Original Article

Time and the salience of Macneil's relational norms

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ABSTRACT Macneil (1978, 1980, 2000) believed that different norms would have different weights at the discrete and relational ends of his exchange continuum but he said nothing about how time would affect those norms and shape their salience. This article tests the null hypothesis that there is no time effect on the identity of the norms shaping business-to-business exchange decisions at the extreme ends of the exchange continuum. Since Macneil's work has become the basis for multiple streams of academic research in management, marketing and law, this study contributes to both theory development and measurement across a broad spectrum of research.

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INTRODUCTION

In their review of the literature on living contracts, Ivens and Blois¹ and Blois and Ivens² point out that Macneil,^{3–5} the seminal source in such matters, believed that different norms would

have different weights at the ends of his exchange continuum although he had said nothing about the role of time in determining which norms mattered most. This article explores business-to-business exchanges in a setting where we expect exchange relationships to mature with time, as each party learns, and adapts to the other over a long sequence of exchanges or repeat purchases.

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In this article we will test the *null hypothesis* that there is no difference in the norms shaping exchange decisions across time, paying particular attention to the ends of the exchange continuum where Macneil's theory suggests differences should be extreme. Once this question is answered, we will discuss the implications of our research and how our findings might inform further research on Macneil's living contracts. This is important because of the extensive body of research that has used a subset of Macneil's³⁻⁵ norms to distinguish between exchange types.^{1,2,6} The marketing and management research drawing on Macneil, however, has focused on relationalism as a step taken to improve customers' performance, not theory building and surprisingly, not on contracts or the duration of the living contracts that are central to Macneil's theory.⁷

Like most relational research, this study is founded on Macneil³⁻⁵ and on the later work of Kaufmann and Dant.⁸ This article reports how six of Macneil's norms vary in their effect on the Relational Focus (RF) of 324 paper mills buying process control equipment (PCE) from 25 different suppliers over time. Our focus is on the extreme RF quartiles (25 per cent) and the extreme 12.5 per cent RF segments of our population. The article presents the results of a test in the US paper industry of the null hypothesis that the relative importance of Macneil's relational norms at each end of the relational spectrum is unchanging over time. For the first time, so far as we are aware, this research presents an industry-based exploration of the effect of time on the norms shaping relational focus at the discrete and relational ends of the exchange continuum.

RELATIONALISM

Price and product or service exchanged are just two elements of every exchange, relationalism is another. Viewed as economic *and* social events in the legal contracts literature and, by others, as a strategy by which customer and supplier are matched, exchanges have been conceptualized on a continuum by Macneil,^{3,4} with discrete, arms-length relationships at one end and close

relational exchanges at the other. According to Macneil,^{3,4} commerce flourishes and facilitates large-scale production because the contracts that suppliers and buyers agree to are adaptive or living.

Given this last premise, that the contracting parties adapt, and recognizing that adaptation takes time, we argue, therefore, that time is important, or at least we can hypothesize that it should be. According to Macneil, contracts are 'living' because buyers and sellers deal with each other confidently, we will add for emphasis, *through time*, in the light of mutually developed norms which *come* to govern their relationships. These contractual norms are credible disincentives to opportunistic behavior since they protect each party's expectations of *future* transactions. Again, *living contracts have a past, present and future*.

Ivens and Blois¹ and Blois and Ivens⁶ explain how they see norms shaping behavior, 'Norms do not erase individual freedom of choice but they do determine a range of expected behaviors. They thus provide the participants in the exchange with a degree of confidence that they know what they are doing and are thus a major factor in creating the atmosphere within which exchange occurs'¹ (p. 6).

Macneil illustrates discrete exchanges with the traveler passing through a town he or she will never visit again, stopping only to buy gas. Franchising, in contrast, is the site of heavily relational contracts which can extend over many, many years.⁴ Here the discrete example is a transaction with little contractual consequence while for franchisor and franchisee living contracts are considerably more important and, theoretically, can have an unlimited life.

