT adoption was seen as a lifeline for food SMEs as well, but the panellists argued that it may often be rather difficult for them, as there generally is a lack of skilled personnel and financial resources in smaller businesses. ICT was concluded to be of the utmost importance in various business activities: 'ICT is needed especially for cost management, monitoring and for networking' (*Delphi Round 2*).

3.3 Changes in the food supply chain

On each of the three rounds of the Delphi study, panellists were asked to forecast the degree of change in ten events, derived from the literature, by 2004 (Period 1) and 2007 (Period 2), taking 100 as an indicator of the current situation (year 2001). The panellists were requested to outline the logic on which they based their forecasts. The median and IQR for several of these factors is presented in table 5. The factors in the table are the ones that evoked the most open-ended comments on all three rounds of the Delphi. They are listed according to the range of change in median on Round 3 between period 1 (P1) and 2 (P2).

According to the Delphi panellists consumers highlight food safety issues and the receiving of more specific information. This was seen as the main reason why the Finnish food processing industry is enhancing the traceability systems in raw materials. For example, previous animal diseases in Europe, such as BSE and FMD, have expedited the demand for traceability (Niemi et al. 2006, Verbeke and Ward 2006, Kelepouris et al. 2007, Lobb and Mazzocchi 2007). The maintenance of consumer confidence was regarded as the only way to guarantee a continuous high demand for domestic food products and the maintenance of their good reputation. A considerable increase in investing in traceability was forecasted to happen by 2007 as it was seen as a good marketing measure for the producer. New legislation was believed to demand more exact traceability for all raw material used for food processing.

The panellists considered that the food SMEs are effectively forced by their customers to adopt the use of electronic data interchange (EDI). Many respondents saw EDI as the only way for an SME to get its products into the future retail selection. The main hindrance for the adoption of EDI was considered to be the shortage of financial resources. The inter-quartile range for 2007 was perceptibly great, especially in the first round. Internet trading was generally predicted to increase greatly from P1 to P2. The increase in e-procurement has similar trends to that of EDI. 'Increases efficiency in working practises, lowers costs and saves time' *(Delphi Round 2)*. The panellists forecasted that the different applications will develop very fast and the adoption will begin to get easier and easier for SMEs by P2.

TABLE 5. Forecasted change of various events by P1 and P2.

Factor	Period	Round 1		Round 2		Round 3	
		Median	IQR	Median	IQR	Median	IQR
1. Importance of raw materials traceability system.	P1	145	130–200	140	130–200	140	131.25–237.5
	P2	200	150–200	200	160–350	200	190–300
2. Number of food SMEs using on-line procurement.	P1	145	120–200	145	120–175	147.5	125–175
	P2	200	150–300	200	167.5–325	200	172.5–310
3. Number of food SMEs with EDI capabilities.	P1	125	120–200	120	120–150	127.5	120–150
	P2	150	130–300	150	135–250	155	137.5–225
4. Level of centralised procurement in the food service sector.	P1	125	110–150	122.5	115–150	127.5	120–150
	P2	150	120–200	150	130–200	150	132.5–200
5. Level of centralised distribution facilities in food service sector.	P1	110	105–150	110	107.5–145	115	110–145
	P2	120	105–200	120	112.5–150	135	117.5–150
6. Outsourcing by food SMEs.	P1	110	105–150	110	110–150	110	107.5–150
	P2	120	110–150	125	120–145	127.5	117.5–147.5
7. Level of centralised distribution facilities in retail.	P1	125	110–200	125	115–175	135	117.5–150
	P2	150	120–200	150	130–200	150	127.5–200
8. Number of consumers that shop on line.	P1	110	105–120	110	105–120	110	105–120
	P2	125	120–140	125	120–140	122.5	120–140
9. Food SME profit margins.	P1	110	100–120	110	100–135	115	102.5–122.5
	P2	120	108–150	120	110–150	120	110–150

The panellists believed that the ongoing centralisation of retail trade in Finland also expedites the centralisation of distribution. As one panellist put it: '…if the competitive advantage is to be maintained there is no other chance' *(Delphi Round 1)*. An interesting assumption was presented by two other panellists: '…the centralisation of distribution will still continue for some time, though it will not be the final solution; but the retail sector will evidently enhance the direct deliveries from producers in the future' *(Delphi Round 1)*. Almost all the panellists agreed that central procurement will increase in the future because food service sector has to seek economies of scale in order to cut costs and improve profit margins. On the other hand, one panellist highlighted the need to favour local small-scale production in the food service sector too, because 'it saves time and money, it's efficient, and leads to cost leadership' *(Delphi Round 1)*.

The Delphi panellists believed that the major product flows will continue to concentrate, as the demand for efficiency continues to increase. An exception among the concentrating product flows, according to the panellists, is the distribution of regional foods. One panellist made the following remark: '…centralised distribution is not suitable for highly differentiated quality products' *(Delphi Round 1)*. It was evident though, that centralised distribution means cost reductions. However, no major changes were forecasted to happen by P2.

Good profitability was considered a basic prerequisite for the continuous and sustainable development of a business. One panellist argued that 'networking among SMEs would bring financial benefits for all in a network' *(Delphi Round 1)*. If a business really wants to succeed, it has to grow and make bigger profits. For example, specialisation was seen as a means to make a business operation more effective, which can then be seen in profits. However, no significant profit increases were forecasted to occur in the SME sector either by P1 or P2, though maybe later. As it was not considered useful for a business to do everything by oneself, the outsourcing was seen to give businesses an opportunity to concentrate on core competence. However, some panellists felt that it is often almost impossible to let somebody else handle certain stages of production, because quality or food safety was seen as being compromised by this. Therefore only a slight increase in outsourcing was forecasted to happen between P1 and P2. Mutual trust was seen as the key driver in outsourcing. Trust increases the likelihood of risk taking in relationship, which is the behavioural manifestation of trust (Mayer et al. 1995). Trustful collaboration between businesses can be achieved through a greater transparency of relationships through the sharing of information (Christopher and Jüttner 2000). Previous studies have shown that the main reasons for SMEs not outsourcing or co-operating are the lack of suitable partners, lack of will and commitment, fear of loosing the autonomy, and fear of disclosing sensitive business information to competitors, i.e. lack of trust (Vihtonen and Forsman 2001, European Commission 2003, Viitaharju et al. 2005).

The panellists did not believe drastic changes would happen in the behaviour of Finnish consumers concerning on-line shopping for food products in the near future. They were sure that it will be a tempting and wise alternative for some people, for example those people working long hours as well as 'pioneers' in the adoption of technological applications. The younger generations may also be fertile ground for on-line food shopping, since they are used to using ICT in their everyday life. However, the majority of consumers are not seen as wanting to buy their food products on-line in the future either, because freshness of food is usually highly important and consumers want to ensure this themselves. Some panellists pointed out that this type of trend in food retailing could be crucial for the existence of rural SMEs, because in conventional retail stores customers buy many goods without giving it any further consideration, but when shopping on-line, there are much less temptations present and well-known brands easily dominate.

A new set of statements was prompted based on the Round 1 answers. For Rounds 2 and 3, the Delphi panellists were asked to consider the degree of change of 12 factors by P1 and P2, taking 100 as an indicator of the current situation. The median and IQR for 10 of these factors is presented in table 6. As before, the factors in the table are the ones that evoked the most open-ended comments by the panellists on each round when outlining the logic for their opinions. They are listed according to the range of change in median on Round 3 between P1 and P2. As it is not interesting to present those events that generated only some or no comments by the panellists, they are not included in the table.

TABLE 6. Forecasted change of selected events by P1 and P2.

Factor	Period	Round 2		Round 3	
		Median	IQR	Median	IQR
1. Expenditure by food SMEs on marketing activities.	P1	130	110–140	130	112.5–140
	P2	150	115–190	160	120–190
2. Exploit of quality assurance schemes in food SMEs.	P1	127.5	120–145	130	120–142.5
	P2	150	145–190	155	150–185
3. Extent of networking among SMEs.	P1	120	120–145	125	120–135
	P2	145	135–190	150	140–190
4. Level of consumer orientation in food SMEs.	P1	140	120–175	140	125–175
	P2	160	140–275	165	150–275
5. Share of speciality products.	P1	130	120–145	127.5	120–145
	P2	150	135–200	150	140–200
6. Customers' confidence in the quality of Finnish food.	P1	120	105–135	120	105–127.5
	P2	140	120–175	135	120–187.5
7. Continuity of supply among food SMEs.	P1	115	110–122.5	117.5	110–120
	P2	130	120–150	130	120–150
8. Effect of internal migration on the profit margins.	P1	105	105–120	107.5	100–120
	P2	120	100–140	120	110–140
9. Importance of food SMEs as employers in rural areas.	P1	110	100–120	107.5	100–120
	P2	120	102.5–140	120	105–140
10. Share of distribution costs in the retail selling price.	P1	100	92.5–110	100	92.5–110
	P2	94	85–110	90	82.5–105

According to the Delphi panellists, the only way for a business to achieve more visibility and gain new markets is to increase marketing activities, and this also applies to small businesses. 415
Marketing was considered to be the only way to create a name or brand value for a product. This is hindered, for example, by the lack of financial resources and marketing knowhow in rural SMEs.

One respondent highlighted also the importance of export markets for food SMEs, but of course the basic issues in business operations and marketing must be taken care of. According to the panellists, SMEs should realise that they exist because of their customers and they should serve them as well as they can. One panellist repeated the old saying: 'The customer is king!' *(Delphi Round 2)*. Knowing what the customers want should not be seen as a problem impossible to overcome. Respondents argued that even SMEs should do at least some marketing research, for example at food fairs, to strengthen their consumer orientation.

Consumers' confidence in Finnish food was seen as fairly good at present, but the panellists were afraid that the various animal diseases in other parts of Europe would reach Finland too. This kind of development was seen to have an effect on consumer confidence. However, this confidence was predicted to increase from P1 to P2. On the other hand, the panellists highlighted that the appreciation of domestic food production is high because of past problems in foreign countries, and therefore: 'The popularity of regional foods will increase' *(Delphi Round 2)*. The retention of consumers' confidence was seen to rest on clean and traceable raw materials, prevention of diseases and rigorous control. The use of quality labels was also viewed as rather important for food SMEs currently and especially in the future, because it is one way to control the production, and quality is increasingly becoming one of the most important food choice factors for consumers. 'A quality label is one way to differentiate a product from the mass market products' *(Delphi Round 2)*. It was seen as an image-wise factor.

Networking was considered a good support for core business operations. One panellist indicated networking to bring various benefits in the form of 'marketing, learning, new ideas' *(Delphi Round 2)*. However, most of the respondents argued that currently entrepreneurs are not used to very extensive co-operation, and thus much 'practising' is still needed to attain good co-operation relationships. The following benefits of networking were mentioned by the panellists: lower costs, the possibility of concentrating on core competencies, and better efficiency of operations. The panellists argued that the tendency is to reduce the amount of distribution costs in total costs in the food sector as a whole, but they considered that this is not always possible in SMEs as volumes may be low and delivery lots fairly small. Also in this case the increased networking among SMEs was offered as a means to attain lower costs. The distribution costs statement was the only one in which the index was lower in P2 than in P1.

The continuity of supply was considered to be one of the most important factors that, for example, retail and wholesale sectors demand of their suppliers, regardless of their size. The panellists were sure that only those SMEs that are able to guarantee continuity of supply will eventually survive, meaning that it is a basic demand: 'Increasing competition forces food SMEs to concentrate on the development of guaranteeing the supply' *(Delphi Round 2)*. In another words, it is a clear strength and competitive advantage for the business. Further, ICT adoption was believed to expedite it. Some panellists believed that the manufacturing of speciality products is just what SMEs should do, because they lack resources to compete with large enterprises in mass production with high-volume products. However, also contradictory views were presented: 'the resources directed towards R&D are far too small in SMEs and that restricts their ability to find their niche in the markets' *(Delphi Round 2)*.

Migration was seen as one of the most severe factors currently shaping the SMEs' competitive environment. Almost all comments concerning migration and its impacts were negative. The solidity of rural enterprises is believed to be decreasing because people are moving to population centres and as a result the transportation costs for rural SMEs are increasing. However, rural enterprises were seen as extremely important for the rural economy as employers, but any major changes in the current situation were not expected to happen in the near future. Technological developments were seen to further the unemployment of uneducated and employment of professionally educated labour forces.

3.4 Assessing the quality of the research

The quality of this research can be assessed from many different viewpoints. In this chapter both the method used, the implementation of the method, the findings and the study as a whole are shortly discussed.

A lot of attention was directed towards the implementation of the Delphi method as there are many critical points. The recruitment of panellists was carefully executed and commitment of panellists was confirmed before the start of the study. Also the process was carefully explained to the recruited panellists. The time-period from start to finish can be rather long in many Delphi panels, and therefore a boredom or fatigue can drop the response rates. In this study all three rounds were carried out approximately in two months and only very few panellists were dropped out, i.e. commitment was high. To ensure the validity of issues asked, the questionnaire was piloted and some minor modifications were done after that. The analysis of results was interwoven with the data gathering as the analysis was done after each round with a methodological rigour. The panellists got the initial results of the previous round before each new round. Some additional questions prompted by the panellists' comments were also included in last two rounds to ensure the good coverage of important issues and to avoid the panellists' boredom. The anonymity of the panellists was guaranteed and kept throughout the process to ensure both the freedom to express one's thoughts and the fair implementation of the method. To increase the transparency of the results for the reader, quotes by the panellists are also presented.

Although the accuracy of the current study has yet to be fully confirmed, indicators are that its main outlines are broadly correct and the research has actually succeeded to catch the future trends well. For example, the forecasted changes in the macro environment, as continuing internal migration from rural to urban areas and increasing imports of foodstuffs, have proved to be rather accurate. Also the lack of educated labour force was rightly predicted to occur. However, some forecasts, for example, concerning the increase in the number or intensity of different kinds of networks or co-operation forms between various SC partners, were too optimistic. Though the general climate for networking is rather positive, the level of co-operation in food chains is relatively lower compared to other industries, and for example the co-operation between food SMEs include only basic level activities as common advertising and delivery or outsourcing (Välimäki 2006). Consumer interest in e-commerce of food products was not believed to increase much, but a slight growth was predicted to happen towards the end of the forecasting period. The panellists were astonishingly correct in their prediction, even though at the time of the forecast, the future of the e-commerce in food products seemed rather uncertain. Today there is a growing trend that consumers are slowly getting more and more interested in buying food from e-shops. All in all, the use of Delphi method can be evaluated as having been a success as many forecasts for P1 were relatively accurate. Therefore, the results represent a useful starting point from which future research might be developed.

The accuracy of forecasts for P2 are still to be seen by 2010 or so, as the outcomes and trends in the macro environment are visible only after a longer period of time, and for example research results are generally lagging behind for several years. National traditions, tastes and food cultures have been and still are rather strong and unique, but there is evidence from many European countries that the changes and trends related to food chains are similar (e.g. Nygård and Storstad 1998, McDonagh and Commins 1999, Ilbery et al. 2004). Therefore the results of this study may also have relevance in a wider context, i.e. outside Finland, for other researchers too. The findings reported here should provide a useful basis for other studies seeking to improve understanding of the food SCs now and in the future.

4. CONCLUSIONS AND DISCUSSION: THE POTENTIAL OF RELATIONSHIP MARKETING THEORY FOR RURAL FOOD SME RESEARCH

4.1 Elaboration of main results

The purpose of the study was to identify the factors influencing the Finnish food industry, especially from SCs' and SMEs' perspectives. The purpose was to identify also the demands and potential for theoretical approaches to understand the companies' opportunities for success in this new situation. The results of Delphi study showed that many issues are affecting the operational environment of the food sector and will continue to do so. The main influencing factors can be grouped into the following categories (see table 7): 1) location, 2) competitive strategies, 3) social and policy issues, 4) co-operation, and 5) relationships in chains. Based on the findings, it seems evident that enhanced co-operation between food SMEs, or especially between SMEs and other chain members is the key to more profitable business operations in rural areas in the future. The right hand column of table 7 presents the potential that network and RM theories can offer to rural food SME research in a rapidly changing marketing environment. Based on the Delphi results and the literature review, the theories possess relatively low potential in the categories of location, and social and policy issues. In the categories of competitive strategies, co-operation and relationships in chains, the network and RM theories are useable theoretical tools which offer various application possibilities for research in an SME context. Only the categories of high potential are discussed here, which does not mean that the other categories would be totally irrelevant for rural food SME research from the relational perspective, but the focus of this paper is on categories of competitive strategies, co-operation and relationships in chains.

TABLE 7. Main factors influencing the rural food SME environment and the potential application of network and relationship marketing theories.

Main influencing factors	Potential application of network and RM theories in rural food SME research
Location – share of transportation costs – use of regional image in marketing of products – local foods	LOW POTENTIAL
Competitive strategies – identification of core competence – distribution strategy – use of ICT – reliability as a business partner – increased marketing communication	HIGH POTENTIAL e.g. increased competitiveness, integrated infrastructure, improved marketplace position
Social and policy issues – demographic population changes – migration – changes in consumer tastes and values – globalisation of food trends – increase of eating out – rural policy developments	LOW POTENTIAL
Co-operation – intensity of co-operation – benefits of co-operation in various business areas	HIGH POTENTIAL e.g. non-opportunistic partnership, shared values, decreased search costs
Relationships in chains – relationships with suppliers and customers – power distribution in chains – knowledge management	HIGH POTENTIAL e.g. strategic alliances, high trust in relationships, relationships = resources, increased communication, improved financial performance

Competitive strategies. In building a competitive strategy a business must make many important decisions. SMEs should identify their own businesses' core competences as well as resources available. Concentration in well-identified core competences can lead to more effective business and, in the end, higher profits. Low production volumes easily result in a lack of continuity of supply and higher costs per unit, which e.g. hinders the possibility of gaining a retail trade access or diminish the reliability as a business partner. The trust aspect has become one of the mostly demanded features of present-day food chains (Hingley and Lindgreen 2002, Lindgreen 2003), and therefore the retention of the reliability is very important for SMEs too. An improved position in the marketplace often means getting more visibility and gaining more markets which in turn calls for increased marketing activities. As both financial and human resources are scarce in SMEs, co-operation with other SMEs could be the answer in most cases mentioned above.

Co-operation. SMEs have much leaner resource bases than large businesses, and also the lack of market power is a common characteristic in SMEs. Flexibility and 'virtual' scale can be gained through co-operation networks so that co-operating SMEs can together meet even the demands of large customers (Lechner and Dowling 2003). If co-operating partners gain mutual benefits, the creation of a truly valuable partnership has succeeded (Sheth and Sharma 1997). As organizational cultures may differ between businesses, the co-operation is not always simple. If businesses share values, they are more committed to the relationship (Morgan and Hunt 1994). The creation of a language of their own between co-operating partners happens gradually over time, which finally results that partners can immediately understand each other in a communication situation (Lechner and Dowling 2003). The co-operating businesses actively pursue common goals as each partner's individual success is tied to the success of the overall network (Hunt et al. 2006). Rural food SMEs could benefit of co-operation, for example, in areas of marketing, production, finance, purchasing, and research and development.

