

Treat me well and I may leave you kindly: A configurational approach to a buyer's relationship exit strategy

Highlights:

- This is the first empirical study to uncover a number of configurations of relational and transactional dimensions of buyer-supplier relationships and contextual factors, that equifinally lead to the same outcome – a kind relationship exit.
- Buyer-supplier relationships that do not display any relational properties - e.g. trust, information sharing, informality – can lead to a kind exit as long as the buyer is dependent on the supplier. This is counter to the general sentiment in the literature) that suggests that the presence of relational elements in the buyer-supplier relationship is necessary for the buyer's adoption of an exit strategy that will consider the supplier's welfare.
- Our findings also clarify the current confusion in the literature, regarding the role of dependence (and its interaction with relational properties of a buyer-supplier relationship) in the choice of exit strategy that considers the supplier's welfare.

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Keywords: buyer-supplier relationships, relationship exit, transaction cost economics, social exchange theory, fsQCA, configurations

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1. Introduction

Effective management of buyer-supplier relationships (BSRs) is a cornerstone of a firm's competitive advantage (Zaefarian, Thiesbrummel, Henneberg & Naudé, 2017). Depending upon firms' specific needs, buyers and suppliers form relationships that vary across multiple dimensions, such as duration, closeness and commitment (Ganesan, 1994; Cannon & Perreault, 1999). Business circumstances, firms' needs, behaviors and performance of actors in a relationship change over time, and when this happens, it is not uncommon for a firm to re-evaluate the value they are getting from a relationship. While sometimes this re-evaluation results in the adjustment of the relationship – e.g. a decrease or increase in resource commitment, an alternative option is to end the relationship.

While in some cases the ending of a relationship is predetermined and agreed in advance by both the buyer and the supplier (e.g. at the end of a project, or after the realization of mutual objectives), research shows that in about 50% of the cases, relationship exit is triggered unilaterally by one party (Gulati, Sych, & Mehrotra, 2008; Tjemkes & Furrer, 2010). Mismanagement of relationship exit can have devastating and far-reaching implications for both companies. While relationship exit can be initiated by either the buyer or the supplier at any point during the relationship (Ryan & Tähtinen, 2012), studies indicate that exit, when not managed correctly, can bring operational disruptions, reputational damage, financial losses and even bankruptcy, and that the party that being dropped is usually more vulnerable than the instigator of the exit (Alajoutsijärvi, Möller, & Tähtinen, 2000; Pressey and Mathews 2003; Gulati et al., 2008). An example of an organization suffering the damaging effects of relationship exit is Sames, an American paint application OEM. Sames entered a strategic partnership with a large Japanese car manufacturer, only to be dropped unexpectedly after years of investment in R&D, trial runs and attempts to adapt to the automaker's mounting demands, ultimately resulting in the supplier's bankruptcy (Gulati et al., 2008).

Research into buyer-supplier relationships to date, has tended to focus on the front end of these relationships, i.e. the initial engagement and development of a relationship. Meanwhile limited attention has been devoted to the final stage, where parties disengage from a relationship; notable exceptions include Alajoutsijärvi, et al. (2000), Pressey & Mathews (2003), Gulati et al. (2008); Ryan & Tähtinen (2012). The intent of our study is to investigate the link between the buyer's perception of its relationship with the supplier, and the manner in which the buyer-supplier relationship ends once the buyer has decided to disengage from it. In particular, we are interested in what we call *kind exit*, which refers to a relationship dissolution where the likelihood of negative operational, reputational and financial damages for the supplier is low. This, we argue, depends on whether the buyer: a) clearly communicates the exit decision to the supplier in a way that reduces the ambiguity about the relationship's continuation; and b) offers the supplier an opportunity to negotiate exit provisions, such as resource re-deployment or knowledge and technology transfers (Baxter, 1985; Alajoutsijärvi, et al., 2000).

Based on experience from practice and suggestions from the extant literature (Alajoutsijärvi et al., 2000; Halinen & Tähtinen, 2002; Tähtinen, Blois & Mittilä, 2007), we posit that the buyer's perception of its relationship with the supplier will play a role in how the relationship ends. To fully describe a buyer-supplier relationship, we adopt four relationship dimensions/characteristics from Transaction Costs Economics (TCE) – asset specificity, opportunistic behavior, administrative control and transaction uncertainty, and four from Social Exchange Theory (SET) – trust, information sharing, flexibility and dependence. When it comes to relationship exit strategies, we adopt Baxter's (1985) relationship disengagement model. To examine this link empirically, we collect and analyze cross-sectorial data from 315 terminated buyer-supplier relationships in the UK.