Macneil and critics of his work in the law journals such as Lees⁹ and Campbell¹⁰ stress that, while, in fact, no exchange is absolutely discrete, nonetheless, at the discrete end of the exchange continuum, exchange is defined a single and simple transfer of goods, based on price, with no further social interaction. Discrete transactions allow individual agents to pursue their firm's goals without reference to any other firm.^{8,11,12} At the other end of the continuum are the relational exchanges in which customers and

suppliers forge cooperative relationships over time.^{13–17}

Macneil¹⁸ saw living contracts evolving between a buyer and a seller as they adjust to shifting circumstances¹⁰ as norms evolve to define the expectations of each party and shape their behavior.^{3,4,20–22} Living contracts in Macneil's theory are, therefore, contracts evolving as business is done *across time* – but we note that although time is implicit to the theoretical literature thus far it has been largely ignored in the research literature.

Before proceeding, therefore, it is important to note again that Macneil wrote with no reference to systematically collected and analyzed data. Based on his personal assessments of case law and commercial practice, Macneil delivered his abductive insights²³ about governance straight from his mind to the world, in its most developed form in 1980 and, thereafter. Indeed, Ivens and Blois¹ (p. 6) and Blois and Ivens² note that Macneil 'is a casual empiricist and is unconcerned with how difficult it can be to either operationalize his concepts or create testable hypotheses'. Nonetheless, the extensive body of literature spawned by his theory, for example, the landmark research operationalizing contractual norms by Kaufmann and Stern¹² and Kaufmann and Dant,⁸ reviewed by Ivens and Blois¹ and Blois and Ivens² in marketing and by others, such as the legal scholars Posner,²⁴ Lees⁹ and Campbell,¹⁰ makes it clear that Macneil's contribution is highly valued.

Macneil's⁵ relational norms are the focus of this study: role integrity, reciprocity, implementation of planning, effectuation of consent, flexibility, solidarity, restitution, reliance and expectation interests, creation and restraint of power, propriety of means and harmonization with the social matrix. Despite his many propositions, he does not describe how the norms that are salient in living contracts develop or change over time.

DURATION AND RELATIONAL EXCHANGES

In recent years, the concept of relational governance has stimulated a considerable body

of research exploring the linkages between relationship duration, relational exchanges, uncertainty and customer performance. For example, Claro *et al.*²⁵ found no connections between relational variables and length of relationships suggesting that relational strategies could be usefully exploited over many years. Some researchers, however, have suggested that prior relationship experience provides a framework for current and future customer-supplier exchanges.²⁶ Still others suggest that relationships and trust take time to develop.^(20,27–29) In a study focusing on strategic alliances, Casciaro³⁰ draws on Thompson³¹ and Galbraith³² in positing that relationships are characterized by high uncertainty and low trust in the early stages while partners learn to work together on complex, interdependent tasks.

Casciaro suggests that as a relationship extends over time, complexity and uncertainty decrease and the potential for trust or the development of relational norms increases and, therefore, that time is necessary to build relational exchanges. Pillai and Sharma³³ also offer several propositions addressing the evolution of customer-supplier relationships from transactional to relational over time. For example, they suggest that in mature relationships buyers increase their relational orientation with higher levels of supplier relational assets and social and personal bonds.

In an empirical study of relationship age, relational exchange and performance, Poppo *et al.*³⁴ discovered a positive linkage between length of relationships and the existence (emergence) of relational norms. It is interesting that, except in situations where relational norms had developed, they also found no relationship between length of relationship and customer performance. In the absence of relational norms, they suggested that older relationships did enjoy improved performance perhaps because the two parties had become complacent and had lost their ability to adapt. Reinartz and Kumar^{35,36} also found a weak correlation between the lifetime duration of customer-supplier relationships and the profitability of a customer account.

Finally, there is a developing stream of research concerning the connection between the age

or duration of customer-supplier relationships, relational exchange characteristics and performance outcomes.^{28,29,33,34} Some have suggested the duration of customer-supplier relationships is not significantly associated with performance,^{15,35,37,38} while others have indicated that duration is positively linked to performance.

In summary, these studies suggest duration is a complex variable with some influence on relational choice and its consequences. Some studies suggest close relationships can function fruitfully over an extended time, although other research indicates at least some time must pass for the two parties to develop the relational norms such as trust which seem necessary for success. As noted by Macneil,¹⁸ 'past experience is as much in order in analyzing contracts as in any human behavior' (p. 882).