Relationships in chains. The rise of RM approach in SMEs can significantly affect the creation of valuable strategic alliances between SMEs, or SMEs and other SC members, and thus the competitiveness of a single business. As the marketing practised by SMEs typically has the relational emphasis, the SME entrepreneurs should focus on understanding, establishing, and facilitating relationships such that a network of viable contacts would be developed (Coviello et al. 2000). Close relationships with SC partners allows SMEs to use information to make better informed marketing decisions (Zontanos and Anderson 2004), which positively affects their position in the marketplace and increases the competitiveness. To ensure a lean communication process, an integration of all marketing communication messages and activities is required in RM (Grönroos 2004) in order to support the dyadic communication between SC partners. Communication has been described as glue that holds together a channel of distribution (Mohr and Nevin 1990).

RM offers a lot of possibilities for rural food SME to enhance the creation of sustainable competitive strategy.

4.2 Theoretical discussion and future research directions

The field of SME networking has become very popular since the 1990s among both researchers and practitioners. The term 'networks' refers to two or more organisations involved in long-term, purposeful relationships. Networks allow the firms involved to gain or sustain competitive advantage vis-à-vis their competitors outside the network (Jarillo 1988). The entire economy can be viewed as a network of organisations with a vast hierarchy of subordinate, criss-crossing networks. Möller and Halinen (1999) distinguish four levels in the complexity of managing business networks and relationships, i.e. industries of networks, firms in a network, relationship portfolios, and exchange relationships. From a process perspective, attention is given to both the forces influencing a relationship, and the subprocesses constituting the exchange process itself. The capability to create, manage and conclude important relationships is a core resource for a firm. Networks may be tight or loose, depending on the quantity, quality, and type of interactions between the network actors, and marketing is at the core of network management (Thorelli 1986). Based on both the Delphi study findings and review on marketing and management literature, networking and relationship management can have a key importance in attaining more profitable business in rural food SMEs. However, more empirically informed research is needed that takes on board these preliminary findings.

The management of supplier and buyer relationships is by no means a new issue in marketing. It has been a 'hot topic' in both academia and business, when examined from a network perspective, and has attracted research since the early 1980s, intensifying during the 1990s with the RM approach (Sheth and Sharma 1997, Gummesson 1999, Möller and Halinen 1999). RM refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges (e.g. Morgan and Hunt 1994), and it is seen first and foremost as an interacting process (Sheth and Parvatiyar 2002, Grönroos 2004). When RM is successfully implemented, it should lead to higher profits and lower costs, i.e. to strengthen the economy of a business. The objective of RM is thus to increase customer's commitment to the organisation through the process of offering better value on a continuous basis at a reduced cost (Sheth and Parvatiyar 2002). However, even today there is little agreement as to what RM is, how it is defined, how it is formed, and to what extent it is useful.

Supplier relationships increase competitiveness by locking in good suppliers. Those relationships with suppliers will be sustained that are valuable to attaining a sustainable competitive advantage (Sheth and Sharma 1997). The findings of previous studies (e.g. Lechner and Dowling 2003) suggest that the most important ties of entrepreneurs are characterized by a relatively long duration as trust develops over time and through interaction. Therefore, trust influences relationship commitment and an essential ingredient for successful relationships (Dwyer et al. 1987, Morgan and Hunt 1994). Trust occurs between two parties of a transaction and refers to the confidence expectation, based upon the predictability of another party's behaviour, that one's interests will not be harmed or put at risk by the other (Zucker 1986). Trust concerns the confidence expectation, based upon the other party's goodwill, that one's interests will be protected (Ring and Van de Ven 1994). It helps relationships to become important resources for a business (Hunt et al. 2006). The Delphi findings also pointed out the importance of building trust between business partners in order to enhance the sustainability of relationships.

It is a global trend that competition occurs increasingly between networks of firms rather than individual businesses competing (Achrol and Kotler 1999), as rapidly changing competitive environments are forcing businesses to seek more creative and flexible means to meet competition**.** Thus, RM can be considered a useful concept to study, while many businesses have responded to these challenges by building collaborative relationships with customers and suppliers, which rely on relational forms of exchange characterised by high levels of trust (Morgan and Hunt 1994). By far only few researchers (Coviello et al. 2000, Zontanos and Anderson 2004) have studied the RM approach in an SME context. They argue that RM could be more suitable than traditional '4Ps' (product, price, place and promotion) as, according to various studies, close relationships between entrepreneur and customers are the core element of business operations in SMEs (e.g. Forsman 2000, Zontanos and Anderson 2004, Viitaharju et al. 2005). Especially for rural SMEs, the '4Ps' marketing is claimed to be too superficial and almost irrelevant (Anderson and McAuley 1999). Adopting RM practices offers a good possibility for SMEs to further develop the management of relational ties in order to improve their financial performance. Also large, globally operating businesses and market leaders have started to pay careful attention to relationships (Sheth and Parvatiyar 2002). If even they cannot survive without close ties with SC partners, how could SMEs? Thus, RM in an SME context should be further investigated.

Marketing is a discipline which is constantly evolving. Most of the theory building is done in a large business context (see e.g. Appiah-Adu 1997, Anderson and McAuley 1999). Consequently this raises a further research issue of how relevant, in a practical sense, all the concepts are for SMEs. The aim of this study was to serve as a stimulant to additional research in an SME context. Based on the findings of this study a lot of future research proposals in the context of food SMEs arise. The food SC environment from the SME perspective, emphasis being on relationships, should be explored more closely. Future research in this area might begin by examining the usefulness of RM for food SMEs, e.g. how relationships are managed in rural SMEs, what advantages can RM offer for rural SMEs and how can it be effectively implemented in an SME context. Another research direction deserving attention involves identifying the role of trust in building and developing successful business relationships between rural SMEs and other chain members. Trust could be studied emphasis being on relationship enhancing issues, for example, in a marketing relationship dyad between a food SME and its downstream customers. Research along these lines would likely provide greater insights into the position of SMEs in food SCs.

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Antecedents of trust in asymmetrical business relationships

Differing perceptions between food producers and retailers

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Abstract

Purpose – The purpose of the paper is to identify the different perceptions of the antecedents of trust in asymmetrical business-to-business relationships between food producers and retailers.

Design/methodology/approach – The empirical data consists of semi-structured face-to-face interviews with 38 small food businesses and 54 retailers. The analysis combined both qualitative and quantitative methods.

Findings – The main differences identified in the antecedents of trust concerned the role of price, market potential, customer orientation, size, organisational/personal competence, marketing spirit, previous experiences, distribution of liabilities, communication, intimacy, reputation and references. In an asymmetrical business relationship, the characteristics of the less powerful partner are emphasised while the role of the more powerful partner in the development and maintenance of trust is minor.

Practical implications – If business partners are not aware of the particular antecedents of trust valued by the other party, this may create a sense of mistrust and hinder the development of the relationship at more profound levels. By revealing the essential differences in the perceptions of antecedents of trust, the paper enables both researchers interested in business relations and practitioners to better understand the challenges that businesses in dyadic relationships encounter, especially where the relationship is marked by asymmetry.

Originality/value – As there is a lack of dyadic approach to trust, studying both sides of the relationship dyad simultaneously makes visible the asymmetrical features inherent in the relationship between retailers and small food businesses. This study contributes to the gap in the literature on trust by presenting new insights on asymmetrical buyer-seller relationships.

Keywords – antecedent of trust, asymmetry, business-to-business relationship, producer, retailer

Paper type – Research paper

1. Introduction

This article examines the antecedents of trust in dyadic business-to-business relationships. Trust is viewed as an important moderator in the business-to-business marketing literature (e.g. Grönroos, 1994; Håkansson and Snehota, 2000; Morgan and Hunt, 1994) and an essential ingredient for successful relationships (Dwyer et al., 1987; Lee and Trim, 2006). However, there are some marketing relationship dyads in which a power asymmetry exists and trust is not inherent (Hingley, 2005a, 2005b); indeed, in some cases power can be seen as the antithesis of trust (Kumar, 1996). An asymmetrical relationship means that there is an imbalance in one or a few characteristics between the partners involved (Gundlach et al., 1995; Johnsen and Ford, 2008). It can be assumed that in asymmetrical relationships there are differences also in how business partners perceive trust (cf. Hingley and Lindgreen, 2002). The business relationship between a small food processing business (hereafter called producer) and a retailer is a good example of such a case. During the past few decades the concentration and centralisation of the retail sector has made the situation of small producers increasingly difficult throughout Europe, since retailers have been looking for fewer and larger suppliers (Aalto-Setälä, 2002; Hingley, 2005a, 2005b). As the retail sector is the main marketing channel for food producers, it is an important and interesting research context. Similarly, due, for example, to the globalisation the food market has become highly competitive and fast-paced. Therefore, trust has become one of the features most demanded by present-day food chains (Lindgreen, 2003) and deserves particular attention. Furthermore, as trust is related to risk and food may cause also health risks on top of other risks present in conventional business relationships, we suggest that trust is especially important in the food sector.

The relationship between buyers and sellers, and more specifically trust, is a widely researched topic in the business context (e.g. Anderson and Narus, 1990; Dwyer et al., 1987; Krapfel et al., 1991). However, in dyadic research trust has usually been studied from one or other angle only, and few efforts have been made that simultaneously take into account both the buyer's and seller's perspectives (e.g. Ganesan, 1994; Svensson, 2006). Since relationships are of dyadic nature, they are best operationalised by incorporating more than one party (de Ruyter et al., 2001; Izquierdo and Cillán, 2004). A simultaneous examination of both sides of the dyad can also better bring out the consequences of asymmetry in a relationship (Johnsen and Ford, 2008). Furthermore, since the previous research in the area has been rather positivistic, there is also need for methodological variation (Arnott, 2007), as structured questionnaires have repeatedly been used to investigate trust in business relationships. Thus, the use of a more interpretive method offers a possibility to deepen the understanding of the phenomenon from the perspective of the actors involved.

The objectives of this study are threefold. The first objective is to empirically examine what kind of antecedents of trust retailers and producers perceive to be important in asymmetrical buyer-seller relationships. The second objective is to study whether there are differences in the perceptions of the antecedents of trust between retailers and producers in asymmetrical relationships. The third objective is to discuss the key findings against asymmetry in business relationships. This study thus contributes to the literature of inter-firm trust by suggesting that the antecedents of trust are different for collaborating partners in asymmetrical relationships and therefore the nature of trust in the business relationship can vary and have important consequences for the development of the relationship. The study enables researchers and practitioners interested in business relations to better understand the challenges businesses encounter in dyadic relationships, especially where the relationship is marked by asymmetry.

2. Trust and its antecedents in business-to-business relationships

Regardless of efforts, there is no universally accepted scholarly definition of trust. Nevertheless, some delineation of trust in business relations has been attempted. First, trust is related to the willingness to accept the risk, that is, to make oneself vulnerable to the actions of another person whose behaviour one cannot completely control is considered as a fundamental element of trust in business relations (e.g. Blois, 1999; Doney and Cannon, 1997; Mayer et al., 1995). Second, trust is often associated with belief or confidence in the other party's goodwill or benevolence (e.g. Doney and Cannon, 1997; Mayer et al., 1995). Goodwill and benevolence, on the other hand, have moral values as such, and they both refer to an intention to look after others' interests aside from an egocentric profit motive (e.g. Hosmer, 1995). In many ways, therefore, trust can be seen as an opposite to opportunism in business relations. Hence, consistent with the above mentioned characteristics, we define trust as a confidence that a business partner can be relied to fulfil its obligations in a situation entailing risks and vulnerability.

The emergence of trust between business partners is also considered to be bound to the context (e.g. Hardy and Magrath, 1989; Tyler and Kramer, 1996) of the relation and of the characteristics of the partners (Massey and Dawes, 2007; McAllister, 1995) involved in it, and these factors naturally cause a certain amount of variation in the nature and emergence of trust. Trust is therefore considered to have two correlating but empirically distinguishable dimensions: cognitive trust, based on rational choices, and affective trust, based on feelings or emotions (Johnson and Grayson, 2005; McAllister, 1995). Furthermore, it should be noticed that trust is not static in its nature but that its intensity and nature are usually considered to develop between the business partners along with shared experiences (Ganesan, 1994; Lewicki and Bunker, 1996; Ring and Van de Ven, 1992).

This study examines more closely the antecedents of trust in business-to-business relationships. By antecedents we refer to the preconditions necessary for trust to arise. These vary greatly by different business contexts and populations (Geyskens et al., 1998). Generally speaking, in the business-to-business context the antecedents of trust can be divided into either organisational or personal features (e.g. Doney and Cannon, 1997; Moorman et al., 1993). In addition, different characteristics of the product or service and of the market in question have also been highlighted as important potential antecedents of trust (de Ruyter et al., 2001; Gounaris and Venetis, 2002). An even more detailed division was presented by Geyskens et al. (1998), who performed an extensive meta-analysis on the role of trust in marketing channels and classified the antecedents of trust into seven specific categories with varying importance in the trust-building process.

In order to gain a more comprehensive and an up-dated view of previous studies, and show their versatility, we decided to review the literature to the antecedents of trust in business-to-business relationships. Studies, published from 1990 to 2009, were sourced from Google Scholar in August 2010 with following keyword searches: antecedent(s) / determinant(s) / drivers of trust and business-to-business / buyer-seller / customer-supplier / buyer-supplier. As the main aim of this paper was not to make any systematic review of the previous literature, we decided to use only one database, namely Google Scholar, since it has been proved in recent studies to provide a rather comprehensive coverage for scholarly literature (e.g. Walker, 2010; Walters, 2007, 2009). By using all the possible combinations of the above-mentioned keywords, the number of hits was approximately 2000. We started to go through the lists by including only peer-reviewed articles written in English. Next we excluded the articles discussing the antecedents of trust in the e-commerce, due to the different nature of business relationships compared with conventional ones. The final selection criterion was that the articles had to clearly state that the objective is to empirically study the antecedents of trust in a business-to-business context. The final list comprises 29 articles (see Table 1).

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Table 1. Antecedents of trust in business relationships in articles published from 1990 to 2009[a].

Authors	*antecedents*	
1. Nguyen & Rose, 2009	asset specificity [9]	knowledge of state of resources and capabilities [14]
2. Lohtia et al., 2009	assistance [19, 22]	
3. Vélez et al., 2008	autonomy [20, 29]	length of relationship/continuity of relationship [2, 19, 20, 25]
4. Leonidou et al., 2008	behavior/reliable behavior [5, 14]	
5. Karlsen et al., 2008	benefits [29]	management control systems [3]
6. Bönte, 2008	benevolence [5]	management practices [22]
7. Bstieler & Hemmert, 2008	bonding/establishing personal rapport [1, 13]	market uncertainty [22]
8. Doney et al., 2007	coercive power/non-coercive power [4, 12, 23, 28]	offer characteristics [16]
9. Suh & Kwon, 2006	commitment [22]	organisational culture [28]
10. Mehta et al., 2006	communication/communication quality [5, 7, 8, 11, 21, 29]	ownership and location [22]
11. Bstieler, 2006		product differentiation/product modification [2]
12. Sharif et al., 2005	competence/expertise/skills [5, 12, 24, 28]	
13. Gounaris, 2005	confidentiality [28]	reaching project milestones [5]
14. Perks & Vaux Halliday, 2003	conflicts [7, 11]	relationship building [2]
15. Gounaris & Venetis, 2002	cultural similarity [10, 18, 26]	relationship characteristics [16]
16. de Ruyter et al., 2001	customer orientation [8]	reputation [12, 27]
17. Nicholson et al., 2001	dialect fluency [18]	satisfaction [21]
18. Armstrong & Yee, 2001	egoism [11]	service quality [8, 13, 15]
19. Dyer & Chu, 2000	fairness [7, 11]	similarity [24]
20. Zaheer et al., 1998	flexibility [12, 25]	size [24]
21. Selnes, 1998	formal/informal information exchange [1, 12, 20, 22, 25]	social control [25]
22. Sako & Helper, 1998		social interaction [1, 8]
23. Simpson & Mayo, 1997	formalisation of organisation [26, 28]	strength of personal relationship [18]
24. Doney & Cannon, 1997	frequent business contact [24]	tactfulness [28]
25. Aulakh et al., 1996	geographical proximity [6]	timeliness [28]
26. Dahlström & Nygaard, 1995	goal congruence [5, 20]	transaction specific investments [12, 27]
27. Ganesan, 1994	integrity/sincerity [5, 28]	voluntary/involuntary knowledge spillover [6]
28. Moorman et al., 1993	intentionality and prediction/intention [14, 18]	
29. Hyvönen, 1993	interchannel competition [29]	willingness to avoid uncertainty [28]
	interpersonal liking/likeability [17, 24, 28]	willingness to customise [24, 28]

Note: [a]The numbers in the parentheses indicate those articles in the left-hand column which discuss the antecedent in question.

Based on the literature, there is a considerable variety in the antecedents of trust in the previous studies as they range from very specific attributes (e.g. size) to more general level phenomena (e.g. relationship characteristics). A closer examination of the articles reveals that the majority of the studies uses quantitative research methodologies and concentrates in very few antecedents. We do not want to undermine the importance of these previous studies, since when testing only a few potential antecedents it is indeed possible to gain a profound knowledge on their significance for the relationship in question. However, when testing the researcher constructed antecedents, a holistic picture of the phenomenon can be blurred since it cannot be depicted which are the other significant factors affecting the relationship. Thus, the objective of this study is not to test, for example, the importance of the most common antecedents of trust in the business relationship, but to find out and understand the variety of the different antecedents which led us to choose an inductive approach. Our aim, therefore, was to let the interviewees themselves describe the antecedents they find important and meaningful in their business relationships.

The previous literature also shows that very few studies of the antecedents of trust have focused either on the food context or the perspective of retailers (exceptions include Ganesan, 1994; Hyvönen, 1993). Furthermore, previous studies usually examine either the buyer's or the seller's side, but the dyadic view is uncommon (exceptions include Armstrong and Yee, 2001; Dyer and Chu, 2000). Johnsen and Ford (2008) argue, however, that it is likely that there are differences in the approaches of small sellers and large buyers towards developing the relationship. Even though there are some studies adopting a dyadic approach, the issue of asymmetry is not explicitly addressed. It should, however, be noticed that the role of coercive power, which is often related to asymmetrical business relationships, has been discussed in relation to trust. Moorman et al. (1993), for example, concluded that whenever the approach to power implementation was through coercive means, the outcome was mistrust. Asymmetry between business partners does not, however, automatically result in mistrust, neither is symmetrical interdependence a guarantee of the development of trust. Nevertheless, it has been argued that trust does not automatically flourish in asymmetric relationships, but must be carefully cultivated (Kumar et al., 1995), as the level of power asymmetry does not affect trust directly, but the way power is used does, i.e. using it coercively will reduce trust and non-coercive use is likely to enhance trust (Duarte and Davies, 2004).