In addition to treating buyer-supplier relationships and relationship exit as multi-dimensional, we also adopt a contingency-theoretic, configurational approach (Karatzas, Johnson & Bastl, 2016). This means that we are primarily interested in how different dimensions of a BSR interact with each other to form constellations (Meyer, Tsui & Higgins, 1993) that elicit a kind exit, rather than in the *net* effects of individual dimensions. In line with previous empirical studies in the area of industrial relationships (e.g. Karatzas et al., 2016; Zefarian et al. 2017; Heirati, Hennenberg, Richter, & Harste, 2018), we posit, that the relationship between BSR dimensions, contextual factors, and relationship exit is a causally complex phenomenon. Complex causality has three properties – *conjunction*, *equifinality* and *asymmetry* (Misangyi, Greckhamer, Furnari, Fiss, Crilly, & Aguilera, 2016), which in this context would mean that: a) a kind exit will result from the interdependence of multiple conditions rather than have one single cause (*conjunction*), b) there will be more than one pathway (i.e. configuration) to a kind exit (*equifinality*), c) both the presence and the absence of some attributes may be connected to the outcome as part of different, equifinal configurations (*asymmetry*). We specifically adopt fsQCA – fuzzy-set Qualitative Comparative Analysis – which is an analytical technique equipped to tackle complex causality (see Ragin, 2008; Fiss, 2011, Misangyi et al., 2016).

This study makes the following contributions: Our *first*, contribution is to show that the influences of relationship dimensions on kind exit are causally complex. We empirically uncovered four configurations of dimensions of buyer-supplier relationships and contextual factors that lead to the same outcome – a kind relationship exit. Our *second* contribution reveals that contrary to the current suggestions in the literature (e.g. Alajoutsijärvi et al. 2000; Giller & Matear; 2001; Halinen & Tähtinen, 2002), buyer-supplier relationships that do not display relational properties such as trust, information sharing, and informality, can still lead to a kind exit, as long as the buyer perceives itself to be dependent on the supplier. This also clarifies the

current confusion in the literature (e.g. Tähtinen et al., 2007) regarding the role of dependence (and its interaction with relational properties of a buyer-supplier relationship) in the choice of an exit strategy that considers the supplier's welfare.

The rest of the paper is structured as follows: we continue with the theoretical background where we introduce Baxter's (1985) relationship disengagement model and present the relationship dimensions grounded in Transaction Cost Economics (TCE) and Social Exchange Theory (SET). This is followed by the methodology, where we describe the empirical setting, data collection and configurational analysis. We then present the results and close with the discussion, limitations and directions for further research.

2. Theoretical background

In this section we present background literature pertinent to our study's focus. It is divided in three parts: we begin by defining relationship exit and introducing Baxter's (1985) model of relationship dissolution. This is followed by the introduction of relationship characteristics, grounded in TCE and SET and the justification for their adoption. In the third part we bring the previous two bodies of literature together and present the current state of knowledge related to the relationship influences on BSR exit, which we then summarize in two theoretical conjectures that guided our empirical investigation.

2.1. Relationship exit and exit strategies

Relationship dissolution is the last stage in the relationship life-cycle (Dwyer, Schurr & Oh, 1987), and it unfolds through the following key steps (Alajoutsijärvi et al., 2000; Halinen & Tähtinen, 2002): relationship assessment; decision making; dyadic communication, and disengagement. The outcome of this process is either a *total* exit from a BSR, where the parties have no intention to continue the relationship in the future, or a *partial* exit, where, for example,

a buyer terminates the relationship with one division of the supplier but continues doing business with another (Michalski, 2004). Here, we focus on total exit, and consider the BSR to end completely when one party (e.g. the buyer) is not continuing any business with its counterpart (e.g. the supplier).

One of the most critical aspects of relationship ending is the approach – i.e. the exit strategy – that the disengager adopts once the exit decision has been taken and it is the essence of the third and fourth step described earlier. While early research suggested that exit strategy is as simple as a buyer ceasing purchase of goods and services from a supplier (e.g. Hirschaman, 1970; Helper, 1993), more recent works show a considerable complexity in approaches to relationship exit in business (Alajoutsijärvi et al., 2000; Pressey & Mathews, 2003; Tähtinen et al., 2007; Eckerd & Girth, 2017). To capture this, we adopted Baxter's (1985) relationship disengagement model. The model was originally empirically developed in the field of social psychology, and later adopted and applied in the context of business-to-business relationships (e.g. Alajoutsijärvi et al., 2000; Giller & Matear, 2001; Pressey & Qiu, 2007; Ryan & Tähtinen, 2012). It proposes four exit strategies, based on their directness and orientation: *silent*, *disguised*, *negotiated* and *communicated*. Table 1 introduces each exit strategy and their key defining characteristics.