However, notwithstanding the work cited above, research has not addressed the question, how does the salience of contractual norms shifts over time? This represents a large gap in our knowledge; filling that gap is the task we are undertaking.

INDUSTRY CONTEXT

This research explores the effects of six of Macneil's norms on relational focus in an exchange context defined by 25 PCE suppliers serving 526 mills and plants owned by 270 paper companies through a range of relational and discrete exchanges that have extended for up to 30 years.

The paper industry was selected because buyer power is variegated (as opposed to being asymmetrical and hegemonic). Here, the top 10 paper companies represent approximately 68 per cent of industry sales. Mills with over 250 employees represent about one half of the total number of mills in the study and were responsible for 87 per cent of industry sales. Economies of scale are usually necessary for success in this industry. The typical mill's organizational structure includes manufacturing, engineering, technical, maintenance, finance and administration, and personnel functions. Manufacturing functions usually include the

wood yard, pulping operations, papermaking, power plant and shipping.

Since the primary research objective is to describe how the effects of each norm shift as supplier and customer do business either more discretely or through more intense relationalism over time, we chose an important product that impacts customer performance where the range of exchanges could be realistically expected to be wide. Paper-making is highly integrated with sequentially dependent operations. There are significant costs of machine downtime. Mills rely on PCE to improve coordination and process control as well as to manage both labor productivity and product quality so there are certainly good reasons to relate. Thus, we have chosen a research context that should amplify any real differences across time between the roles of each operationalized norm at Macneil's discrete and relational continuum ends.

It is worth noting, too, that in this industrial market study, on average, buyers have purchased from their preferred suppliers for 14.8 years and used one primary supplier for 10.75 years. The customer-supplier relationships surveyed extend to as long as 30 years. Buyers' respondents have an average of 6.55 years in their positions and 12.43 years in their functional areas. The respondents, therefore, have a wealth of experience and information from which to judge the quality of the equipment purchased and the nature and character of their supply relationship. Thus, their responses to the questions asked (as recorded in Appendix A) are well informed.

DATA COLLECTION

In an industrial survey, it is considered prudent to sample all corporate entities.³⁹ Therefore, initially we compiled two comprehensive lists of (1) firms belonging to the US pulp, paper and paperboard industry (operationally SIC codes 2611, 2621 and 2631, respectively), and (2) individuals most qualified (that is, key informants) to discuss their firms' relationships with their primary supplier of PCE. Exploratory research suggested that, in this industry, individuals from three key departments (that is, purchasing, technical support, and engineering) had significant interactions with

PCE suppliers. Thus, the list of potential respondents was developed with the help of the Lockwood-Post Directory of Pulp, Paper and Allied Trades and the rosters of the Paper Industry Management Association.

The initial list had 1800 names, representing 270 firms operating in 526 plant sites. However, follow-up phone calls made to verify the listings, identify key informants and to update the names and addresses of prospective respondents before questionnaire mail-out, reduced this list to 1170. At least two telephone calls were placed to each plant site, one to the purchasing department, and the others to the engineering or technical support departments. These verification phone calls were also used to extract promises of cooperation in completing the forthcoming questionnaire. In sum, our pre-survey sampling frame consisted of 1170 addresses ($N=1170$).

Each prospective respondent received a cross-sectional, self-administered, four-page questionnaire to complete, together with (1) a cover note of appeal on university letterhead, (2) a pre-addressed business reply envelope and (3) a one-dollar bill as a token financial incentive. In addition, respondents were given the opportunity to request a copy of the survey results when they returned the completed questionnaire. Moreover, the questionnaires were mailed early in October to avoid the pressures of the holiday season and fourth quarter targets. Finally, a reminder card was sent 10 days after the initial mailing to all 1170 respondents.

The survey resulted in 372 ($N=372$) completed, usable questionnaires, or a realized response rate of 32 per cent. A variety of diagnostics were carried out to check for both response and non-response biases.