As trust and naturally therefore its antecedents, are dependent on the particular context, for example the nature of the business relationships and the partners involved in it, we believe that it can be assumed that neither trust in general nor its antecedents will necessarily be symmetrical across a dyad. Therefore, it is of utmost importance to examine the antecedents of trust from a dyadic perspective particularly in asymmetrical relationships.

3. Methodology and data

This research was conducted in the Finnish food sector. It offers an interesting context for the examination of the antecedents of trust in asymmetrical business relationships because of the highly concentrated nature of the food retailing which increases the potential power of retailers over their small suppliers. The empirical data comprises semi-structured, face-to-face interviews with 38 small food producers and 54 retailers[1]. By small producers, we mean businesses with fewer than 50 employees and an annual turnover of 10 million euros or less (European Commission, 2003) and which act as processors of food. The interviewees were mainly the owner-managers of the businesses (34 owner-managers) or marketing managers. The average size of the producers was measured in terms of the number of full-time and part-time employees, and was approximately ten (10) employees.

The term retailer as used here refers to a grocery store belonging to a larger retail group arranged under one out of the four largest wholesalers operating in Finland which hold approximately 90 percent share of the market. Although the average size of the retailers (with 24 employees) was not significantly greater than the average producer, being part of a large organisation puts them in a dominant position in relation to producers. The interviewees were either retail entrepreneurs or store managers (34 and 20 respectively). The operation of the retail entrepreneurs draws from the principles of franchising entrepreneurship while the store managers are employed by the chain. Accordingly, the retail entrepreneurs had a certain degree of freedom to make a choice concerning the product selection regardless of their belonging to a chain, whereas the store managers were able to make only small decisions on product selection as it was mainly determined from above.

[1] The original data consists of interviews with 64 producers and 59 retailers. The data were originally gathered within a larger research project which concentrated on the development and performance of food supply chains. The food producers selected for the study were to be SMEs (small and medium-sized enterprises) and the researchers had to have initial knowledge of the supply chains used. A snowball sampling technique was employed as the basis for sampling of the retailers for the study. Each producer interviewed was asked to nominate a retailer with whom they had direct business contact. As some of the retailers were mentioned several times and some refused to participate, other similar retailers were sourced from directories. Due to the focus of this article, the data analysed was restricted to that obtained solely from producers having a direct business relationship with retailers and similarly from retailers who have a direct business relationship with small producers.

Over 80 percent of the interviewed producers stated that the relationship with retailers was important or highly important for their business operation. Both the retailers and producers considered also their mutual relationships to be rather established. Even though most of the producers interviewed had direct business relationships with at least one interviewed retailer, and vice versa, the discussion was not limited to a particular business relationship, but to their relationships with small producers/retailers in general. The interviews included the following topics: business characteristics, supply chain relationships and their characteristics, and the operational context of the studied businesses. The issue of trust per se was not addressed in the interviews. However, trust frequently surfaced among the comments of those being interviewed, thereby constituting an important element in the participants' talk. This is a point worth making, as it improves the authenticity of the discussion of trust in our study when compared with studies in which the subject was brought up for discussion by the interviewer (cf. Sitkin and Stickel, 1996). In order to understand the interviewees' perceptions of the antecedents of trust through their own reality and from their own experiences, the use of interviews was considered a justifiable method of data gathering (e.g. Patton, 2002).

All the interviews were recorded and fully transcribed. In the data analysis, we have applied the principles of mixed methods approach which combines different types of methods to provide more elaborated understanding of the phenomenon of interest (Johnson et al., 2007). The analysis was conducted in two different phases combining qualitative and quantitative analysis methods; the main emphasis, however, was on qualitative interpretation. The aim of the first phase was to identify all the antecedents of trust mentioned by the interviewed businesses in their descriptions of their business relations which was accomplished by applying an inductive approach (Strauss and Corbin, 1990). Thus, we did not attempt to verify or disprove the findings of previous studies on the antecedents of trust. On the contrary, the purpose of the inductive approach was to allow research findings to emerge from the themes inherent in the raw data, without the restraints imposed by structured methodologies (Thomas, 2006, p. 238).

Through the iterative reading of transcriptions, we familiarised ourselves with the data. During this phase, we started the process of structuring and organising the data into meaningful units (cf. Shaw, 1999) by extracting instances that were significant from the point of view of trust. In other words, we aimed to find the instances where the business relationships were described using the ideas of credibility, reliance of fulfilment of obligations, risk and/or vulnerability, which are often understood to be constituents of trust (e.g. Arnott, 2007; Mayer et al., 1995) and disregarded those parts of the interviews that did not contain any dimension of, or reference to, trust. Our aim at that point was not yet to look for any results, but to reduce the great amount of data into more manageable chunks (cf. Shaw, 1999). After this we reread the remaining instances, and attached open codes to those sections containing data which appeared to describe the interviewees' perceptions of the antecedents of trust (Patton, 2002; Shaw, 1999). By comparing the similarities and differences between the sections of coded data some codes were disregarded as irrelevant for the study, some were combined together and some were divided into two or more codes (ibid.). As a result, we isolated 23 different antecedents of trust that we named based on our interpretation of the antecedent in question. These antecedents were then collated into five different categories (see Table 2), namely product, business, person, relationship and third party-related features, based on their internal homogeneity and external heterogeneity (Patton, 2002).

Table 2. Antecedents of trust identified in the interviews.

Product-related features	Business-related features	Person-related features	Relationship-related features	Third party-related features
market potential	customer orientation	marketing spirit	established practice	reputation
quality	organisational competence	integrity	personal contacts	references
price	size	previous experiences	distribution of liabilities	labelling/certification
origin	legal matters	personal competence	communication	
package	location		intimacy	
safety				

The second phase of the analysis was more quantitative in nature, aiming to discover the frequency of the emergence of each antecedent. Thus, we went back to the data to find out how many of the surveyed businesses mentioned a specific antecedent of trust in their interviews. This procedure was followed separately for the retailers and the producers. Finally we discovered whether or not the difference in frequency of emergence of a certain antecedent between the two groups was statistically significant by means of the chi-square test. We used the Fisher's exact test in order to ensure the accuracy of the results (Metsämuuronen, 2005).

To ensure the quality of the results, all phases of the analysis and interpretation of the data were an independent and iterative effort by both authors. In cases of disagreement, the data was jointly reanalysed until a shared interpretation was reached. Although rather laborious, this way of utilising analyst triangulation is often considered increasing the credibility of the research (Patton, 2002). Furthermore, the findings were presented in two international conferences and they were also discussed with research colleagues in other forums. All this supports the reliability of the findings of the study (cf. Johnsen and Ford, 2008). To ensure the transparency of the interpretation of the data, some quotes from the original transcripts are included (see Appendix 1). The selection of quotes is based on their ability to describe the antecedent in question in an illustrative way.

4. Results: differences in the antecedents of trust in asymmetrical business relationships

This section elaborates on the antecedents in which differences between the producers and retailers were either qualitatively or quantitatively significant, main emphasis being on qualitative differences. There were 13 antecedents of trust in which differences were identified (see Table 3). The following sub-chapters describe these results more in detail.

Table 3. Differences in the antecedents of trust between retailers and producers.

Antecedent		Definition	Qualitative results	Quantitative results		
				Producer f/n	Retailer f/n	Fisher's exact test
Product-related	market potential	issues related (in) directly to product/ product concept		14/38	41/54	,000
	price	ability to price competitively in the market		2/38	19/54	,001
Business-related	customer orientation	willingness to be at business partner's service	Producers' ability to adapt their business operations was deemed essential while retailers' customer orientation was not addressed			
	size	relative difference in resources between business partners	Producers stated only the negative aspects of small size in business relationships while retailers also saw its positive side			
	organisational competence	ability to direct resources to value-creating activities	Only the producers' ability to develop their business and operate efficiently was emphasised.			

Person-related	marketing spirit	innately market-oriented	Activity and initiative in the business relationship associated only with producers			
	previous experiences	history of former business relationships	Only the retailers saw previous experiences as an antecedent of trust	0/38	8/54	,019
	personal competence	an ability to perform a specific role	The retailers referred to the skills of the other party, while the producers referred to both their own skills and those of the retailer.			
Relationship-related	distribution of liabilities	division of responsibilities between business partners	Only the producers' responsibilities in business relationships were discussed.			
	communication	information exchange between business partners		12/38	6/54	,018
	intimacy	feelings of likeness and friendship	Unlike the producers, the retailers pointed to the role of intimate relations as antecedents of trust			
Third party-related	reputation	collective representation of an organisation's past actions and future prospects	Only the producers' reputation was considered important.	17/38	2/54	,000
	references	previous business relations or recommendations of piers		9/38	3/54	,024

4.1. Product-related features

Product-related features refer here to the technical and functional qualities of the product (e.g. Doney et al., 2007), like for example market potential and price. Several studies have indicated the importance of these features for trust development and maintenance in business-to-business relationships (e.g. Chiou et al., 2002; Ganesan, 1994: Gounaris and Venetis, 2002). In this study, market potential was perceived as a very important product-related antecedent of trust. It includes issues that are related either directly or indirectly to a product *per se* or to a product concept. It is noteworthy that product-related features were particularly emphasised by the retailers. The difference in the number of retailers and producers who considered market potential as an antecedent of trust was also statistically highly significant (see Table 3). The retailers perceived that if the product has an appearance that is appealing to consumers and if the product offered by a producer is suitable for their retail store, trust between retailers and producers can easily develop. An existing demand thus has a huge positive impact on the possible emergence of a trustful business relationship as both the retailers and the producers perceived it as extremely important that the product is already familiar to consumers. Product differentiation was also mentioned as an antecedent of trust, which is consistent with the findings of Lohtia et al. (2009). If a product was considered differing from the mass produced product, the small business was seen by the retailers to be in the same ballpark as a business partner.

The price of the product, which is seldom discussed as a precondition for trust in the previous literature, was seen as an important antecedent in a business relationship by the retailers. The retailers emphasised the importance of either the right price or price-quality ratio of a product, whereas among the producers, price was not perceived as having a similar level of importance in the emergence of trust. The retailers considered that the producers' ability to price so as to be competitive in the market reinforces their trust in the product and the producer. Overcharging or pricing below the average market price were regarded as the antecedents of mistrust. The difference between the two groups was statistically highly significant (see Table 3).

4.2. Business-related features

Customer orientation emerged as a crucial business-related antecedent of trust in this study (cf. Doney et al., 2007). For both business groups, customer orientation was especially related to the willingness of the producer to be at the service. Leuthesser (1997) found, consistent with this study, that if a supplier proactively initiates efforts to better understand buyer's needs and requirements, and thereby helps the buyer to become more competitive, the buyer is more satisfied with its supplier. In this study, for example product demonstrations and services offered along with the product were considered as two concrete ways of increasing the perceptions of trustworthiness in the business relationship.

Previous research has shown that size and resource limitations may increase the likelihood of small businesses being exposed to coercive power in an asymmetrical relationship (Sharif et al., 2005, p. 413). Size of the business was also mentioned in this study, similar to Doney and Cannon (1997), as an antecedent of trust by both the business groups. In case of the retailers, the small size of the other party was perceived as a major contributor to mistrust in a business relationship, since it was seen as an indicator of uncertainty and lack of credibility. On the other hand, some of the retailers also emphasised positive aspects of the small size in relation to trust. According to them, doing business with small producers does not involve retailers in major economic risks since the amounts of products supplied are often of very marginal importance in their total purchasing. Thus, the absence of major economic risks in the business relationship can be interpreted as a positive antecedent of trust in the business relationship. Some of the producers also saw the small size of their businesses in relation to retailers as an antecedent of mistrust.

The role of competence in the trust-building process has been emphasised in many studies on business relationships (Karlsen et al., 2008; Mayer et al., 1995; Sharif et al., 2005). In this study, it was the competence of the supplier organisation which was considered being of utmost importance for trust. The retailers, for example, saw the ability of producers to develop the business, their good economic standing and their longevity in the food business as positive indicators of organisational competence and thus contributors to trust. In addition to economic and development issues, the producers also emphasised, for example, having sufficient capacity and willingness to collaborate as well as having an efficient and functional organisation as important elements in the trust building and development. They further considered that willingness to make investments in the business, in its machinery and production methods increases the trustworthiness of producers in the eyes of retailers.

4.3. Person-related features

Marketing spirit was perceived as an important antecedent of trust in the person-related features theme. It can be considered more or less as an inborn trait, whereas the competences, which are discussed later, are usually acquired through education or by experience. Having a marketing spirit referred solely to the activity of the producer personnel regardless of whether the interviewee was a retailer or a producer. The retailers emphasised the importance of the activity of the producer both in the establishment of the relationship and in making the product known to the consumer.

Previous experiences seemed to have relatively important meaning as an antecedent of trust among the retailers, whereas none of the producers mentioned them at all. The retailers stated that good prior experiences with producers as business partners can positively enhance the development of trust in a new relationship. Equally, former bad experiences of co-operation with small businesses can have a negative effect on trust. The difference between the opinions of the retailers and those of the producers appeared to show also some statistical significance (see Table 3). Although former experiences have often been positively linked to the development and maintenance of trust in business relationships (e.g. Dwyer et al., 1987), they usually refer to positive experiences with a specific business partner and which further increase trust in that particular business relationship. Therefore it is noteworthy that in this study the retailers linked their former experiences with some producers to all small producers in general.

In the small business context the personal and organisational aspects of business often overlap (Keasy and Watson, 1993), i.e. the competence of the owner-manager and the business are commonly regarded the same, which may be why personal competence was not explicitly mentioned more frequently by the interviewees. The retailers considered personal competence to incorporate such professional skills as marketing skills, distribution chain skills and working skills, whereas the producers mentioned such issues as expertise in general, personal familiarity with the retail sector, and expertise in the usage of electronic ordering systems. The retailers always referred to the skills of the other party, while the producers referred to both their own skills and those of the retailers.

4.4. Relationship-related features

The distribution of liabilities means how different responsibilities in a business relationship are divided between the business partners. This kind of antecedent has not been so widely discussed in the existing trust literature, although it can be regarded to have some points of convergence with transaction specific investments presented by Sharif et al. (2005) and Ganesan (1994). Both the retailers and the producers mentioned the willingness of a food business to take wide responsibility for the maintenance of the relationship as a positive contributor to trust. The responsibilities in question even included tasks that are traditionally related to the activities of retailers, like placing and arranging the products on shelves in the retail store.

Although communication is often seen as a strong antecedent of trust (Doney et al., 2007; Morgan and Hunt, 1994; Selnes, 1998), in this study it was explicitly mentioned quite rarely. Whereas the retailers highlighted the speed and proactive nature of communication, the producers saw activeness, intensity and personal nature as important attributes of communication. The importance of giving and receiving feedback was mentioned in both groups as an inherent element of good communication in a business relationship. Communication was perceived more often as an antecedent of trust by the producers than the retailers and this difference appeared to show some statistical significance (see Table 3).

Some of the interviewees mentioned intimacy as an antecedent of trust. Intimacy means that a business relationship is based on the identification of one's business partner's desires and needs. More specifically, intimacy refers here similar to Nicholson et al. (2001) to the feelings of likeness and friendship, which are also highlighted by Gounaris and Venetis (2002) when discussing the concept of social bonds. Intimacy is closely related to personal contacts and communication, and, in order to an intimate relationship to develop, these two aspects are required. However, in this study, intimacy differed from these two aforementioned antecedents by the emphasis placed in particular on the closeness and depth of the relationship which is manifested by its extending beyond the immediate business context. The retailers in particular pointed to the role of intimate and friendly relations as antecedents of trust, whereas among the producers, intimacy was not perceived as having a similar level of importance in the emergence of trust. Most of the business relationships of small producers are inherently intimate and personal (Gilmore et al., 2001; Spence, 1999), which may be the reason why intimacy was not explicitly mentioned as an antecedent of trust more often.

4.5. Third party-related features

The third party-related features refer to all the external people and/or elements having an effect on the development of trust between the producers and the retailers (c.f. Uzzi, 1997). In this study, the most often-mentioned third party-related antecedent of trust was reputation. According to previous studies in business relationships, reputation can be considered an essential antecedent of trust as it informs decisions related to exchanges (Anderson and Weitz, 1989; Ganesan, 1994; Sharif et al., 2005). The difference between the business groups was notable as mainly only the producers acknowledged the link between reputation and trust. This difference also appeared to be statistically highly significant (see Table 3). Although we are not suggesting that reputation of a small business would not have any significance for retailers, it seems that the perceived risk in the business transaction with a small business is usually so low for the retailers that the reputation of a producer did not appear to be of great importance for them. Therefore, this is not fully in line with the findings of Ganesan (1994), who argued that retailers rely on the reputation of their suppliers. Furthermore, the producers considered reputation as a phenomenon either on the business or product level, while the retailers mentioned only the reputation of a business as an antecedent.

Existing or previous business relations were mentioned as examples of references by the producers, while the retailers highlighted the views of colleagues, acquaintances or other people working in the same retail chain. Similarly to reputation, the role of references in trust creation and maintenance was more often highlighted by the producers than the retailers. The difference was also statistically significant (see Table 3). External factors of this kind are not usually discussed in the literature on the antecedents of trust.

5. Conclusions and implications

The aim of this study was to empirically examine the antecedents of trust in an asymmetrical business relationship from a dyadic perspective. This chapter discusses the main findings in relation to the asymmetry in business relationships, which is essential since there is a lack of research on trust in asymmetrical business relationships.

As the first contact between a retailer and a producer is often heavily based on the product itself, the importance attributed to product-related features as the antecedents of trust is natural. This may indicate the retailers' desire to minimise the economic risks involved in their relations with producers. In other words, a product that shows good potential in the market involves a minor economic risk for a retailer. This enables trust to develop in the product and more generally in the producers supplying the product. Similar kinds of arguments have been presented by Chiou et al. (2002) who suggest that if the customers perceive the technical and functional qualities of the product favourably, they will have more confidence in the business, which in turn will also increase their trust. This kind of argumentation is usually rather calculative, being based on the evaluation of the advantages and disadvantages of trust (Lewicki and Bunker, 1996). Thus, the central role of product-related features as the antecedents of trust may lead to a rather fragile trust. We argue that a strong emphasis on product-related features may hinder the development of trust beyond calculative to a more personal level, in spite of the actual relationship maturing. This emphasis on structural features at the cost of personal aspects further reinforces the asymmetry between small producers and retailers.