MEASURES

As Ivens and Blois¹ and Blois and Ivens² noted, the problem facing researchers has been to reliably operationalize Macneil's abductive concepts – and this remains a daunting task even today, since there are still some of Macneil's norms that are essentially 'blank slates'. Developments by others^{8,12,40–42} have been helpful in expanding the number of

researchable norms from three of the 10 norms advanced by Macneil¹⁹ in his writing over several years to seven.

Kaufmann and Dant⁸ validated a multidimensional measurement instrument for classifying exchange relationships along the discrete-relational continuum consistent with Macneil's original conceptualization of relationalism. They identified seven normative dimensions as useful descriptors of this continuum: (1) relational focus, (2) restraint on power use, (3) solidarity, (4) role integrity, (5) mutuality, (6) flexibility and (7) conflict resolution.

This study follows Kaufmann and Dant⁸ and subsequent research by Li⁴² in exploring how *the last six* of these previously measured norms correlate with the first, *Relational Focus* – especially when the relational focus is either very low (that is, the relationship is typically more *discrete*) or very large (when the exchange is *highly relational*).

The models employed in this study follow the latent measures approach to tapping relationalism. Two to five questions were asked for relational focus and each of the six Macneil norms following Kaufmann and Dant⁸ and Li's⁴² revised measures. Composite measures (based on means) were derived for each variable once the reliability and psychometric properties of the measures had been ascertained. Appendix A presents the full battery of scale items utilized in the study, while Table 1 presents the psychometric scale reliabilities of relational focus and the six norms. Individual scale items under each construct were collapsed and combined as mean scores to create single composite indices corresponding to the respective theoretical constructs.

Note that the five items initially used to measure conflict resolution had limited reliability

Table 1: Coefficient alphas for duration study

Mutuality	0.7083
Solidarity	0.6938
Relational focus	0.6656
Conflict resolution	
Informal	0.6912
Formal (2)	0.7383
Role integrity	0.6186
Power restraint	0.7257
Flexibility	0.7993

(0.2265). Subsequent analyses suggested that two of the items measured formal conflict resolution systems while the other three items measured more informal conflict resolution procedures. This split, documented in Appendix A, resulted in more acceptable reliabilities as Table 1 reports, reliabilities that better match Nunnally's recommended levels. Nunnally⁴³ suggested that reliabilities of 0.5 or 0.6 were acceptable in the early stages of instruments and scale development. Some years later⁴⁴ (p. 245), he suggested that 0.7 was a more appropriate level. In both editions, he argued that, for basic research, reliabilities approaching 0.8 were sufficient. Our reliabilities are mostly between the high 0.6s and the mid-0.7s, slightly below his recommendations. It is worth noting here that Nunnally reports that, as the number of items in a scale increases, the reliability of the scale increases in a systematic way. Thus, since scales in psychology, where Nunnally developed his research guidelines, often have many more items than those in the present study, the reliabilities achieved in this study with only two to four items in each scale are actually quite high.

Our approach using a subset of Macneil's norms based on Kaufmann's and Dant's research and Li's subsequent revisions is consistent with prior marketing studies. As reported by Ivens and Blois,¹ 98 of the 100 articles they reviewed that explored the effects of Macneil's norms on other variables had drawn on Kaufmann's and Dant's work and none of the prior studies identified by Blois and Ivens² operationalized all 10 of Macneil's norms. In addition, while Ivens and Blois¹ and Blois and Ivens^{2,6} raised some issues about the validity, balance and lack of agreement in consistency of the Kaufmann's scales, their research suffers from methodological and analytical shortcomings too. Their use of students in classes studying relationship marketing raises concerns regarding demand characteristics and external validity. In addition their study design confounds sample and treatment which is presumably why they used *t*-tests rather than analysis of variance. Blois and Ivens⁶ view the fact that the Kaufmann and Dant-based scales showed greater dispersion as a shortcoming when it can just as easily be

argued that they provide a greater ability to discriminate. Despite these concerns, we decided that the extensive testing and validity assessment of Kaufmann's and Dant's⁸ scales, the subsequent research by Li and their use in so many field studies measuring practitioner perceptions of relational norms supports our use of their measures of Macneil's norms in this study.

It should also be noted that the survey questions were framed in terms of *individual respondent's perceptions* of the relationship between his or her department and its primary PCE supplier. We did not aggregate or average responses within customer sites or across multiple customer sites to develop a *customer perspective* for three reasons. First, as discussed previously, we used scales previously tested by Kaufmann and Dant⁸ and Li⁴² that measured individual perceptions of customer-supplier relationships. This both justified the scales used in this study and allowed us to compare the validity of our scales to prior studies. Second, aggregating multiple responses within one customer assumes each respondent has equal power and authority within the organization. Since individual power and authority constructs were beyond the scope of this study and equal weighting would inappropriately specify an aggregate customer perspective, individual perceptions were measured. Finally, different operational functions within one paper mill could have different primary PCE suppliers. For example, the paper-making operation could have a primary supplier of PCE to monitor the paper machines that may be different from the primary PCE supplier in environmental control operations.

ANALYSIS

This study is a deliberate step to explore whether the salience of a particular set of norms that characterize living contracts is stable as the duration of the supply relationship lengthens. By studying relational exchanges with short, intermediate and long-term durations, this study builds upon prior research and examines how the norms correlated with relational choice across the years of a supply relationship as discrete or relational exchanges evolve. The question

addressed is whether different norms are correlated with relational focus at different stages of the customer-supplier relationship.

The methodology to answer this question is simple – *t*-tests. The analysis is centered on the survey population means for each norm. First, we determine a benchmark: the centered means of the most discrete and most relationally focused quartiles for the whole survey population, norm by norm, along with the significance of the difference between these two ends of the relational spectrum.

Then, we repeated the analysis for the extreme discrete and relational quartiles in three subsets: those exchanges where the supplier-customer relationship is of short (0–9 years); medium (10–19 years) and long duration (beyond 20 years). These periods were selected because they yielded samples of approximately the same size.

Note that the sample is biased to the extent that performance on certain dimensions – for example, at a minimum, the ability to supply products that work as specified – is a necessary or qualifying achievement that a supplier must attain and maintain to be considered by its customers and their buyers. Thus, our sample is biased because it consists of only the successful relationships, the survivors.

RESULTS

Table 2 contains benchmark results but only as a reference point to help us demonstrate the heterogeneity revealed by explicitly addressing ‘duration’. The benchmark results suggest that not only there are significant differences between

the norms associated with the most discrete 25 per cent of exchanges when compared with the most relational 25 per cent but that for most norms these differences are strong with $P < \text{or} = 0.001$. The pattern is consistent across six of the relational norms although it is broken in the case of formal conflict resolution. The differences between the centered mean relational scores for each of the other six norms are significant with the more discrete end being below ‘center’ and the relational end, above. The greatest difference between the mean relational focus scores is for solidarity norm at 0.75 and the least difference is 0.30 for the flexibility norm. Moreover, in the benchmark results, the norms for the most discrete 25 per cent of exchanges have means that are further below the centered means than the relational are above each respective mean as Table 7. Unfortunately, the benchmark results are also misleading. They mask the strong impact of duration – a factor that is implicitly ignored in most studies of relational norms, living contracts and Macneil’s theories.

Of greater importance than Table 2, however, is the fact that the results for the short, medium and long duration exchange relationships in Tables 3–5 are quite different from the results reported (in Table 2) for the full population. Tables 3–5 reveal more norms that are significantly different from the discrete to the relational end of the exchange continuum in years 9–19 than in the shorter 0–8-year category. Moreover, most norms decline in significance as the duration extends out beyond 20 years. Mutuality actually fades to non-significance.

Table 2: Benchmark test showing the norms at each end of the exchange continuum

Centered norms	<i>t</i>	<i>df</i>	Sig. (2-tailed)	Mean difference	Std. error difference
Mutuality	–3.274	172	0.001	–0.3135	0.09574
Solidarity	–8.651	162.901	0.000	–0.7450	0.08612
Integrity	–5.893	168.301	0.000	–0.5369	0.09111
Power	–4.783	174	0.000	–0.4811	0.09873
Flexibility	–3.259	172.921	0.001	–0.3070	0.09412
Formal Conflict Resolution	0.771	177	0.442	0.0875	0.11355
Informal Conflict Resolution	–4.341	167.422	0.000	–0.3859	0.08889

Note: When the Degrees of Freedom are not whole numbers, equal variance could not be assumed.