It may be rather challenging for a small producer with limited economic resources to respond to the expectations of retailers. Moreover, the small size of a business per se, is often seen as an indicator of a lack of competence, and thus as an antecedent of mistrust. In order to compensate for the negative images brought about by their small size, it is natural that producers emphasise the importance of personal and organisational competence as an antecedent of trust, i.e. they try to diminish the consequences of asymmetry in their relationships. Similarly, both the retailers and producers emphasised that customer orientation, marketing spirit and distribution of liabilities require producers to be able to adapt their business operations along the lines set by a retailer. Thus, the findings of this study are consistent with previous studies showing that adaptations within the buyer-supplier relationship increase the level of trust between the business partners (Brennan and Turnbull, 1999; Hallén et al., 1991). Hallén et al. (1991), however, argue that mutual adaptation is a consequence of trust-building while unilateral adaptation is due to an imbalance of dependence between the parties. Thus, adaptive behaviour is influenced by the power balance within the relationship (Brennan and Turnbull, 1999), which means that in the relationship the less powerful partner (in this study the producers) adapts more often than the more powerful one. We argue, that in an asymmetrical business relationship the characteristics of the less powerful partner are emphasised while the significance of the characteristics of the more powerful partner in the development and maintenance of trust is minor. Although this one-sided adaptation was seen as a key contributor to trust in their relationship, it still reinforces the asymmetry in the relationship.

Our analysis clearly indicated the essential role of producers in developing and maintaining trust in a relationship with a retailer. Above all, this requires a great amount of flexibility on the part of the producers, as this was an attribute implicitly related to many of the antecedents. Symmetry and mutuality are usually considered as essential ingredients in relationship marketing (Ganesan, 1994; Morgan and Hunt, 1994), but based on this study, it seems that relational and transaction-based approaches can coexist in an asymmetrical relationship between a producer and a retailer even for a longer period. Similar findings have also been presented by Hingley (2005a) who states that asymmetrical relationships are not necessarily unstable or short lasting. However, according to some studies, the power asymmetry leads to lower continuity and instability in relationships (Anderson and Weitz, 1989; Ganesan, 1994). Although the key role of producers in the development and maintenance of trust was usually equally emphasised by both groups of interviewees, we argue that this in fact increases the sense of asymmetry in the relationship. Thus, producers are generally rather vulnerable in asymmetrical business relationships, as retailers tend to be passive in their relationships with small suppliers due to their stronger position. However, the weaker party may have something the stronger wants, which actually outweighs the negative effects of asymmetry, so that the relationship is workable and both parties are satisfied.

We suggest that it is important for small business managers to include the management of the trust-building process in their everyday business practices. Trust is an important element in successful business relationships and can lead to competitive advantage. Based on the results of this study, we propose, similarly to Nguyen and Rose (2009) that small business managers should consider themselves as intentional trust-building actors by emphasising the different antecedents of trust appropriate to their specific business context. By taking the active role in trust development, rather than adjusting to external conditions, small business managers may also control the asymmetry often prevailing in their relationships with large retailers. Thus, this study provides useful ideas to small business managers for strategic trust management.

We are not arguing that successful business relationships are possible only in the presence of the highest level of trust (cf. Jiang et al., 2010). However, we would suggest that differing perceptions of the essential antecedents of trust held by producers and retailers can have a considerable effect on the development of the business relationship. This is important especially in asymmetrical business relationships since, based on this study, it can be assumed that the business partners value different antecedents of trust differently. If each party to a business relationship is not aware of the antecedents of trust valued by the other party, a chasm is likely to open up between expectations and perceptions concerning trust in business dyads, and that is likely to lead to misunderstandings in the relationship. If retailers perceive product-related features to be essential antecedents of trust, while producers emphasise relationship- and third party-related features, this may create the sense of a lack of trust and hinder the development of the business relationship. Thus, it might be wise for business partners to build trust concurrently with the establishment of a relationship by holding frank discussions on their business practices and organisational values. In this manner, the business partners can make their views known and understand the other partner in order to reap mutual benefits.

This study examines the antecedents of trust in the asymmetrical business-to-business relationships in the Finnish food sector, and thus there are certainly some cultural factors affecting the findings that might be considered as limitations and should be taken into account when discussing the results. For example, in this study the origin of the product and safety issues were very seldom raised as an antecedent of trust. During the last decade safety issues have been almost an everyday topic in the food sector, and a lot of time and money has been devoted to enhancing the safety of food products. Animal diseases, for example, have eroded the trustworthiness of the food sector from time to time (e.g. Lobb and Mazzocchi, 2007). The present low manifestation of safety as an antecedent could indicate that safety issues are so self-evidently a part of the contemporary food sector in Finland that they can be overlooked as an antecedent of trust. Similarly, one of the most essential antecedents of trust mentioned in the existing trust literature is integrity (e.g. Mayer et al., 1995), though seldom mentioned in this study. An explanation for this could in the broader contextual factors, as in Finland, integrity is often seen as an inherent component of business relationships. One of the main contributing factors to that is probably the extremely low level of corruption (see Transparency International, 2007). Furthermore, labels and certificates, attached either to a business or a product, received only a few mentions in relation to trust. Since the idea of certification is dependent on trust (Jahn et al., 2005), it is rather surprising that very few producers, and none of the retailers, perceived labels and certificates as an essential antecedent of trust in business relations. This might indicate that in Finland the retailers and producers consider legal obligations relating to food products and their processing methods to be sufficient in guaranteeing the trustworthiness of the products. This leads us to conclude that in the food sector in Finland, the role of labels and certificates is of only limited significance to trust building.

Although we acknowledge that trust is a very context-related phenomenon and this study is limited to the Finnish food sector, similar kinds of asymmetrical business relationships exist also in other countries, since, for example, the European food markets are becoming more and more alike (e.g. Fritz and Fischer, 2007). Furthermore, asymmetrical business relationships are not only characteristic of food industry but may depict business-to-business relationships in other industries as well. Therefore the essential role of asymmetry in trust development and maintenance illustrated in this study may also have relevance in a wider context. It would be interesting in further research to examine whether the antecedents of trust found in this study are applicable to other industries or other retail contexts. Still, any such generalisations extended further afield, for example to other countries or even industries, must naturally be qualified.

Furthermore, one limitation of the study is related to the complexity of the subject matter. Although we acknowledge that on the practical level, some of the antecedents found in this study can be difficult to distinguish from each other, the detailed categorisation of the antecedents was essential to discover the main differences between the two groups of businesses studied. We are also aware that the bias in the interpretation of data has sometimes been argued to be a limitation of qualitative research. This challenge was consciously addressed by strengthening the interpretation process through the analyst triangulation as well as discussing and presenting the findings in the different stages of the analysis to colleagues.

As Johnsen and Ford (2008) stated, there is not much existing research on the consequences for small suppliers of asymmetry in their relationships with larger customers. Therefore this research makes a contribution in this field by examining trust in asymmetrical business dyads by incorporating and contrasting the perceptions of the two parties to the relationship. In future, the research should further examine the relationship between a small and a large business partner in order to better explain and understand the nature and dynamics of the asymmetrical relationship, and more specifically, the consequences of asymmetry for small businesses. From the managerial perspective, it is important to know how asymmetrical relationships work in order to successfully manage such relationships.

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Appendix 1

Theme	Antecedent	Quote
Product-related features	market potential	”I think that they realised that our brand is already so strong in the market that they decided to trust our quality and our reliability in deliveries.” (Producer)
	quality	“Well, I think that it was also a question of trust, we are able to deliver high quality potatoes which in turn increases X’s chances to compete when they have a good product in their product range.” (Producer)
	price	“The price-quality ratio of the product must be in order.” (Retailer)
	origin	“The product is well-known and people trust in it as it is locally produced.” (Producer)
	package	“The package of a product has a huge impact, as the product presents itself in a package.” (Retailer)
	safety	“People want a product that is safe and they can trust that there isn’t any problem with it.” (Producer)
Business-related features	customer orientation	“It’s a question of our trustworthiness and that’s why we have to deliver the goods at the time that suits them.” (Producer)
	organisational competence	“Of course one aspect of trust is the economic standing; that the business is in such a condition that it is able to operate.” (Retailer)
	size	“I trust more in small businesses than in large businesses.” (Retailer)
	legal matters	“It [trustworthiness] includes that the legal matters are taken care and the common rules in the field are respected.” (Retailer)
	location	“And food from this area has a good image. And I have also been at local fairs and in the capital doing marketing hundreds of times so that my products have gradually gained some status. Trust in the food of this area, that it is good.” (Producer)
Person-related features	marketing spirit	“And we have started on the basis that we have organised product demonstrations for consumers and that way we have been able to get our products into retail stores. [...] It’s all about my own activity.” (Producer)
	integrity	“I give a huge credit to people that I’m able to trust. The goods are delivered as agreed and the prices remain as discussed. Those people that I can’t trust are ditched quite fast. [...] The bills have to be paid on time and also stick to everything that has been agreed.” (Retailer)
	experiences	“It’s easy to buy from local small producers since there have never been any disappointments.” (Retailer)
	personal competence	“There has to be a professional touch in selling, the sales event must be properly taken care of from first to last. The sales event is not over when the producer has sold the product for us, they should be able to manage the sales as a whole.” (Retailer)
Relationship-related features	established practice	“Our relationships with the suppliers have been long lasting so you can trust them.” (Retailer)
	personal contacts	“On a personal level everything works well [with small businesses], I like to purchase from the businesses that are easy-going and that I can trust.” (Retailer)
	distribution of liabilities	“It’s always me who goes and checks that there’s enough stuff in the retailer’s freezer. [...] I place the products onto the shelf and give the invoice so it’s ok, there haven’t been any problems. Trust has functioned extremely well for that part.” (Producer)
	communication	“The retailers are so fed up with such suppliers who hardly ever call or the retailer must call the supplier himself when the products are sold out. Regular communication is really important.” (Retailer)
	intimacy	“And there exactly is the benefit of this locality and close cooperation that good personal relations and good cooperation lead of course to very close relationships and such things have a huge significance.” (Producer)

Third party-related features	reputation	"We are well-known in this area due to these long traditions. The product has a good name, a good image." (Producer)
	references	"For example, some time ago when we had some problems with a potato supplier, we contacted our colleagues in other supermarkets and asked where they buy their potatoes from, and that way we got a lead on a good supplier." (Retailer)
	labelling/ certification	"We had this Best from the Regions –label. [...] That we had this kind of quality system built into our business, it was something that mattered, at least I think that it did. [...] It certainly matters at a retailer level so that they think that a business which applies that label has to have everything in order." (Producer)

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Business Relationships and B2B Communication in Selected European Agri-food Chains –First Empirical Evidence[1]

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Abstract

The roles of business relationships and B2B communication in selected European agri-food chains are analyzed. Using survey data from 1,026 farmers, food processors and retailers in two commodity sectors (meat and cereals) and five different EU countries (Ger-

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many, United Kingdom, Ireland, Finland, Poland), we test the empirical relevance of several theory-based determinants of relationship goodness. This is undertaken for the overall dataset and separately for different supply chain stages (farmer-processor versus the processor-retailer relationship) and for the individual countries. The estimation results, derived from structural equation modeling, suggest that the most important contributor to good business relationships is effective communication, with its two components, adequate communication frequency and high information quality, being equally important. The existence of personal bonds and an equal power distribution between buyers and suppliers are the second most important goodness-of-relationship determinants, while in addition the embeddedness of an agri-food enterprise in the local economy seems to contribute positively to good business relationships. The analysis also reveals that the relative importance of these determinants differs across the two considered stages of supply chain relationships and between the countries investigated. Agri-food business managers seeking to improve their supplier or buyer relationships need to consider the crucial role of effective communication and the positive contribution that the existence of personal bonds can make to the development and maintenance of sustainable relationships.

Keywords:business relationships, B2B communication, agri-food, value/supply chain, structural equation modeling

Introduction

The business environment in which food companies operate is changing. New developments which include globalization, new consumer trends, stricter environmental and food safety regulations, and policy reforms such as the 2003 one of the Common Agricultural Policy (CAP), present challenges and opportunities for all agri-food businesses, from farmers to retailers. In order to meet the challenges and exploit the opportunities, improved supply chain co-ordination is required among farmers, processors and retailers. This can be achieved by the development of sustainable business relationships and by intensifying communication along the chain. Evidencealreadyexistsofincreasedcollaborationandbilateralpartnerships in agri-food supply chains, but these are occurring slowly and predominantly in multiple retailer-led chains (i.e., the ones which sell a wide variety of food and non-food items and which, due to their bargaining power, control the entry to the chain and the terms and conditions of trading) (Fischer et al., 2007).

Since it is an essential part of business to connect with others (particularly customers, but also other stakeholders such as suppliers, employees, financial analysts and public-sector organizations), building effective relationships and communicatingprofessionallywithothersareconsideredkeydriversforsuccess and are often at the root of a sustainable competitive advantage. In essence, effective relationships and good communication may:

- help to reduce uncertainty (e.g., through increased information flow leading to improved demand forecasting);
- facilitate better access to crucial resources (e.g., specially formulated ingredients, specialized skills or knowledge); and/or
- result in higher business productivity (e.g., through improved decision making or by enhancing employee loyalty).

Business relationships are defined by Ford et al. (2003) as “the pattern of interactions and mutual conditioning of behavior over time between a company and a customer, a supplier or other organization. ”Business relationships can be of a competitive,co-operativeor-commandtype. Competitivestrategieshaveazerosum basis: the gain of one partner being at the expense of the other. Co-operative relationships are win-win oriented and can benefit both parties. In this case, frictions are minimized and interdependence between the parties develops. In command relationships, a supplier may make a customer dependent on the offering of unique product or service features. Or such relationships may occur where a customer has superior bargaining power (e.g., resulting from a unique or advantageous access to a particular market). The avoidance of opportunism is the main incentive that governs the choice of a command relationship strategy.

Considerable research effort has been devoted to improving our understanding, and therefore the management,of business relationships (e.g., Bruhn, 2002; Christopher et al., 2002; Cox et al., 2003; Cox, 2004; Crosby et al., 2002; Cuthbertson et al., 2004; Fearne et al., 2001; Ford et al., 2003; Lee et al., 2004; Prahalad et al., 2004). However, to date extensive cross-country research on the role of business relationships and B2B communication in the European agri-food sector has been scarce. While some research has been conducted for individual countries (e.g., Schulze et al., 2006), successful improvement of business relations and communication across the EU agri-food system will depend on a thorough understanding of the current status quo and its key driving forces at a broader level. Without such in-depth assessment of the needs and constraints of the stakeholders involved, considering country-, commodity- and chain stage-specific particularities, no reliable recommendations for either business-strategy formulationorpolicy-makingcanbegenerated. Inordertoinvestigatetheseissues, the EU Commission has commissioned cross-country research, covering several agri-food chains in five geographically dispersed (north, south-west, centreandeast) EU countries.

This article reports the first empirical findings from the commissioned research project, resulting from testing a set of hypotheses derived from previous analysis, based on both academic studies and knowledge gained from key informants in the sector (see Fischer et al., 2007), which focus on examining the influence of various determinants on ‘relationship goodness’.

The article’s structure is as follows.After a discussion of the specified research hypotheses, the methodology used for data collection and model estimation are described. Section four presents the obtained results.The last section discusses the findings and draws some conclusions.

Literature review and research hypotheses

Overview over hypotheses

Several theoretical approaches, ranging from socio-economic and institutional economics to business management theories, were investigated while building a theoretical framework for the research behind this paper. They provide evidence that both economic and social relations are considered vital for the success of food supply chains (Hinrichs, 2000; Winter, 2003). The socio-economic and cultural environmentinwhichchainrelationsareembedded, exerts an important impacton the sustainability of business relationships within the food chain (Hughes, 1996; Ellis and Pecotich, 2001). Market structures and competition forces also influence relationships and the outcomes of agri-food chains (e.g., Mitra, 2000).

Communication has been found to be essential for the creation of trust and for supporting sustainable relationships within value chains (e.g., Bruhn, 1999; Greenbergand Grahm, 2000; Chartierand Gabler, 2001). The continuous share of proper, timely and reliable information can generate specific benefits for a whole value/supply chain.

Sustainable business relationships can be characterized as a two-dimensional construct involving the sub-constructs relationship quality and relationship strength (FOODCOMM, 2006). A construct is a concept that describes and includes a number of characteristics or attributes. Constructs are often unobservable ideas or abstractions, but which may be measured indirectly by the use of indicator variables. Relationship quality represents the static component, while relationship strength covers the dynamic aspects of a relationship. The former comprises more inter-personal factors, such as trust, commitment or satisfaction with a business partner. The latter considers non-coercive and coercive behavior and past chain experiences. It is indicated by the existence of switching costs, resistance to disruption and a positive collaborative history with a business partner. Relationship quality and strength are interrelated and together form sustainable relationships. Relationship sustainability may also be referred to as 'relationship goodness'. Goodness is the meta-term encompassing both current quality aspects, and past development criteria as an indicator for the relative strength of a relationship.

Following the academic literature review, a pilot study on business relationships in agri-food chains was conducted, utilizing expert interviews. This process involved interviews with key informants who mostly came from large companies and industry/trade associations and generally held senior management positions. The procedure and outcome of these expert interviews are described in Fischer et al. (2007). Based on the findings of both the literature review and the expert interviews, the following hypotheses were developed with regard to potential determinants of the goodness of business relationships in European agri-food chains.

Chain-internal determinants

H1 Communication positively affects the goodness of business relationships.

H2 The existence of personal bonds positively affects the goodness of business relationships.

H3 The power distribution between a supplier and a buyer affects the goodness of business relationships.The more equally the power is distributed, the better the goodness of a relationship.

Chain-external determinants

H4 The higher the degree of embeddedness in the local economy in which an agri-food business operates, the better the goodness of business relationships.

H5 The higher the degree of competition in the market in which an agribusiness operates, the better the goodness of business relationships.

H6 The higher the traceability requirements are, the better is the goodness of business relationships.

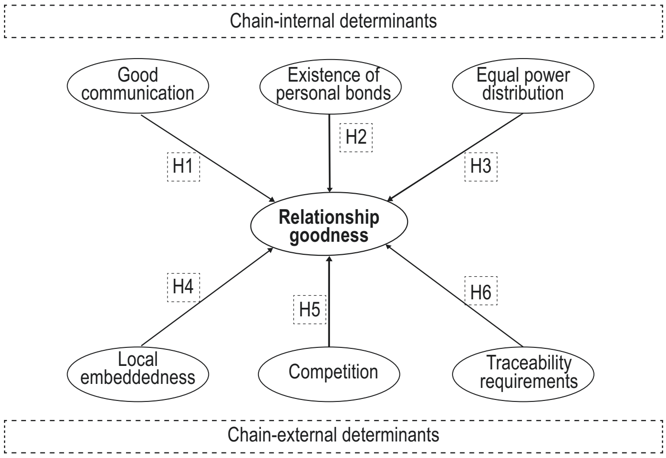

Figure 1. Hypothesized chain-internal and chain-external determinants of relationship goodness.

Figure 1 summarizes theses hypotheses in a chart. Following the conventions in the structural equation modeling, we use ovals for depicting constructs. Directly observed (and measured) variables are usually depicted as squares. At this stage, however, for the sake of simplicity, we only use ovals.

Good communication

Communication can be seen as formal and informal sharing of information between chain stakeholders, which facilitates relationships between organizations and which makes beneficial outcomes possible. Communication in supply chains will be influenced by various factors. Most of these can be allocated into three groups: *communication behavior, information quality, and communication tools* (Mohrand Nevin, 1990; Mohr et al., 1996).

Communication behavior characterizes that part of organizational or individual behavior resulting in a communication process. Large (2003) identifies several individual factors influencing communication behavior. *Communication capability* means the capability to transmit information, e.g., the capability to speak and to write (Rubin, 1985). *Communication readiness* describes motivation to communicate and can be analyzed by considering communication attitude. *Communication climate* refers to the total rules of communication and attitudes towards communication in an organization (Large, 2003). *Norms of communication* are created in the organization as a result of mutual observation of organization members' communication behavior. So unwritten communication rules and traditions develop in the organization. Additionally, managers can give norms of communication. Moreover, communication quality and behavior depend on the following technical characteristics: frequency, directionality, formality, and content (Mohr and Nevin, 1990; Mohr et al., 1996).

Farace et al. (1977) define information in terms of the reduction of uncertainty. Information in this sense is a measure of uncertainty, or entropy, in a situation. Low and Mohr (2001) use the indicators of relevance, accuracy, reliability and timeliness to characterize quality of information, drawing on the work of O'Reilly (1982). *Relevance* means that information is useful and significant for the decision process, or for achieving special objectives. *Accuracy* stands for clear and precise formulation and transmission of information. *Reliability* corresponds to the trustworthiness of the information. *Timeliness* characterizes information distribution in time; up-to-date information allows the receiver to react appropriately. The factors of relevance and accuracy do not refer solely to information quality, but also to information quantity. Information should be delivered in appropriate quality and quantity. Previous research shows that managers tend to believe that more information is better (O'Reilly, 1980). Lack of information is connected to poor decisions. On the other hand, the problem of informationoverloadseemstoincreaseinaneraofwideningcommunicationmedia and decreasing costs of information transmission. Thus, all information is often transmitted to the partner without processing. Important information can get lost in the midst of non-relevant messages. Dias (2001) concludes: "Due to the technology advances and the wide dissemination of information, many institutions suffer from information over load and need to apply in formation management to deal with this information chaos in the digital world."

Personal bonds

The notions of social bonds encapsulate the idea that economic behavior is embedded in, and mediated by, a complex and extensive web of interpersonal relationships (Granovetter, 1985). In the case of agri-food supply chains, both economic (e.g., prices, costs and markets) and social (e.g., personal bonds, trust and friendship) relations are seen as being vital for success (see Hinrichs, 2000; Winter, 2003). While strong personal bonds generally contribute to good business relations, business relationships differ from personal ones because of the former's formality and supposed independence from individuals. Consequently, business relationships can be managed systematically and analyzed formally. Nevertheless, it can be assumed that strong personal bonds generally contribute to good business relations.

Equal power distribution between buyer and supplier

Behavioral economics reveals important deviations between human behavior and neo-classical assumptions. One of these findings concerns non-egoistic behavior, regarding fairness. Indecisions about personal gains, people not only consider their own benefits but also those of others. When they perceive that benefits may be distributed unfairly, people will often forgo the opportunity to increase their personal wealth if this prevents an increase of wealth of others (Frank, 2003). This behavior is contrary to self-interest. Equal power distribution among economic partners increases the probability that rewards of the partnership will be distributed fairly among the partners. Thus, equal power distribution might be a precondition for (some) economic agents to get involved in business relationships and an important determinant for evaluating the "goodness" of a business relationship.

Local embeddedness

The notions of social embeddedness and local ties encapsulate the idea that economic behaviour is embedded in, and mediated by, a complex and extensive web of interpersonal relationships and larger social structures (Granovetter,1985). The concepts of embeddedness and local ties are fruitful theoretical perspectives for describing and explaining network dynamics, as firms are embedded in wider business networks which extend far beyond the boundaries of the individual company (Halinen *et al.,* 1998). Social embeddedness and local ties may have the effect of strengthening food supply activity and assisting its co-ordination and sustainability. This perspective may well provide an important explanatory dimension as to how agri-food supply chains operate and why. As Hinrichs (2000: 510) argues, by applying the concept of embeddedness, economic activity "…holds more nuance and complexity than when individuals are seen simply as optimising for maximum returns…".Murdoch *et al.* (2000) note that in the food sector embeddedness matters and, given recent and current trends (e.g., rising concerns about food safety and ecological conditions), will probably matter even more in the future.

The operationalisation of the embeddedness concept may be thought of as the extent to which a company is anchored into a local economy.In particular in the still mostly rural agri-food business sector, the amount of social capital a farmer or a rural processing company may accumulate and be able to exploit profitably, may be positively correlated to the extent to which the farmer/company has developed local ties. These local ties may manifest themselves in different ways: the production of local products (e.g., those labeled with geographic indicators), the use of local suppliers, the direct marketing to local customers, or other local ties such as corporate sponsoring of local infrastructure projects (e.g., investments in the creation/development of cheese or wine trails, donations for setting up/ maintaininga farmers' market, etc.). Often, these different local ties go hand in hand and are thus positively correlated with each other. For instance, by law, for the production of PDO products, only locally produced ingredients are allowed. Alternatively, companies who mostly sell to local customers may be more likely to also be involved in the production or marketing of locally produced products.

Competition

Globalization-related developments as well as political changes (e.g., stricter environmental and food-safety regulations) have led to an increase in the competitive pressure for businesses in European agri-foodchains.Whilethisistrue for all actors in the food system, this is particularly relevant for the retail sector (Venturini, 2003). Higher levels of competition may force companies to more collaboration in order to become more competitive as a newly formed chain.In particular, non-arm's-length relationships (e.g., long-term contracts or financial participation arrangement) are capable of generating relational rents for chain partners.This is driven by the achieved larger leverage to secure or gain market share, to improve margins asaresult of increased bargaining power and to increase production efficiency by exploiting scale effects.Nevertheless, very high levels of competition may also force companies to behave more self-interested and opportunistically in order to secure survival in a highly demanding market.Thus the effect of competition on relationship-goodness is a priori not clear cut but we rather expect it as being positive.

Traceability requirements

Traceability systems have been made mandatory in many food chains in numerous countries in order to secure minimum levels of food safety and quality (Hobbs, 2004). Yet, besides the impact of these systems on product parameters, the implementation of public or private traceability mechanisms has been shown to have an impact on the choice of relationships between the involved chain partners. Ranyaud *et al.* (2005) review different quality-enforcement measures in various agri-food chains and its influence on the choice of economic relationships. They find that the use of quality labels and the use of enforcements mechanisms such as traceability systems can lead to closer and longer-term relationships between the implementing enterprises. The reason for this may be that the implementation of shared information systems, which allow the tracking and/or tracing of contaminated produce, requires the involved parties to assume responsibility for partners' failure and thus forces stronger collaboration among them in order to avoid the production and distribution of faulty products in the first place.Thus we expect the existence of a chain-wide traceability system to effect relationship goodness positively.

Model specification

Overall, we hypothesize that relationship goodness (RG) is a linear function of at least three chain-internal determinants: good communication (GC), the existence of personal bonds (PB) and equal power distribution (EP).It is also affected by at least three chain-external determinants, embeddedness in the local economy (LE), the degree of competition (CO) and the existence of traceability requirements (TR). The following equation summarizes our assumed, model:

$$RG=\beta_0+\beta_1\times GC+\beta_2\times PB+\beta_3\times EP+\beta_4\times LE+\beta_5\times CO+\beta_6\times TR+\varepsilon$$

Empirical procedure

To test our hypotheses, we study the relationship situation in five different EU countries (Germany, UK, Ireland, Finland, and Poland) for two different commodities (meat and cereals) and two different value-chain relationships (upstream: farmers-processors and downstream: processors-retailers).

Questionnaire development and data collection

Based on the pilot study findings (see Fischer et al.,2007), a survey instrument was developed to validate the previous results and, most importantly, to expand the acquired understanding of relationships within EU agri-food chains.While industry experts are a valuable source of information, experts are often obliged to offer 'official' and 'consensus' views. Consequently, a richer picture (in terms of completeness and level of detail) may be obtained by surveying involved businesses directly. The enterprise/company questionnaire developed for the survey needed to be used simultaneously in different countries. Therefore, considerable effort was spent on the wording, the response formats (i.e., measurement scales) and the clarity of instructions. After translation into the respective languages, the survey instrument was pre-tested separately in the different countries, which resulted in some minor changes to its design.

The method of data collection differed across the collaborating countries.Overall, most of the obtained samples were self-selecting, i.e., neither randomly drawn nor quota-based (the Finnish samples were randomly collected). The main contact method was the use of mailed questionnaires(together with follow-up phone calls or a subsequent mailing to remind participants).In some countries, personal interviews were conducted (mostly with farmers) or respondents were interviewed by telephone. In parallel, a survey website was established (which also offered a relationship and communication benchmarking facility for participants as an incentive and immediate feedback mechanism), which was promoted using a wide range of public relation and marketing measures aimed at maximizing the chances that relevant businesses would become aware of the survey and thus have the opportunity to take part. In addition, active collaboration with sector organizations and trade/industry associations was sought, which informed relevant farmers and companies using (i) newsletters, (ii) press releases, (iii) animated website banners, (iv) telephone calls, (v) emails, (vi) SMS and/or (vii) research-project flyers. The subsequent analysis of the data obtained from the cross-country, multi-commodity survey of farmers, food processors and retailers is based on 1,026 usable responses.

Sample representativeness, key informant quality, non-response bias and measurement validation

The representativeness of the obtained sample was assessed using two criteria for which complete target population information is available across the different countries: regional distribution of company location and farm/company size (as measured in terms of arable land size, number of livestock, number of employees and annual turnover).While the representativeness of the collected data differs across the collaborating countries, in general the obtained responses reflect the most important location- and business size-related disparities.

Overall, 89% of survey respondents claimed to be in upper management positions or (part-) owners of the surveyed businesses, thus giving confidence in the quality of the answers obtained. Non-response bias was assessed by comparing early survey responses with later ones, using multivariate analysis of variance on key demographic characteristics (Armstrong and Overton, 1977). However, no significant differences were found.

In the following analysis, several constructs (e.g., good communication, local embeddedness) are used. In addition, two variables (existence of personal bonds and equal power distribution) are not specified as constructs but are measured as single, directly observed items (see Appendix A and B for a full description of all employed items).The 'relationship goodness' construct is reported in the results section as a one-level, four-item latent factor. It is the one with the highest construct reliability (Anderson and Gerbing, 1988) asassessed by Cronbach's Alpha (.890), which is formally regarded as highly satisfactory.[2] The factor loadings and significant levels for these items are reported in the following results section. For the 'good communication' construct, two items are used. Cronbach's Alpha for this construct is .852. The 'local embeddedness' construct was specified using reflective indicators, in which case the usual reliability and validity measures do not hold. In addition, all four items in this construct were measured as dummy variables, which may have an impact on the construct's statistical performance.

[2] We also tested a two-level, six-item 'relationshipgoodness' construct, made up from two latent factors (relationship quality and relationship strength, both measured by three different items). However, the final overall model fit was less satisfactory, thus we decided to report only the results for the structural equation model based on the one-level, four-item 'relationship goodness' construct.

Model estimation

Structural equation modeling (SEM; also called covariance structure analysis) was used to empirically test our research hypotheses.[3] In its most general form, SEM consists of a set of linear equations that simultaneously test two or more relationships among directly observable and/or unmeasured latent variables.While SEM serves purposes similar to multiple regression, differences exist between these techniques. As an extension of the general linear model, SEM is built on more flexible, and thus more realistic, assumptions about the data to be used. In particular (see Bollen,1989), SEM allows (i) the interpretation of estimation results even in the face of multicollinearity between regressors, (ii) the use of confirmatory factor analysis to reduce measurement error by having multiple indicators per latent variable (i.e., testing constructs), (iii) testing of models overall rather than coefficients individually, (iv) testing of models with multiple dependents, (v) modeling of mediating variables, (vi) modeling of error terms, (vii) testing coefficients across multiple between-subjects groups, and (viii) handling difficult data (in particular non-normal or incomplete data).

For an assessment of how well the specified SEM fits the analyzed data, the following criteria are commonly used (Shook *etal.*, 2004): (i) the Chi-square Test, (ii) the Normed Fit Index (NFI) and (iii) the Root Mean Square Error of Approximation (RMSEA).The chi-square fit index tests the hypothesis that an unconstrained model fits the covariance/correlation matrix as well as the given model. The chi-square value should not be significant if there is a good model fit. If it is significant, the model is rejected as not being a good fit to the data (there is a significant deviation of the model from the data). A problem with this test is that the larger the sample size, the more likely becomes the rejection of the model. The chi-square fit index is also sensitive to violations of the assumption of multivariate normality. More commonly used is the minimum sample discrepancy divided by degrees of freedom (CMIN/DF). Values as large as 5 are accepted as adequate fit, but more conservative thresholds are 2 or 3. The NFI varies from 0 to 1, with 1 representing the perfect fit. Byconvention, NFI values below .90 indicate a need to re-specify the model. The RMSEA incorporates a discrepancy function criterion (comparing observed and predicted covariance matrices) and a parsimony criterion. Most sources recommend that there is good (adequate) model fit if the RMSEA is less than or equal to .05 (.08).

Estimation results

In this section, we first report the results across the analyzed agri-food chains, countries, value chain stages and relationship types with respect to the perceived goodness of the'most important' B2B relationships experienced by those enterprises taking part in the survey. Second, the main determinants of the goodness of these relationships, derived from the SEM estimations, will be presented.

[3] We usedthe AMOS software package (version6.0), with unbiased covariancesas theinput matrix.Missing values are present in our dataset and consequently maximum likelihood estimation was the preferred estimation method.We tested for univariate andmultivariatenormalityofthekeyvariablesusingstandardroutines;however,wedidnotfindworryingdeviationsfromthese distributions.

Goodness-of-relationship scores

Tables 1 and 2 report the obtained goodness-of-relationship scores[4] for the two different commodities/products (meat and cereals) and separately for the two value-chain relationships (i.e., the farmer-processor and processor-retailer one).[5] The perceived average scores are reported separately for the different assessed EU countries. Also, the scores are given for different relationship types on which the relationship with the most important buyer/supplier are based.

Table1. Goodness* of B2B relationships in EU meat (beef, pig) agri-food chains

		Farmer-processor	*Processor-retailer*
Country	Germany	5.0 (23)	5.2 (11)
	UK	5.5 (142)	5.9 (4)
	Ireland	5.2 (83)	5.8 (20)
	Finland	4.9 (81)	5.5 (17)
	Poland	5.0 (223)	5.7 (105)
	Total	**5.1 (552)**	**5.7 (157)**
Relationshiptype	Repeated market transactions with same supplier/buyer	5.1 (342)	5.7 (111)
	Contracts	5.1 (105)	5.5 (27)
	Financial participation	5.1 (10)	5.9 (3)
	Other	5.1 (74)	5.7 (9)
	Total	**5.1 (531)**	**5.7 (150)**

Note: *Index score calculated on the basis of six individual components, each one measured on a rating scale (1 = very poor; 7 = very good). In parentheses, number of observations.

In the meat chain (Table 1), goodness-of-relationship scores are by and large high though they are generally larger in the downstream relationship. The differences between downstream and upstream relationships over all countries are statistically significant at the 99% confidence level (using univariate ANOVA testing). Differences also exist in the individual relationships between the countries.In the upstream relationship, Finland seems to have the lowest relationship score while the UK has the highest.In the downstream relationship, the UK scores highest again, whilst Germany reveals the lowest scores, but in both countries the sample is small. However, the differences are only statistically significant

[4] The scores were calculated as an unweighted average involving the six individual components (items): trust in, commitment towards, satisfaction with, positive collaboration history with, resistance versus disruption and dependence on the buyer/supplier in the most important business relationship of the surveyed farmer/company. Index scores were only calculated where valid data on each individual item were available.

[5] The given scores are averaged across farmers and processors in the ’farmer-processor’ relationship and across processors and retailers in the ‘processor-retailer’ relationship. While it is likely (and indeed the case) that upstream and downstream stakeholders rate the respective relationships differently, in this paper we are interested in comparing the two chain-level relationships rather than the different stakeholders.

at the 99% confidence level in the farmer-processor case.In practical terms, the observed differences seem to be too small to carry important implications. Comparing the goodness-of-relationship scores across different relationship types, no major differences exist, neither in the upstream nor in the downstream relationship.In fact, the reported scores are not statistically significantly different at the 95% confidence level in either of them.

In the cereal chain (Table 2), goodness-of-relationship scores are similarly relatively high, and on average across all countries are higher in the downstream relationship.[6] However, in this case, these differences are overall not statistically significant at the 95% confidence level.Also, similar to the meat chain, the highest (lowest) goodness-of-relationship scores in the upstream relationship seem to prevailinthe UK (Finland), while in the downstream

Table2. Goodness* of B2B relationships in EU cereals (wheat, barley, rye) agri-food chains

		Farmer-processor	*Processor-retailer*
Country	Germany	5.3 (55)	5.2 (25)
	UK	5.8 (59)	5.3 (2)
	Ireland	–	–
	Finland	4.8 (87)	5.5 (34)
	Poland	–	–
	Total	**5.2 (201)**	**5.4 (61)**
Relationshiptype	Repeated market transactions with same supplier/buyer	5.3 (106)	5.2 (25)
	Contracts	5.1 (76)	5.5 (29)
	Financialparticipation	5.8 (3)	–
	Other	4.9 (12)	5.8 (4)
	Total	**5.2 (197)**	**5.4 (58)**

Note: *Index score calculated on the basis of six individual components, each one measured on a rating scale (1 = very poor; 7 = very good). In parentheses, number of observations.

case, relationships seem best in Finland and worst in Germany.Regarding the farmer-processor case, the differences are statistically significant at the 95% confidence level between the individual countries, while they are not significant in the processor-retailer relationship.However, as in the meat chain, the differences are too small to have any real practical implications. Across the different relationship types,the highest (lowest) scores are observed in the 'financial participation' ('other') category in the upstream case. Nonetheless, it should be noted that financial participation, with only three observations, has hardly any relevance in the sample. The second highest score is reached by the relationship type 'repeated market transaction'.In the downstream case, this relationship type reaches the lowest scores, while 'other' ranks highest. However, here also it has to be noted that only four observation fall into this latter category. The differences discussed are not significant but fall into the sampling error range.

6 This does not hold for Germany and the UK. The goodness-of-relationship scores are higher in the upstream sector.

Overall, the results indicate that respondents evaluate their 'most important' business relationship as comparatively good. This holds for all investigated EU countries, analyzed commodities/products, value-chain stages and relationship types.Divergences in the achieved scores between countries, chain stages and relationship types are in general small.Only in the meat chain can larger differences in the scores be observed between the downstream and upstream relationships at the aggregate level.