DISCUSSION AND RESEARCH IMPLICATIONS

Clearly, the differences in the results from Table 2 to the set, Tables 3–5 and between Tables 3–5 respectively suggest that the living contracts acquiring PCE equipment in this relatively stable industrial population are heterogeneous and duration is a substantial contributor to that heterogeneity – a factor not addressed heretofore in the relational marketing and business literature. Examining Tables 3–5 in detail, fewer norms display significant differences when duration is

short, that is 0–9 years, than in the intermediate and long duration exchange populations (in this survey based study). Perhaps this is evidence that, as Macneil himself speculates, and that norms take time to develop.

We can now observe in Table 4 that when duration has extended to an intermediate term of 9–19 years, mutuality, power restraint and flexibility become significant for the first time. What is surprising is not that the patterns of the salient norms change but that, in light of what we can now call the duration effect, some

Table 3: The norms at each end of the exchange continuum in the 0–8th year

<i>Centered norms</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean difference</i>	<i>Std. error difference</i>
Mutuality	–1.899	42	0.064	–0.4442	0.23392
Solidarity	–3.902	42	0.000	–0.8683	0.22256
Integrity	–0.3.968	40.590	0.000	–0.7101	0.17894
Power	–1.725	40	0.092	–0.3582	0.20763
Flexibility	–1.162	40.368	0.252	–0.2411	0.20753
Formal conflict resolution	–1.434	42	0.159	–0.3170	0.22100
Informal conflict resolution	–1.754	42	0.087	–0.3482	0.19848

Note: When the Degrees of Freedom are not whole numbers, equal variance could not be assumed.

Table 4: The norms at each end of the exchange continuum 9–19 years

<i>Centered norms</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean difference</i>	<i>Std. error difference</i>
Mutuality	–2.299	62	0.025	–0.3304	0.14369
Solidarity	–6.395	52.265	0.000	–0.8431	–1.10757
Integrity	–3.302	63	0.002	–0.4583	–0.73573
Power	–2.467	63	0.016	–0.3893	–0.70459
Flexibility	–2.176	64	0.033	–0.3264	–0.62603
Formal conflict resolution	0.316	64	0.753	0.0583	–0.31083
Informal conflict resolution	–2.561	61	0.013	–0.3833	–0.68266

Note: When the Degrees of Freedom are not whole numbers, equal variance could not be assumed.

Table 5: The norms at each end of the exchange continuum 20–30+ years

<i>Centered norms</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean difference</i>	<i>Std. error difference</i>
Mutuality	–1.422	53	0.161	–0.2468	0.17354
Solidarity	–3.335	54	0.002	–0.4738	0.14206
Integrity	–3.366	55	0.001	–0.6039	0.17491
Power	–3.124	55	0.003	–0.5701	0.18251
Flexibility	–2.276	55	0.027	–0.3890	0.17093
Formal conflict resolution	1.230	55	0.224	0.2747	0.22326
Informal conflict resolution	–2.720	55	0.009	–0.4121	0.15151

Note: When the Degrees of Freedom are not whole numbers, equal variance could not be assumed.

norms, like these three, come to prominence, or perhaps, better relevance, so slowly. 9–19 years is considerably longer than most advocates of relational marketing have in mind and it is way outside the range of duration that has been reported in the literature. For example, Reinartz and Kumar's³⁶ study of customer relationship characteristics on profitable lifetime duration covered approximately three years.

Then, as the long duration results of Table 5 show, mutuality fades from significance when duration extends beyond 20 years. Since this research is descriptive rather than expository, we can report the differences we have found and comment on their implications but we will not be able to offer a proven explanation of the causes of these phenomena. Explanations will only come from deeper research.