Determinants of relationship goodness – SEM estimation results

Following the theoretical discussion above, we now proceed to test the different hypothesizedgoodness-of-relationshipdeterminants(seeabove).First,wepresenta general (i.e., non-group-specific) structural equation model.We report only the results for the best performing model which emerged from many tested alternative specifications.[7] In particular, the estimated structural coefficients for our two variables related to hypotheses 5 and 6 (competition and traceability requirements) were consistently found to be statistically insignificant and were thus dropped from the final model.Second, for this "best" model, separate results for the farmer-processor and processor-retailer relationship (across all countries) and for each country (with the exception of Poland for which data on key variables were missing) are presented.[8]

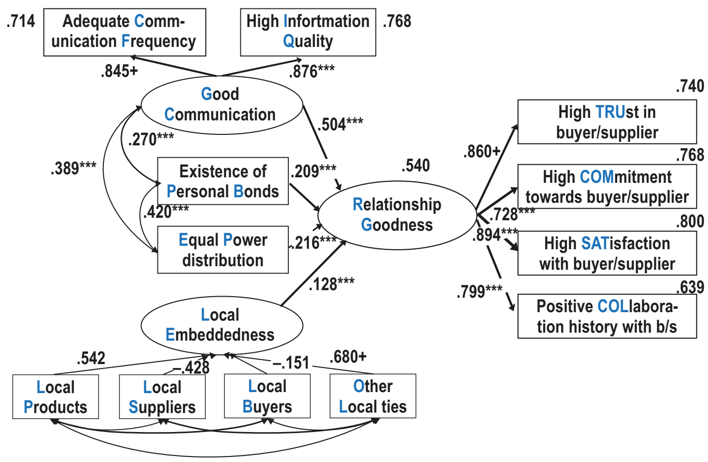

Figure2. Determinants of relationship goodness – general (i.e., non-group-specific) SEM estimation results

Notes: .000 = standardized estimated parameters;
***(**,*) statistically significant at least at the 99% (95%, 90%) confidence level;
+ constrained parameter, no significance level available;
.000 = squared multiple correlations (R^2);
Model fit measures: CMIN/DF = 2.463 (p = .000); NFI = .973; RMSEA = .038;
Sample size: 1,026 observations.
Local embeddedness indicator correlations: LP <–> LS: .190***; LS <–> LB: .383***; LB<–>OL: .099***; LP <–> LB: .114***; LS <–> OL: .083*; LP <–> OL: .221***.

7 Thus, we do not claim that our model is the only one which fits the data. Nor do we claim that it is a complete description of the phenomenon under investigation. The analysis was conducted on the basis of cross-section data and some of the hypothesis-test results may be different in the case of longitudinal data. Furthermore, given the cross-sectional design, causality cannot be fully established. All that can be said for sure is that our data are not inconsistent with the causal relationships hypothesized and depicted. However, we do claim that the presented model is the one which fits best our data, among the many alternative specifications which are theoretically permissible and which have been tested.

8 The group-specific estimations were technically implemented as multi-group analysis.

Figure 2 displays the non-group-specific estimation results. Overall, the model fits the collected data quite well, with all goodness-of-fit measures above (below) the recommended acceptance levels (CMIN/DF = 2.463; NFI = .973; RMSEA = .038).

In the structural model, four variables have a positive and statistically highly significant impact on the goodness-of-relationship construct: good communication; the existence of personal bonds; equal power distribution between buyer and supplier; and embeddedness in the local economy of a farmer/company. This confirms our hypotheses on chain-internal-determinants (see section 2.2) and one of the hypotheses related to chain-external-determinants.As for the other chain-external hypothesized determinants, none of corresponding variables had a statistically significant impact on relationship goodness. The most important general contributor to the goodness of a business relationship is good communication (with a standardized regression weight of .50), followed by an equal power distribution between business partners(.22), the existence of personal bonds (.21) and the local embeddedness of a farmer/company (.13). The former three determinants are positively and statistically significantly correlated with each other, suggesting that the existence of personal bonds contributes to good communication, that equal power distribution contributes to the development of personal bonds and to good communication, and vice versa.Overall, 54% of the variance in the observed goodness-of-relationship construct can be explained by the four identified determinants.

In the measurement models, the reflectively specified constructs 'relationship goodness'and'good communication' perform very well,with all factor loadings being above the recommended levels of .60 and all communalities also being larger than .60 (except for the commitment item, which is .53). The formatively specified construct 'local embeddedness' displays some comparatively low and negative regression weights. This indicates that this construct's validity and reliability may be limited. As all the indicators used for this construct were measured as dummy variables, this may be a key reason for its lower measurement performance.

Disaggregated (i.e., group-specific) SEMs have also been estimated. The first model accounts for the differences between the two value-chain relationships (estimated across all countries). Model 2 shows the individual estimates for each country (combined for both relationships). The detailed estimation results are reported in Appendix Table C. In the following we discuss the most important findings from these estimations in turn.

The relationship-specific estimates show that the identified relationship-goodness determinants have different impacts, depending on the chain-stage level.

- In the farmer-processor relationship, good communication (standardized regression weight of .487) is the most important relationship-goodness determinant, followed by equal power distribution (.223) and the existence of personal bonds (.213).Local embeddedness does not play a significant role.[9] Taken together, these three determinants explain 52.5% of the variance in the goodness-of-relationship score.These determinants are also positively and significantly correlated with each other.Themeasurementmodels,with the exception

9 It should be noted that respondents were allowed to interpret the meaning of concepts such as 'local' and 'regional' themselves in some countries. This was the case in Finland and Ireland, whilst in other countries 'local' was defined according to administrative units of varying sizes. Thus it may be that 'local' is interpreted on a smaller scale for farmer-processor relationships than for processor-retailer relationships, given the relative scale of operation of the various supply chain participants.

of the ‘local embeddedness’ construct, all perform well, similar to the situation in the general (non-group-specific) model.

- In the processor-retailer case, good communication is even more important (.571), followed by equal power distribution (.239), local embeddedness (.232) and the existence of personal bonds (.170). All four determinants taken together explain 63.1% of the variance in the goodness-of-relationship score. As for the correlation between the determinants, no significant association exists between personal bonds and equal power distribution, underlining the fact that the existence of personal bonds not only is less important in the processor-retailer case, but that the development of these bonds is also independent of the power-distribution situation. As before, the involved measurement models, with the exception of the ‘local embeddedness’ construct, perform equally well.

The country-specific results reveal some important differences between the analyzed countries which may reflect differences in national and/or business culture.

- In Germany, the most important relationship-goodness determinant is equal power distribution between supplier and buyer (.408),f ollowed by existence of personal bonds (.362) and good communication (.277).Local embeddedness does not play a role. Taken together, the three determinants explain about 61.3% of the variance of the goodness-of-relationship score. All three determinants are positively and highly significantly correlated with each other. The measurement models perform relatively well, although there are two estimates which are not permissible (i.e., larger than 1), due to the relative small sample size.
- In the UK, good communication is the most important determinant (.423)for a good business relationship, followed by equal power distribution (.324)and the existence of personal bonds (.178). Local embeddedness does not play a significant role. All three determinants are positively and highly significantly correlated to each other and together explain 62.3% of the variance of the goodness-of-relationship score. The measurement models perform comparatively well.
- In Ireland, the goodness of relationship is determined only by the existence of personal bonds (.290) and good communication (.197). Neither equal power distribution nor local embeddedness play a significant role. However, some other factors must be important because the two identified determinants, taken together, only explain 31.7% of the variance of the goodness-of-relationship score. Similar to Germany, the measurement models perform generally well, although there are also two estimates which are not permissible (again the relatively small sample size is probably the reason).
- In Finland, finally, our estimations show that local embeddedness seems to be the only significant determinant (among the ones investigated) for the goodness of business relationship, in itself explaining 61.9% of the variance of the measured score. Nevertheless, the three other determinants are all positively and significantly correlated with each other. In the measurement models, it appears that local suppliers do not seem to be important in the Finnish context, since the variable has a negative impact on the ‘local embeddedness’ construct

and is also negatively correlated with the 'local product' variable.In addition, the 'local buyer' variable is significantly correlated to the 'local other ties' variable only in the case of Finland.

Discussion and conclusions

This paper has endeavoured to provide an initial assessment of the determinants of business relationships within agri-food supply chains.Drawing on over 1,000 survey responses from the meat and cereal sectors in five EU countries, it presents a number of important findings.

First, for the sectors studied, the 'most important' relationships experienced by supply chain participants in both the meat and cereal chains are perceived as relatively good (i.e., lying between the 'somewhat good' and 'good' categories used in thesurvey). This result applies across all the countries considered, as well as at the different stages of the chain and for the various relationship types. The one area of significant difference is that relationships are generally perceived as being better at the processor-retailer level than at the farmer-processor level, although there are some slight exceptions to this pattern in the cereal chain.It may be that the small scale of many farmers' businesses leads them to perceive themselves as being in a weak bargaining position and vulnerable within relationships with larger scale processors. Alternatively, their small scale may inhibit their ability to engage in,or draw benefit from, supply chain communications which have been shown to be important to good relationship development. Comparing the goodness of relationships across the different relationship types, no significant differences are apparent.

Second, a structural equation model of the determinants of relationship goodness was developed which fits the collected data well.It encompasses four variables which appear statistically significant in determining relationship goodness, namely: good communication; the existence of personal bonds between chain participants; equality of power distribution between the transacting parties; and the extent to which participants are embedded in the local economy through the local nature of their product, their trading or other local activities. However, the effect of the latter, the only confirmed chain-external determinant, is only weak.Also, we were not able to find support for the other two chain-externalf actors, market competition and trace ability requirements. Consequently, it seems that relationship goodness is only (or mostly) determined by idiosyncratic dyadic (i.e., relationship-specific) factors.While this finding comes as a surprise, it may not be unreasonable since many companies experience similar external conditions and yet one can observe an entire spectrum from very bad to very good inter-enterprise relationships among these businesses. We also find that the all chain-internal determinants are positively and statistically significantly correlated with each other, suggesting that the existence of personal bonds contributes to good communication, that equal power distribution contributes to the development of personal bonds and to good communication, and vice versa.Overall, these four identified determinants explain more than half of the variance in the observed goodness-of-relationship construct. The following Figure 3 summarizes the findings, where the importance of the individual determinants is reflected by the size of the corresponding arrow.

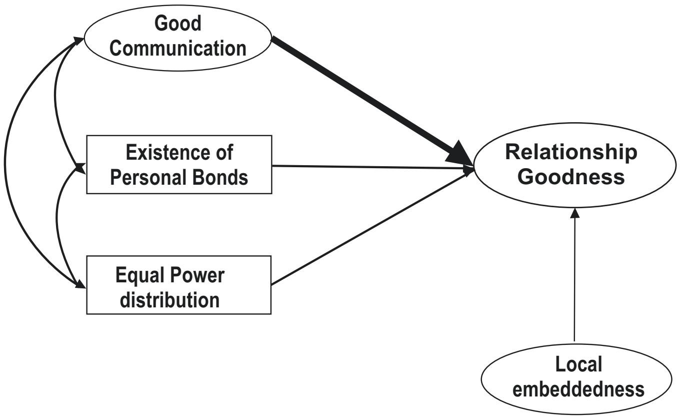

Figure3. Main determinants of relationship goodness in EU agro-food chains.

However, it is important to note that when the structural equation models are disaggregated into upstream and downstream segments of the supply chain, or by country, not all those hypotheses could be confirmed as not all associated variables appear significant. Regarding the value-chain stage, equal power distribution seems to be important only in the relationship between farmers and processors while local embeddedness is only of relevance for the quality of the interaction between processors and retailers. Similarly, at a country level, good communication, the existence of personal bonds, and equality of power distribution between the transacting parties are important variables explaining relationship goodness in Germany and the UK. In the case of Ireland only the first two variables seem of relevance but their association with relationship goodness is less significant. Finally, in the case of Finland, from the four variables, local embeddedness is the only one that explains relationship goodness. However, it should be noted that a potential problem with the variable local embeddedness is the fact, that 'local' does not mean the same in every country. For example, in the case of the UK, the concept was based on regional location, whereas in Germany the interpretation of 'local' was determined by the respondent.

Regarding the contribution of trust, commitment, satisfaction and collaboration in the definitions of the relationship-goodness construct, the aggregate-level results revealed that all these variables were approximately equally important.[10] However, differences appeared when the analysis was performed by value-chain stage and by country. For instance, in the processor-retailer relationship, commitment seemed to be the least important feature. A similar result was found as regards collaboration in the case of Finland, where, in comparison with other countries, it was found to be the least important component of relationship goodness.

The results indicate that the most important contributor to good supply chain relationships is an adequate frequency and high quality of communication. This outcome confirms the results of other researchers who also see communication as the most important factor in achieving successful inter-firm cooperation (Bleekeand Ernst, 1993; Mohr et al., 1996). Communication can foster the creation of sustainable business relationships and contribute to their stability and evolution. Beyond the exchange of information, communication can contribute to chain performance and the satisfaction of stakeholders, as well as the quality

[10] That is,the estimated factor loadings for these indicator variables are about the same. For a related and more detailed analysis of the role of trust, using a similar dataset and methodology, see Fritz and Fischer (2007).

of the relationship in terms of mutual trust and commitment. Thus, communication is regarded as the glue that holds relationships together. One implication of this finding is that stakeholders need to secure the technical and personal preconditions to send out, receive, utilize and respond to information and requests, thus beingable to derive the potential benefits linked to good communication and improvetheir supply-chain relationships. Consequently, for instance, farmers' adoption of IT communication systems, which enable rapid communication of timely, useful information, may be regarded as part of the relationship building process. A further implication of the finding may be that those within the chain who are in a position to communicate information of market or production value (e.g., processors or retailers) may enjoy improved relationships from such communications. In particular for large scale businesses dealing with smaller partners, good communication may be crucial since this may be able to offset the negative impact which unequal power distribution often exhibits on relationships. Moreover,where farmers can organise themselves, or where they can be organized, into groupings (such as co-operatives, producer groups or clubs) that provide a feeling of enhanced market influence, improved relationships may result. This may be a particularly promising option for the German agri-food sector where equal power distribution has emerged from our estimations as being the relatively most important lever for enhancing B2B relationships.

The importance of personal bonds to relationship goodness, especially at the farmer-processor level, suggests that the retention of key staff in trading positions is of importance to chain relationships, or that the employment of supply chain staff who fit culturally and/ or socially with those they transact with may facilitate relationships. Finally, the fact that a high level of correlation exists between good communication, equal power distribution between participants, and the development of personal bonds, indicates that they can be collectively regarded as part of the relationship building process, and that as such they should be developed together in major efforts to build relationships.

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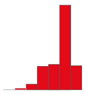
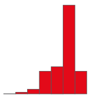
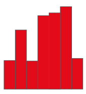
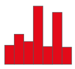
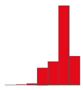
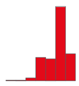
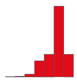
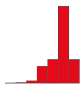
Appendix A. Item information

Short denomination	*Full description, measurement scale and descriptive statistics*
Adequate communication frequency (CF)	Satisfaction with the communication frequency of our supplier/buyer in the most important business relationship *Seven-point rating scale (1 = completely dissatisfied, ..., 7 = completely satisfied)* *N* = 980, Mean = 5.53, Stddev = 1.15
High information quality (IQ)	Quality of received information from our supplier/buyer in the most important business relationship *Seven-point rating scale (1 = completely dissatisfied, ..., 7 = completely satisfied)* *N* = 962, Mean = 5.51, Stddev = 1.14
Existence of personal bonds (PB)	This relationship is characterised by strong personal bonds *Seven-point Likert scale (1 = fully disagree, ..., 7 = fully agree)* *N* = 917, Mean = 4.26, Std dev = 1.77
Equal power distribution (EP)	We are equal partners in this relationship *Seven-point Likert scale (1 = fully disagree, ..., 7 = fully agree)* *N* = 228, Mean = 4.14, Std dev = 1.79
High trust in buyer/supplier (TRU)	Our trust in our supplier/buyer in our most important business relationship *Seven-point rating scale (1 = very poor, ..., 7 = very good)* *N* = 982, Mean = 5.69, Std dev = 1.07
High commitment towards buyer/supplier (COM)	Our commitment towards this buyer/supplier *Seven-point rating scale (1 = very poor, ..., 7 = very good)* *N* = 972, Mean = 5.61, Std dev = 1.10
High satisfaction with buyer/supplier (SAT)	Our satisfaction with this buyer/supplier *Seven-point rating scale (1 = very poor, ..., 7 = very good)* *N* = 983, Mean = 5.60, Std dev = 1.11
Positive collaboration history with buyer/seller (COL)	Our collaboration with this buyer/supplier in the past *Seven-point rating scale (1 = very poor, ..., 7 = very good)* *N* = 944, Mean = 5.61, Std dev = 1.10
Local products (LP)	The products that our company produces/distributes have a strong local or regional identity *N* = 718, Distribution = 42.9% (Yes); 57.1% (No)
Local suppliers (LS)	The majority (>50%) of our suppliers are located in the region in which our company is located *N* = 596, Distribution = 64.6% (Yes); 35.4% (No)

Appendix A. continued

Local buyers (LB)	The majority (>50%) of our buyers are located in the region in which our company is located *N* =8 09, Distribution = 68.7% (Yes); 31.3% (No)
Other localties (OL)	Our company participates in local events or donates money to the local community *N* = 753, Distribution = 48.5% (Yes); 51.5% (No)

Appendix B. Item matrix (histograms & bivariate correlations)†

	CF	IQ	PB	EP	TRU	COM	SAT	COL
CF		–	–	–	–	–	–	–
IQ	.742		–	–	–	–	–	–
PB	.220	.256		–	–	–	–	–
EP	.304	.371	.456		–	–	–	–
TRU	.481	.499	.406	.485		–	–	–
COM	.375	.404	.315	.348	.625		–	–
SAT	.478	.506	.405	.488	.770	.642		–
COL	.449	.450	.335	.517	.688	.579	.725	

Notes: †non-dummy items only.

All given correlation coefficients are statistically significantly different from zero at the 99% confidence level.

Appendix C. Detailed group-specific SEM estimation results – standardized parameters† and significance levels

	Path‡	*Model 1*		*Model 2*			
		Farmer-processor (n = 791)	Processor-retailer (n = 229)	Germany (n = 129)	UK (n = 233)	Ireland (n = 105)	Finland (n = 224)
Structural model	GC –> RG	.487***	.571***	.277***	.423***	.197**	
	PB –> RG	.213***	.170***	.362***	.178***	.290**	
	EP –> RG	.223***	.239*	.408***	.324***		
	LE –>R G	.140*	.232***				.249***
	GC <–>P B	.262***	.195**	.332***	.529***	.372**	.285***
	GC <–> EP	.346***	.469***	.293***	.576***	.403**	.829***
	PB <–> EP	.462***		.327***	.487***	.591***	.632***
	R^2 RG	.525	.631	.613	.623	.317	.619
Measurement models	CF <– GC	.838+	.852+	1.03+	.854+	.641+	.849+
	IQ <– GC	.865***	.908***	.831***	.865***	1.07***	.864***
	TRU <– RG	.865+	.828+	.870+	.896+	.819+	.877+
	COM <– RG	.722***	.694***	.780***	.807***	.760***	.655***
	SAT <– RG	.886***	.922***	.928***	.928***	.886***	.903***
	COL <– RG	.784***	.818***	.912***	.840***	.880***	.676***
	LP –> LE						
	LS –> LE						–.552*
	LB –> LE						
	OL –> LE	.462+	.896+	.495+	.307+	.245+	.694+
	LP <–> LS	.203***	.231*	.307***		.247**	–.153**
	LS <–> LB	.395***	.371***	.248**	.366***	.370***	.438***
	LB <–> OL	.101**					.231***
	LP <–> LB	.144***		.174*	.300***		
	LS <–> OL	.132***					
	LP <–> OL	.214***		.216**	.210***		.209***
	R^2 CF	.702	.726	1.02	.729	.424	.720
	R^2 IQ	.748	.825	.691	.748	1.15	.746
	R^2 TRU	.748	.685	.756	.803	.671	.770
	R^2 COM	.521	.481	.608	.652	.577	.429
	R^2 SAT	.785	.851	.861	.861	.786	.816
	R^2 COL	.614	.669	.832	.705	.774	.456
	CMIN/DF	1.924		1.338			
	p	.000		.002			
	NFI	.957		.927			
	RSMEA	.030		.022			

Notes:† In the structural model, –> are regression weights and <–> are correlation coefficients; in the measurement model <– are factor loadings, –> are regression weights and <–> are correlation coefficients. R^2 are squared multiple correlations in the structural model and communalities in the measurement models.
‡ See Figure 2 and Appendix A for full variable names.
***(**,*) means statistically significantly different from zero at the 99% (95%, 90%) confidence level. Only significant parameters are reported.
+Parameter was constrained to1before estimation, thus no significance levels are available.
Source: Authors'estimations from survey data.

Balancing Market Asymmetry: An Innovation Relationship between a Food SME and a Public Caterer

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Abstract

Purpose – This study explores innovation dynamics within asymmetrical B2B interactions between food SMEs and their larger public catering customers. It aims to identify types of innovation relationships, analyze their asymmetry, and explore the practical implications of these relationship types in asymmetrical business dyads.

Methodology – Altogether 14 business dyads were examined through 28 semi-structured interviews with food SMEs and public caterers. The interview data was analyzed using qualitative content analysis.

Findings – The identified innovation relationships between food SMEs and public caterers were named as supplier-led, customer-led, and interactive innovation relationships.

Research implications – This study contributes to the literature on small food businesses' innovativeness by highlighting the influence of asymmetry in relationships with larger, more powerful partners.

Originality – The buyer-seller relationships are often treated as homogeneous in the-marketing literature, and the contextual dependency and inherent asymmetry are overlooked. This study demonstrates how asymmetry influences relationships with more powerful partners.

Keywords – asymmetry, relationship, innovation, small food business, public caterer

Paper type – Research paper

1. Introduction

Innovations are widely recognised as an essential source of competitive advantage for businesses, with food businesses being no exception (e.g., Costa and Jongen, 2006; Fortuin and Omta, 2009; Salnikova *et al*., 2019). It has been argued that globalization has shifted food businesses' competitiveness from cost minimization to aligning with diverse market demands (e.g., Avermaete *et al*., 2003; Fortuin and Omta, 2009), relying on market information from business partners to drive innovation (Steward-Knox and Mitchell, 2003). Accordingly, business relationships are acknowledged to positively influence innovations by facilitating knowledge sharing and interactive learning through inter-organizational collaboration (Inkpen and Tsang, 2005; Powell *et al*., 1996). In this paper, our objective is to examine innovativeness from the perspective of B2B relationships by focusing on food SMEs and their customers.

The concept of B2B relationships has been discussed since marketing emerged as a discipline (e.g., *Dwyer et al.*, 1987, Morgan and Hunt, 1994). Although the significance of buyer-seller relationships is widely accepted in the marketing literature, there is a danger that they are treated as essentially homogeneous in nature (Laing and Lian, 2005), even though the relationships are always dependent upon the context in which businesses are embedded in multidimensional ways (Håkansson and Snehota, 2000; Ritter *et al.*, 2004). For example, in food SMEs, customers usually have a more powerful negotiation position in the market and possess more information on consumers. Accordingly, the collaboration aimed at innovation between a food SME and an external stakeholder can often be characterized by asymmetry (Lambrecht *et al.*, 2015; Viitaharju & Lähdesmäki, 2012). Asymmetry implies that there are inequalities between the partners of the relationship. It encompasses differences in partner size, heterogeneity in knowledge, resources, capabilities, power, management, and culture (Johnsen and Ford, 2008; Munksgaard *et al.*, 2015). The imbalance in the resources, or in how those resources are used, often enables one company to influence the other, to initiate change or to dominate the relationship (Mouzas and Ford, 2004).

Asymmetry is often seen as a threat to innovativeness in a business relationship (Ma *et al.*, 2021; Krolikowski and Yuan, 2017; Wang, 2011). For example, Menary *et al.* (2019) argued that power asymmetry leads to 'defensive innovation culture' through a constant downward pressure on prices by the more powerful business partner. Still, it is suggested that the unequal power distribution can also work as an important driver to engage in innovation among food SMEs (Fortuin and Omta, 2009). With the ambiguous views on the relationship between asymmetry and innovation, our study aims to contribute to the discussion by asking: What kind of innovation relationships can be identified in the prevalence of asymmetry between food SMEs and their larger partners? By innovation relationship we refer to any partnership or interaction between businesses or organizations aimed at fostering innovation. Thus, we are not interested in the technical or processual aspects of innovation. We examine the innovation relationships between food SMEs and their public catering customers in Finland. In this context, the relationships are rather inherently asymmetric since the public sector is highly centralized, their purchases are extensive, and food SMEs represent a marginal economic role among public caterers' suppliers.

This study has three objectives. The first objective is to identify the different types of innovation relationships between business partners and to discern their internal distinctions. The second objective is to reflect the findings in relation to asymmetry in dyadic relationships. The third objective is to identify the practical implications of different innovation relationship types in asymmetrical business dyads. This paper contributes to the discussion on the innovativeness of food SMEs by building a typology of innovation relationships to better understand the roles of business partners. By adopting a dyadic approach to studying business relationships, we can demonstrate how asymmetry influences relationships with more powerful partners.

2. Innovating in Asymmetrical Relationships of Food SMEs

Innovations in the food SMEs can yield differentiated products or services, extensions of product lines, identification and development of new supply sources, creation of new sales formats and introduction of new organization forms or promotional modes (Bhaskaran, 2006). Innovations in the food sector are often incremental and evolutionary, which may be because consumers are typically conservative in their food choices and may reject more radical innovations (e.g., Martinez and Briz, 2000; Muscio *et al.*, 2010). Furthermore, previous studies suggest that small business owner-managers' risk-taking, along with business and environmental factors, may influence food SMEs' innovativeness (Bhaskaran, 2006; Damanpour *et al.*, 2009). Similarly, it has been demonstrated that innovating food SMEs usually have a strong market orientation (Batterink *et al.*, 2006; Costa and Jongen, 2006). Innovativeness is further enhanced by favorable business environments and institutional factors (Bhaskaran, 2006).

Small firms seldom innovate in isolation but rather, rely heavily on the external sources of information and other input (Avermaete *et al.*, 2004; Coppola *et. al.*, 2022). It is argued that in the SMEs, innovativeness may be limited by the lack of in-house human or financial resources (Batterink *et al.*, 2010). Thus, the combination of internal resources and the utilization of external resources, i.e., collaboration and networking with external stakeholders to expand a firm's expertise, is an essential means to overcome the resource limitations and enhance the ability to innovate (Caridà and Colurcio, 2014; Colurcio *et al.*, 2012; Soriano *et al.*, 2019). Accordingly, network relationships and their successful management are often stated to be key antecedents for innovations among food SMEs (Briz and Felipe, 2007; Colurcio *et al.*, 2012). Still, the idea of collaborative innovation remains rather underutilized innovation method among food SMEs (e.g., Briz and de Felipe, 2007; Fortuin and Omta, 2009).

In the food service sector, the customers' bargaining power is high since they often have the best consumer knowledge due to direct interaction (Viitaharju et al., 2017). Therefore, it might be extremely wise for SMEs to innovate in co-operation with their customers. Co-operation and co-innovation are prerequisites for success in today's highly competitive business environment, as cooperation provides an opportunity to quickly respond to changes. Flexibility, openness, and loyalty are three norms that support cooperation among businesses (Aulakh *et al.*,1996; Cooper and Kleinschmidt, 1987). Flexibility is a bilateral expectation of willingness to adjust as circumstances change (Heide and John, 1992). A firm's flexibility enhances cooperative performance and is assumed to positively influence innovation adoption (Aulakh *et al.*, 1996). Openness includes information exchange, which is the bilateral expectation that parties will proactively provide and share useful information (Heide and John,1992). Communication among firms contributes to the solution of conflicts and development of trust, and supports the adoption of innovations (Ziggers, 2005).

Bitzer and Bijman (2015, p. 2184) define co-innovation as "joint innovation between different actors, encompassing different chain levels and involving complementary innovations in technology, organization and institutions." They highlight the importance of both collaboration, coordination and complementariness in achieving successful co-innovation outcomes. Similarly, Saragih and Tan (2018) identify key elements of co-innovation: collaboration (actors recognizing their roles), coordination (aligning efforts toward common goals), convergence (shared strategic direction), complementarity (leveraging diverse resources and capabilities), and co-creation (businesses acquiring new skills to innovate with customers).Thus, in a co-innovation process, resources of different actors are integrated and used for mutual benefit, which might even be something that none of the partners would have achieved alone (Ngugi *et al.*, 2010). An agile co-creation process also requires constant implementation, testing and redefining of solutions to guarantee progressive development (Sjödin *et al.*, 2020).

Asymmetry in business relationships can result in consequences for those involved. Although some literature suggests that asymmetry generally causes problems or costs for suppliers (e.g., Johnsen and Ford, 2008), other studies argue that it can also have positive impacts on smaller partners (Blomqvist *et al.*, 2005; Colurcio *et al.*, 2012; Munksgaard *et al.*, 2015). The positive effects of asymmetry can be seen, for example, when small businesses gain new knowledge or competencies from their business partners (Corlucio *et al.*, 2012). Thus, asymmetry is not always a hindrance, but can enhance effective interaction in business relationships (Munksgaard *et al.*, 2015). Asymmetry is a dynamic concept that is subject to change over time, and its level and outcomes can shift as a result (Thomas and Esper, 2010). It is therefore essential for SMEs to periodically reassess their business relationships to ensure that the positive aspects of the relationship continue to outweigh any negative ones (Cowan *et al.*, 2015).

The effects of asymmetry in business relationships have also been examined from the perspective of innovations, revealing that the innovation capability of business partners in asymmetric relationships may be reduced, since asymmetry often negatively affects the transparency of information sharing (Matanda *et al.*, 2016; Michalski *et al.*, 2019). To cope in asymmetric environments, food SMEs are pushed to find more innovative solutions in their production, marketing, and other business spheres to competitively meet the customers' needs and wants (Avermaete *et al.*, 2003; Costa and Jongen, 2006; Bhaskaran, 2006; Capitanio *et al.*, 2009). Despite the potential negative effects of asymmetry on innovation capability, we still suggest that strategic co-operation and co-innovation are essential tools for food SMEs to balance asymmetry in their business relationships.

3. Methodological Framework

The empirical data of our study is based on semi-structured interviews with 14 food SME entrepreneurs and 14 public caterers. Here an SME is defined as a firm up to 249 employees and an annual turnover not exceeding 50 million euros (European Commission, 2003). The selection of the interviewees began with SMEs and was based on a purposeful sampling method (Patton, 2002). The main criterion for the selection of interviewed businesses was that they had supplied an innovative product or service to a public caterer. To identify suitable candidates, we asked food SME developers for examples and used our prior knowledge of the food sector. The 14 public caterers interviewed in this study were those that had a business relationship with the interviewed food SMEs. Thus, a total of 14 dyadic business relationships were examined.

Most interviewed food SMEs employed less than 10 people. The largest business had 20 full-time employees while the six smallest businesses employed two people each. Half of the interviewed SMEs were either bakeries or berry companies while the rest operated e.g. in the fish, meat or vegetable sector. All but one of the public kitchens operated in the municipal context. They provided meals for public day care centers, schools, hospitals and elderly care units.

The interviews were conducted face-to-face, recorded, and transcribed verbatim. The interviews with food SMEs dealt with themes such as business characteristics, innovation and its development, collaboration with the public caterer, the effects of innovation, and the prospects of the business. The public caterers' interview themes included characteristics of the interviewee, the role of the public caterer in the innovation process, collaboration with food SMEs and future prospects. We perceived the interviews as conversations with a structure that was flexible enough to permit topics to be covered in their 'natural' order with enough room for us to be responsive to the issues raised by the interviewees (Legard *et al.*, 2003).

The data analysis was based on a method of qualitative content analysis which refers here to qualitative data reduction and sense-making efforts that take a volume of qualitative material and attempts to identify core consistencies and meanings (Patton, 2002). The main aim of our data analysis was to build a qualitative typology to illustrate how innovation processes manifest in a relationship between food SMEs and public caterers. We understood typologies like Stapley *et al.* (2022) as a set of ideal types, which aim to simplify and organize complex reality. In practice, typologies result from a grouping process, based on one or more attributes.

By following the steps to an ideal type analysis provided by Stapley *et al.* (2022), we started the analysis by reading through the interviews several times. First, we familiarized ourselves with the data and initiated the process of structuring and organizing the data into meaningful units. Next, we focused on the interview sections that specifically addressed the innovation process and the relationship between business partners. We then summarized each business relationship as a case reconstruction, comparing the narratives of a food SME with those of its public caterer business partner. During this phase, we identified four broad themes common for the interviewees' narratives; initiation, motivation, communication, and commitment. As suggested by Stapley *et al.* (2022), we used these reconstructions to form the typology by comparing and contrasting the case constructions with each other. We identified three different innovation relationships between food SMEs and public caterers, which we named supplier-led, customer-led, and interactive innovation relationships.

To ensure the quality of the results, all phases of the analysis and interpretation of the data were a collaborative and iterative effort by the first two authors. Although rather laborious, this use of analyst triangulation is often considered to increase the credibility of the research

(Patton, 2002). Furthermore, to ensure the transparency of the data analysis, several interview citations[1] are presented in the main body of the text to make it easier for the reader to evaluate our interpretations.

4. Empirical Results

In this section, we introduce three identified innovation relationships - namely, supplier-led, customer-led, and interactive innovation relationships - based on the themes discerned during the data analysis, with a specific focus on initiation, motivation, communication, and commitment.

4.1 Supplier-led innovation relationship

Initiation

In a supplier-led innovation relationship, the innovation was usually initiated solely by the food SME. The interviewed SMEs believed it was natural for processors to lead the innovation process, as they have the best knowledge of processes and raw material treatment. The SMEs contacted the customer and offered the new product or service for them. These products or services were usually ready when offered to caterers, and nobody outside the business was involved in the product development process. According to one interviewee, "*We wanted to expand our product portfolio. And the starting point was to make it so that it perfectly matches our production*" (B11). Often the first steps of the supplier-led innovation relationship started with trial batches or occasional deliveries and without official procurement to supplement the actual assortment.

Motivation

Among the food SMEs, the motivation for innovation originated from the raw material supply they have and/or the profound knowhow of different manufacturing processes. The entrepreneurial spirit of the business owners in this type was often rather high, which means that the SMEs constantly sought new challenges and opportunities and they had the urge to produce local food for the residents of their regions. While the caterer could provide some minor information for the innovation creation, they were otherwise not an active partner in the innovation process. Motivation to provide a new product or service can also stem from the desire for a product line extension.

> *We have always been eager to come up with new ideas. As we had more time to think, we started thinking whether this could be a good business too. We realized that it would be wise to start a new product line. (B13)*

The interviewed SMEs acknowledged the importance of differentiating their product to gain a clear competitive advantage. Similarly, they needed concrete arguments to convince the customer on how their product is different from others. The SMEs understood that they must bring their customers not only products or services but also solutions to benefit customers' business and decrease the workload in public kitchens. "*We try to make our customer's working day easier*" (B7).

Furthermore, the SMEs often had unused machine capacity or raw material that served as a stimulus for new products and thus, to optimize their capacity. Finally, the demand or an identified gap in the market can be motivators for creating innovations as one interviewee commented, "*In the trade shows the customers always asked whether we have anything new to offer. And that made us think that indeed, do we have anything new?*" (B11). Public caterers were also seen as attractive customers due to their large orders and the potential for a direct supply chain with few intermediaries.

1 The citations are marked by "B" or "C" followed by a number from 1 to 14. "B" stands for a food SME and "C" for a public caterer.

The interviewed caterers agreed that innovations accepted into their operations and menus are well-targeted to specific needs and easy to adopt, requiring no major training or investment. Often the innovations were targeted to a special need, niche or special diets, like one interviewee stated: "*When we buy a certain product from a large company, there is a need to find a similar kind of product that is targeted for those with special diets*" (C11). SMEs were able to deliver these specialty products to public caterers without tendering as there usually are no other potential suppliers. It might save the caterer considerable time and effort if these specialties can be found easily from a local operator.

Communication

The SMEs that were the most active in innovating regularly communicated with the caterers by asking whether they had some specific needs that would demand new solutions. Some of these SMEs tried to fully understand how caterers would use certain products or raw materials and thereby get ideas for better fitting innovations. In many cases, it takes considerable effort, including numerous phone calls or meetings, for an SME to get a self-developed product accepted by a caterer. While processors may believe they understand the raw material and the best ways to use it, they often realize that caterers have a deeper insight into the final customer's needs helping them refine their approach.

The caterers did not actively engage in communicating with SMEs. However, they appreciated the initiative of entrepreneurs and expected them to be proactive in providing innovations for caterers, as they themselves thought that they did not have the time and other resources to initiate contact with SMEs. Nevertheless, they recognized that SMEs might not always be aware of the requirements and needs of public kitchens; therefore, the products served may not exceed all the necessary qualifications. One interviewed caterer highlighted this as follows: "*If entrepreneurs want to get their products into our menus, the products need to meet our nutritional criteria. Unfortunately, they usually don't*"(C11).

The caterers considered it important that SMEs also provide some recipes, not just a ready-made product. If the product innovation is so different from the older versions of the products it substitutes, then the SME must first teach caterers to use the new product. By showing in practice its versatile potential, they were able to demonstrate the superiority of the new product. Thus, the sale of such a product must take place face-to-face.

Commitment

The interviewed entrepreneurs highlighted that a desire for a long-term, committed relationship with the caterer was key to initiating the supplier-led innovation process. They believed that this could be best achieved by developing and providing the caterer a unique product with only few potential competitors in the market. However, the entrepreneurs were aware of the risks associated with developing a supplier-led innovation. Even a good product innovation does not necessarily lead to the development of a business relationship; therefore, the entrepreneurs were hesitant to make substantial financial investments in the innovation process.