Clearly, however, Tables 2–5 collectively document that the duration of an exchange plays some role in determining the salience of different exchange norms both over time and, as a matter of importance in this discussion, from one end of Macneil's exchange spectrum to the other. The differences that are clearly visible across the durational spectrum in Tables 3–5 – that is, the shifting patterns of significance at a macro or category level allow us to reject with confidence the null hypothesis that 'time has no effect.' Thus we can state an alternative proposition for future research, *Duration impacts the importance of the contractual norms at each end of the exchange spectrum differently as the duration of the exchange relationship extends in time.*

The results also suggest that the 'behavior' reflected by the applicable norms across time, as measured here by the differences between the extreme discrete and relational quartile means and

the centered means of RF, is idiosyncratic to each norm. For example, under the short duration exchanges (Table 7), the apparently strong pattern revealed in the benchmarking study of the full population (Table 2), where the discrete exchanges were further below the centered means for each norm than the relational exchanges were above them, is broken.

Examining the results more closely, in Table 7, and focusing on the 'Short' duration column, we can see that for role integrity, the mean for the 25 per cent most relational exchanges is further from the center than is the opposite 25 per cent set of discrete exchanges – this is one of several results that breaks the apparently robust pattern established within the full population, patterns that are now demonstrably misleading.

Table 7, 'Short', results suggest that, in the early years of business relationships, like those studied here, exchanges are in fact more discrete than relational. On the other hand, the results of the 'Medium' duration exchanges in Table 7 are quite similar in form to the results for the whole population but more varied. Finally, for the long duration 20 year+ relationships, solidarity in Table 7 is different from the overall pattern and both the short and medium results, being yet another out-of-pattern result with the means of the two extreme quartiles converging. Table 6 which is included only to facilitate comparisons, shows that norm convergence is relatively normal – compare the mean differences from the benchmark study through each of the duration categories. Apparently, as time marches on and business relationships survive, relating is ever increasing, norm by norm, even for those who are the most discrete business agents.

Table 6: Means differences of most discrete and most relational quartiles

	Mean difference	Mean difference 0–8	Mean difference 9–19	Mean difference 20 +
Mutuality	–0.3135	–0.4442	–0.3304	–0.2468
Solidarity	–0.7450	–0.8683	–0.8431	–0.4738
Integrity	–0.5369	–0.7101	–0.4583	–0.6039
Power restraint	–0.4811	–0.3582	–0.3893	–0.5701
Flexibility	–0.3070	–0.2411	–0.3264	–0.3890
Formal conflict resolution	0.0875	–0.3170	0.0583	0.2747
Informal conflict resolution	–0.3859	–0.3482	–0.3833	–0.4121

Table 7: Centered means of norms associated with relational focus

		Benchmark total population	0–8	9–19	20+
Mutuality	D	–0.1942	–0.1485	–0.3003	–0.1395
	R	0.1193	0.2957	0.0301	0.1073
Solidarity	D	–0.4389	–0.5455	–0.5116	–0.2033
	R	0.3061	0.3228	0.3315	0.2705
Integrity	D	–0.3299	–0.3340	–0.2479	–0.4578
	R	0.2070	0.3760	0.2104	0.1461
Power restraint	D	–0.2904	–0.2064	–0.2545	–0.3568
	R	0.1907	0.1517	0.1348	0.2134
Flexibility	D	–0.2030	–0.1274	–0.2405	–0.2556
	R	0.1040	0.1137	0.0869	0.1333
Formal conflict res.	D	0.0634	0.0263	0.0370	0.1188
	R	–0.0241	0.3432	–0.0213	–0.1559
Informal conflict res.	D	–0.2500	–0.1133	–0.2800	–0.2898
	R	0.1358	0.2349	0.1033	0.1224

Note here that the three norms where apparent convergence is not the norm, power restraint, flexibility and informal conflict resolution are norms where the questions used to develop the scale items themselves (Appendix A) would suggest a wider gap is reassuring to the relational buyer – more power restraint and more flexibility and more reliance on informal conflict resolution are exactly what relating should yield in proven relationships where experience and performance have nurtured trust. The results across the three duration categories in Tables 3–7 across every norm are, therefore, consistent, not in conflict.