The entrepreneurs further acknowledged that one reason for their reluctance to make major investments in the innovation process, and thus commit to the development of the business relationship, was the short-term nature of the contracts with the caterers. These contracts were subject to annual or bi-annual tendering processes, without any assurance that they would secure the contract each time. One interviewee depicted:

> *We consider [Caterer X] to be a good customer, but it is just one, we can't be too dependent on them. They can ultimately choose to order from somebody else. (B13)*

The caterers admitted that the supplier-led innovation relationship does not necessarily lead to a committed and long-lasting relationship. Even though caterers are usually willing to try and test out new products, their purchasing is rather centralized, and they do not like to divide it into too small pieces since it would increase the workload and raise costs. The low commitment to individual food SMEs was also justified by municipal-level politics. One caterer noted:

> *We need the municipal decision-makers deciding on the finances to also commit to implementing innovations. Only then we can afford to try something if we know that it doesn't influence our chances to buy some other foodstuff. (C13)*

Acknowledging the need for new products and a willingness to work with SMEs is often insufficient; municipal strategy must also support this. However, tightening municipal economies and reduced food purchase budgets often left caterers feeling powerless to introduce product innovations.

4.2 Customer-led innovation relationship

Initiation

The defining characteristic of customer-led innovation relationships was that innovations were initiated by public caterers who provided the idea for the innovation. The role of the food SME was limited to executing the customer's idea. One entrepreneur acknowledged that they were given a rather explicit framework for the innovation by the public kitchen, stating:

> *We modified our recipe according to their wishes. They provided strict limits for the product, such as the level of saltiness and fiber density. They also determined the size of the product. We began new product modifications accordingly. (B4)*

Thus, the supplying business primarily acts as an executor of the caterer's vision, tailoring its offerings to meet the customer's needs.

Motivation

Among the caterers, the motivation to seek innovations arose from the customer feedback for new products or the economic challenges associated with existing production methods. For example, because of budget limitations, there was a need to come up with new ideas that could save money but maintain the quality of meal provision. Thus, the caterers highlighted the practical aspects in the innovation process, believing innovations should address identified needs, and not be considered as an intrinsic value. One caterer noted:

> *Innovations should be based on actual needs. Someone notices a need for an improvement, and we then begin the development. If we just want to make an innovation, that's difficult and it usually doesn't lead anywhere. (C10)*

For food SMEs, an important motive for engaging in the innovation process was the need to spread the economic risks. Thus, the request from a public caterer to transfer their idea to a product or service was positively received as it provided a new, and in some cases the first business opportunity with the public sector. It was highlighted that by engaging in the product development according to the instructions and framework of a public caterer, a business gained a valuable competitive advantage in a public procurement process. An entrepreneur shared an insight:

> *In the public procurement process, you can easily see who will be dropped off straight away. It's those enterprises that have similar products that still don't fulfil the strict criteria. So, if you can't develop a product according to their wishes, winning the public tender becomes uncertain. (B4)*

Furthermore, for some SMEs, the motivation for engagement in the innovation process stemmed simply from a willingness to continue the business relationship with a public caterer. For example, even though one of the interviewees considered public procurement procedures to be challenging, he still thought that the public sector provided an important 'basic framework' for his business. The entrepreneurs also acknowledged that they could utilize the experiences from the innovation process in their other business relationships, either by providing the same product for other customer segments or by using some insights from the innovation process in other product development cases.

The interviewed entrepreneurs considered the size of their business as an advantage for being requested for innovation. Accordingly, small size enabled the necessary flexibility to make the decision to begin the innovation process alongside other production. Still, the entrepreneurs also admitted the negative side of their small size: due to limited human resources, top-down introduced and often rather unforeseeable ideas for innovation can complicate the normal routines of the business and bring an extra burden to entrepreneurs as well as employees.

Communication

After receiving the request and framework for innovation, the SMEs proceeded rather independently with the innovation process. Thus, it should be noted that even though the request for innovation was top down, entrepreneurs still had an active role in the actual innovation development process. One entrepreneur described: "W*e had never tested such a process from the beginning till the end. In fact, we hadn't properly found out what the process [to produce the innovation] would require; it was a question mark for us*" (B10). Although the customer's ultimate objective was clear, the procedures for achieving it were often vague. As a result, entrepreneurs felt that the innovation structure was insufficiently defined and expected more information and communication from caterers to support the process. The SMEs acknowledged that the responsibility for initiating communication rested with them. An SME perspective:

> *The public caterers are a world of their own and they don't communicate with us a lot. Even though I think that it would be nice to know what they are thinking and expecting. (B3)*

Caterers usually acknowledged the same challenges in the communication by admitting that they could be more active in communicating with food SMEs. In addition to the feedback on existing products or procedures, the caterers considered that more frequent communication with SMEs could enhance innovativeness and lead to new products. The interviewees regarded lack of time as the main reason for not being able to pay attention to relationship management and communication as much as they wanted. One caterer noted, "*Our hands are practically tied with all the daily routines that we simply don't have time for taking care of our relationships with SMEs. But we should have*." (C5) Furthermore, despite establishing good communication with public caterers and receiving feedback on their needs, political decisions at the municipal level were sometimes seen as hindrances to communication and future innovation development.

> *If you start chatting with the head cooks in public kitchens and learn their wishes, it may all end up with political decisions, nothing new can be purchased because it brings extra costs. (B3)*

Commitment

Entrepreneurs emphasized that low additional costs were crucial for accepting the request to produce the innovation according to a caterer's needs, noting that the innovation process should not require new investments. Instead, innovations were closely related to their existing products. For example, they were interested in incremental changes that could be executed with existing machinery and skills, as the interview citation illustrates:

> *Our attitude towards new things is positive and the product as such was already there, so it was easy to begin the development work. However, if it would have been something that we don't already produce or if the request would have come during the peak time, then we would've refused it. (B3)*

The unwillingness to invest in the innovation process stemmed from their scepticism about the continuity of the business relationship. The entrepreneurs acknowledged that while participating in the customer-led innovation process improves their chances for a long-term relationship with a public caterer, it does not guarantee it due to the unpredictability of public procurement processes. The public caterers also admitted that despite the clear advantages of the innovation, its final costs, compared to potential substitutes, were an important factor in determining the continuity of the business relationship. Thus, for some caterers the innovations were perceived more as experiments, and the decision to continue purchasing the new product was made only after budget calculations, as shown here:

> *We could begin a proper business relationship with a business, as [product] is clearly an improvement. However, we have a very tight budgeting frame from the municipality, so we must think carefully about whether local food is something we can afford. (C3)*

4.3 Interactive innovation relationship

Initiation

The SMEs belonging to this type are involved in an innovation co-creation process with their customers. Co-creating innovation is an iterative process between the producer and customer, involving multiple rounds of product or service modifications based on trials and feedback. One entrepreneur described their co-operation as follows: "*The idea for it [innovation] came from the customer; we did the development work and created the whole concept around the product… The caterer then did some pilot tests, gave their comments and we continued to further develop it*" (B9). Caterers noted that while SMEs handle most development, it is their role to make suggestions and test ideas in real-world settings, ensuring justified and aligned modifications. In this kind of co-operation both the supplier and the customer must be motivated to tailor the product or service to provide solutions for consumers. This type is called interactive innovation as both parties are actively involved in the design and development phases of the innovation.

Motivation

According to the interviewees, it is crucial that both the customer's needs and supplier's resources and capabilities meet. The customer may recognize the business's expertise and then contact them to start the innovation development process. A key motivation for an SME to initiate such a process with a public caterer may be that innovation is a prerequisite for establishing the relationship. One entrepreneur explained: "*Implementing the innovation was our way to gain access to the public sector*" (B14). Thus, the innovation opens a completely new market for the SME.

A motivation for caterers to begin a co-innovation process with an SME was to find a suitable substitute for a current product that was not a good fit for their needs. SMEs were regarded to act quickly and flexibly to solve caterers' problems. Caterers specified certain features for the final product, and the business began the development work. A caterer described the process: "*If mutual needs and benefits meet and both parties have a clear need to proceed with the innovation, then the development process begins rather spontaneously*" (C12). In this case, a clear benefit for the caterer was, that the innovation saved their time. Another motivation for co-operating with SMEs was the demand for local food by final customers.

Communication

The public caterers must have an innovative spirit that they were able to suggest or search for the kind of products that were non-existing. However, customer needs can sometimes be unclear, leaving SMEs with vague requirements. Therefore, SMEs must invest considerable effort and creativity to develop suitable solutions. A mutual understanding during the innovation process can only be reached by continuous and open communication between the partners: "*If the supplier doesn't understand why this process is initiated, then there's no way they'll be committed to reaching the target*" (C12). A problem-solving attitude of the SME entrepreneur was crucial in this kind of co-operation where the target of the innovation activity is a bit obscure, as they explained:

> *...every day requires beating challenges and solving them. When the business relationships are working well and you have a talented staff, then the bits and pieces just fall together. (B2)*

The collaborative innovation was sometimes preceded by other common business transactions, especially if the parties knew each other before the interactive innovation process. For example, one interviewed caterer recalled that the innovation process began with an unofficial discussion between the caterer and the entrepreneur, who already supplied some goods to their kitchen. While meeting regularly during deliveries, the caterer found it easy to casually describe challenges and explore potential solutions together. All in all, according to the interviewed caterers, the iterative co-operation with the caterer and the SME necessitates active and open communication from both parties. Only by fully committing themselves to the co-operation, can the partners take advantage of the relationship and get results. The personal bonds can enhance the innovation process of the business partners, as was stated by an interviewee:

> *When we deliver the products by ourselves to the kitchens, we can create a good communication relationship with their personnel. And after that we can create new products together. (B12)*

Caterers might sometimes have needs that cannot be fulfilled by the wholesalers that are their most common suppliers; therefore, they ask SMEs for help in addressing their problem. If the caterer and SME already have an existing business relationship, it might be relatively easy to begin to solve the detected problem together. As the following citation shows, caterers value the initiative SMEs take in established relationships, allowing them to suggest product modifications when they know their partner well.

> *You must keep your ears open all the time for what your partner has on their mind. Regular meetings with all parties are important; kitchen personnel, entrepreneurs and procurement officers. (C9)*

Commitment

Large investments were required as some innovations were so new that SMEs lacked the necessary machinery and resources (e.g., skilled personnel or transportation) to meet the caterers' needs. One interviewee stated: "*We have been forced to make investments, for example, in machinery and personnel so that everything works*" (B2). However, a long enough contract is needed so that an SME has the courage and motivation to make such large financial investments and see a return on that investment. These investments have directly benefited the SME in the form of larger deals. In addition to direct economic benefits, the businesses have also strengthened their position in the markets. Large investments in machinery also mean the SME has learned new procedures, making it easier to win other public tenders. When investments are significant and cooperation is crucial, the deal's importance is usually high for SMEs. As a result, they may depend on contract continuity, with the contract length ideally being long enough to justify investments but not overly binding. A caterer saw the benefits this way:

> *We have a long history - not just a year or two - but they have had the security in a way that they get paid for their job. For us it is easy and clear that they can modify the products according to our wishes. (C6)*

The caterers concluded that successful collaborative innovation is characterized by mutual benefits and commitment to development work. When there is a will, even the stronger partner, i.e., the caterer, can try to find solutions to keep the SMEs as their suppliers. For example, if a business is unable to deliver their products to all the different premises of a customer during one day, the contract is adjusted to allow deliveries on consecutive days to different kitchens. Naturally, this type of procedure calls for open discussions and high trust between the business partners.

5. Discussion

In this study, we examined three types of innovation relationships between a food SME and public caterer, which we called supplier-led, customer-led, and interactive innovation relationships based on the initiation of the relationship. The typology of innovation relationships was constructed by examining in detail one innovation in a relationship; we looked at how it has been developed and the roles of a food SME and a public caterer in this process. Thus, it should be noted that an SME may be involved in one or more innovation relationship that are different from each other.

It was common for all three types that the innovations around which the relationships were built were incremental in nature, which is highly characteristic of food industry innovations (e.g., Martinez and Briz, 2000; Muscio *et al.*, 2010). Furthermore, while previous research highlights the significant role and motivation of SME entrepreneurs in the innovation process (e.g., Bhaskaran, 2006; Damanpour, 2009), our study shows that even though the supplier-led and interactive innovation relationships provide confirmation of this view, the customer-led innovation type demonstrates that entrepreneurs may also have a rather minor role in the development and initiation of the innovation. In the customer-led innovation relationship, the role of SMEs and their owner-managers can be described as an executor of the external idea.

In addition to initiation and motivation, the identified innovation relationships further differentiate from each other in terms of communication. While the interactive innovation relationship embraces the idea of mutual and active communication, in both supplier- and customer-led innovation relationships, SMEs perceive the communication as rather one-sided and often insufficient. This perception is also associated with the perceived lack of commitment from caterers in the relationship, which is a shared experience among SMEs in both supplier- and customer-led innovation relationships. The detailed summary of the similarities and differences among the three innovation relationships is presented in Table 1.

Table 1. Summary of the results

	Supplier-led innovation relationship	**Customer-led innovation relationship**	**Interactive innovation relationship**
Initiation	The innovations are initiated solely by SMEs, and products or services are usually ready when offered to caterers with no involvement from external parties in the development process.	Innovations are initiated by caterers who provide ideas for innovation, with limited involvement from SMEs.	Innovation co-creation process between SMEs and caterers, with both parties actively involved.
Motivation	SMEs are motivated by their entrepreneurial spirit, and the desire for a maximal use of the production capacity. Caterers are motivated by the potential to innovate with a low effort and cost.	Caterers identify a very specific need or deficiency and want to find a partner to fulfil that need. By accepting the customer's terms, the SME can secure their business relationship with the caterer.	Motivation arises from meeting mutual needs and gaining access to new markets. Innovation serves to spread economic risks and enhance business relationships.

Communication	Communication is not systematic but occurs mainly at the beginning of the relationship and is led by the SME.	Communication is not systematic but occurs mainly at the beginning of the relationship and is led by the SME.	Continuous, open communication reflected in iterative cooperation.
Commitment	Caterers' low commitment negatively affects the SMEs' desire to invest in the relationship.	Caterers' low commitment negatively affects the SMEs' desire to invest in the relationship.	Both parties are committed to the continuation of the relationship as both have invested in the development of the innovation.

The innovation relationships could also be considered from the perspective of the relationship progression. That is, the examination of the interactive relationship type provides some evidence that good experiences in a customer-led innovation relationship might later lead to more cooperative relationships between a food SME and a public caterer. Our study further shows that, although the supplier-led innovation was initiated by the food SME and developed with minimal input from the customer, SMEs valued stakeholder support in the process (e.g., Avermaete, 2004; Coppola *et. al.*, 2022).

Co-operation in such situations that entail asymmetry, brings certain characteristics to innovation relationships. In relationships with significant asymmetry, the more powerful partner controls the relationship, and the less powerful partner must adapt to maintain it. In such cases, the asymmetry can hinder the relationship development. However, if both parties of the relationship are willing to adapt, a mutual trust can be built, and the effects of asymmetry can be reduced. Thus, the willingness to collaborate affects trust and vice versa (Amentae *et al.,* 2018; Viitaharju & Lähdesmäki, 2012).

Trust in business relationships is essential as it facilitates greater cooperation for example by positively influencing the knowledge transfer between entities (Ma and Zhuang, 2013). This is particularly important for the SMEs, whose position in the market can depend on co-operating with other companies and getting access to the newest knowledge. Trust is not static, but its intensity and nature keep changing and developing as the relationship evolves over time (Ganesan, 1994; Lewicki and Bunker, 1996). If one partner can have confidence in other partner, that usually directly affects the depth of the business relationship and trust can emerge (Morgan and Hunt, 1994). Good experiences in customer or supplier-led innovation relationships might able businesses to build high trust, and thus decrease the asymmetry in the relationship.

The flexibility of food SMEs is a key advantage in being considered providers of innovative products or services for public caterers. New products created by an SME for caterer testing often require multiple modifications throughout the production phases. SMEs usually accept that modifications required by the customer are a natural part of the innovation process and accomplishing them assures the actual business relationship. Closely working together for common goals necessitates high mutual trust between the business partners, which in turn fosters long-term relationships (Setyawan *et al.,* 2019; Cuevas *et al.*, 2015; Ganesan, 1994). However, there is a thin line whether the asymmetry in the relationship affects the business operations positively or negatively. We conclude, similar to Johnsen and Ford (2008), that the consequences of asymmetry in relationships can be various, both positive and negative. The existence of goal congruence in a co-operative relationship can help the positive consequences overcoming the negative ones (Cuevas *et al.*, 2015).

Communication between partners plays a crucial role in balancing the relationship between asymmetrical partners, since with open and well-functioning communication, the partners can develop the relationship towards greater transparency and reduced asymmetry. The more transparent the relationship is, the easier it is to build trust between partners as the sharing of information reduces the perceived uncertainty in a relationship (Ma *et al.*, 2021). However, this requires SME entrepreneurs to invest significant time and effort, proactively enhancing communication and building trust. Caterers willing to strengthen their relationships with SME partners must take more initiative than usual, working also with municipal decision-makers to emphasize the importance of food innovations in public food provision. SMEs should not be seen as a burden, but as a strategic resource with the ability to tailor new solutions.

6. Conclusion

This study contributes to the literature in the field of B2B marketing, particularly in cases of asymmetrical business relationships viewed from a dyadic perspective. The present study widens the understanding of the effects of asymmetry in the relationship between a smaller and larger business partner. The findings show that asymmetry can have both positive and negative effects on the B2B relationship depending on how the relationship is managed and whether the mutual goals are prioritized.

We acknowledge that this study also has its limitations. The relationship between a food SME and a public caterer has its own special characteristics that distinguishes it from the relationships between two private actors. Unlike private businesses, public entities must adhere to specific regulations, such as the public procurement law. The public procurement may often be a long process, and many SMEs find it challenging, and tedious since they may lack resources to navigate them effectively. Despite these challenges, this study has shed light on the nature of relationships between public and private actors, highlighting both the potential for collaboration and the barriers that may hinder it.

This study was conducted among the food processing SMEs and their customers. In the future studies it might also be interesting to compare the food businesses' innovation relationships with the ones of businesses operating in another field of industry and to determine whether the findings of this study are applicable to other business sectors too. Extending these findings across sectors might offer new managerial insights that could further benefit the food sector. Another future research direction could be a cross-national examination which could enrich the analysis of asymmetry's effects in B2B relationships, particularly regarding trust development within asymmetrical B2B settings. Previous studies (e.g. Zolfaghari and Madjdi, 2022) have shown that the propensity to trust varies significantly across countries, influenced by cultural and economic factors. Gathering empirical data from various countries in future research could deepen our understanding how trust forms and sustains in asymmetrical business relationships globally.

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