Again, for emphasis, note too that, norm by norm, the mean RF scores move in quite substantial ways as duration extends, again, idiosyncratically, norm after norm. For example, consider mutuality: It is not significant in Table 3 and then it is significant in Table 4 and then it is not in Table 5. Consider solidarity in Tables 3–5: On the discrete side of the spectrum see the absolute difference of the RF from that norm's centered mean shrinks substantially as duration increases, although the relational exchanges report little change in RF. For some norms, the differences between discrete and relational exchanges increases with time (power restraint,

informal conflict resolution) while for others it wanes and then waxes (role integrity) and while for some others these differences are almost stable (solidarity).

The clear conclusion from the results is simply that duration matters. Relational spectrum position and duration are two confirmed sources of heterogeneity (in this study) and we suspect that this result will prove to be robust in other studies. The reason for our confidence in this respect is simply that the results reported here for the paper industry, a relatively stable industry, are so strong.

As in many cases, research leads to further questions. Here we might speculate about the causes of the times lags for different norms to become operative and likewise, about the causes for some to decline in salience over time. Gulati^{28,29} has raised the issue of 'trust' – it has to be earned and it can be destroyed. In this light, we need to once again appreciate that the study population is a study of the survivors, both suppliers and mills and, in addition, customer-supplier relations. The suppliers in every one of the relationships studied are those who generally 'have performed', suppliers whose products work. Those who do not are dropped out of necessity by their ill-served customers.

CONCLUSION

We set out to determine whether duration matters as the norms that govern living contracts develop. The research demonstrates that it does. The results suggest that as a business relationship extends through time, the partners may never be close but they will become related.

However, in reflecting on this study and its limitations, we recognize that as well as spectral position and duration, there are other sources of heterogeneity that are easily overlooked. Spriggs and Nevin⁴⁵ make the excellent point that studying norms and their effects without considering the nature of the contracts involved risks a Type 1 error of falsely accepting these norms as significant because of misspecification in the face of omitted variables – spurious correlation. Ivens and Blois in their 2004 paper did not reference Spriggs and Nevin but, like this article, their paper points to possibilities for further investigation in the world of living contracts and relationalism where researchers pay considerably more attention to potential sources of heterogeneity.

This study reveals that the effects of duration are complex. We now know that duration matters but we do not know how its effects develop. Moreover, we do not know what the norm formation process is. Future research may make the identity and structure of the organizational processes that shape living contracts clearer.

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APPENDIX

See Table A1.

Table A1: Final scale items

<i>Construct</i>	<i>Indicators</i>
Relational focus	Maintaining a relationship with them is more important to us than individual outcomes. We will maintain the relationship with them only if each transaction produces a positive outcome. Payoffs from individual transactions are more important to us than maintaining the relationship with them. Our relationship with them is important only because it facilitates individual transactions.
Restraint on power use	When they try to influence us, they put pressure on us. ^a When we try to influence each other, we use whatever leverage we have over the other. ^a We rarely use pressure tactics to influence each other. Even when we have leverage, we are reluctant to use it.
Solidarity	Our relationship with them is best described as 'arm's length'. ^a Our relationship with them is a long-term venture. Our relationship with them is a series of one shot dealings. ^a Our relationship with them is best described as a 'cooperative effort'.
Formal conflict resolution	They have formal procedures for handling disputes. We have our own formal procedures for handling disputes.
Informal conflict resolution	They approach all disputes between us with an open mind. When disputes occur, we sort them out among ourselves quite easily. We often need the services of a third party to resolve disputes between us. ^a
Role integrity	They routinely discuss issues which go beyond buying/selling. What we expect from each other is quite complex, since it covers both business and non-business issues. Our roles are simple: we are the buyer, and they are the seller. ^a All we are concerned with is that they meet our requirements for quantity, delivery schedule and price. ^a
Mutuality	In our relationship, one of us benefits more than one deserves. ^a We each benefit in proportion to the effort we put in. We do more to help them than they do to help us. ^a Even if costs and benefits are not evenly shared between us in a given time period, they balance out over time.
Flexibility	When circumstances change, we can easily make adjustments to current transactions. The terms of the current transaction are hard to change, even when unexpected events occur. ^a If something unforeseen happens, we can work out new terms of the transaction. The terms of the current transaction are difficult to renegotiate. ^a

^aReverse coded items.

Note: All scales were anchored with Strongly Agree (coded 5) to Strongly Disagree (coded 1) response categories with a defined neutral point.