Table 1
Relationship Exit Strategies

		Orientation	
		Other-Oriented	Self-Oriented
Directness	Indirect / Uninformed	<p style="text-align: center;">Silent Exit Strategy (SES)</p> <ul style="list-style-type: none"> • Communication of exit decision: No intention or need • Decision instigated by: Can be unilateral or bilateral if both parties realize that the relationship has lost its significance. • Duration: Disengagement can take a long time. • Consequences for the disengager: Gives up some of its own interests. • Consequences for the partner: Tries to avoid hurting the partner, however it increases the uncertainty over the relationship continuation. 	<p style="text-align: center;">Disguised Exit Strategy (DES)</p> <ul style="list-style-type: none"> • Communication of exit decision: No intention to communicate actual decision and reasons behind it. Exit intentions are conveyed through disguised tactics by deliberately making the relationship unsustainable for the other party. • Decision instigated by: Unilateral by the disengager. • Duration: Disengagement can take a long time. • Consequences for the disengager: Secures its own interests. • Consequences for the partner: Hurt the partner as it does not consider its interests and increases uncertainty in the relationship's continuation.
	Direct / Informed	<p style="text-align: center;">Negotiated Exit Strategy (NES)</p> <ul style="list-style-type: none"> • Communication of exit decision: directly and explicitly communicated to the partner. • Decision instigated by: Can be unilateral or bi-lateral. • Duration: Opportunity for quick disengagement if parties agree on terms. • Consequences for the disengager: Gives up some of its own interests, and willing to negotiate the terms of disengagement. • Consequences for the partner: Avoids hurting the partner; eliminates ambiguity over the relationship continuation; gives the partner an opportunity to negotiate terms of disengagement. 	<p style="text-align: center;">Communicated Exit Strategy (CES)</p> <ul style="list-style-type: none"> • Communication of exit decision: directly and explicit communicated to the partner. • Decision instigated by: Unilateral by the disengager. • Duration: Quick • Consequences for the disengager: Secures its own interests. • Consequences for the partner: Hurts the partner as it gives the partner no opportunity to negotiate terms or save the relationship; eliminates ambiguity over the relationship continuation.

Source: Adapted from Baxter (1985) and Alajoutsijärvi, et al., (2000)

Directness refers to how the disengager communicates the exit decision to its counterpart. Indirect or uninformed strategies (i.e. silent and disguised), are characterised by the disengager's lack of intention to communicate the exit decision to its counterpart or by masking the real intentions to exit through stealth tactics. For example, in the case of a disguised exit strategy, the disengager would use rapid order changes, pressures for unreasonable price decreases, or increases in service levels as stealth tactics in order to make the relationship unsustainable and force the supplier out of the relationship (Pressey & Salassie, 2007; He, Ghobadian, & Gallear, 2013). This lack and/or ambiguity in communication introduces considerable uncertainty in the relationship regarding its continuation, often leading to a prolonged disengagement process, and/or the creation of a false sense of certainty where

the supplier is continuously investing in what is ultimately a lost cause. This implies difficulties for the supplier to ever recover such investment. Direct or informed strategies (i.e. negotiated and communicated) on the other hand, offer no doubt over the disengager's intentions, since the exit decision is clearly and explicitly communicated to the counterpart.

Orientation relates to the extent of the disengager's concern over the interests and views of its counterpart. For example, a supplier could lose a substantial amount of business, be unable to re-deploy relationship-specific investments, suffer reputational damage, experience operational disruptions, etc. In other-oriented strategies, (i.e. silent and negotiated), the disengager considers also the interests of the counterpart. Both parties offer each other a so called "face-saving opportunity" to prevent unnecessary confrontation and harm (Baxter, 1985, Tähtinen & Vaaland, 2006; Epstein & Keller, 2012). This is most evident in the negotiated exit strategy, where, for example, the buyer besides clearly communicating its exit intentions to the supplier, is also willing to negotiate the terms of disengagement, with an intent to avoid hostility and mitigate losses (Rutherford, Anaza & Philips, 2012). In self-oriented strategies (i.e. disguised and communicated) the disengager's main concern is to secure its own interests, irrespective of the negative consequences that the exit decision may have for its counterpart. For example, the buyer can unilaterally decide to terminate the relationship and inform the supplier about the decision, but this gives the supplier no opportunity to save the relationship or negotiate exit terms. Although such an approach removes any ambiguity, it will very likely hurt the supplier and lead to hostility in the disengagement phase of the relationship (Gulati et al., 2008).

The differences in communication and orientation among the four exit strategies have a variety of consequences for the disengager and its partner, and inevitably lead to discrepancies between what Tähtinen et al. (2007) call *preferred* versus *appropriate* ways of ending a relationship. While the two self-oriented exit strategies (disguised and communicated)

are economically rational from the disengager's point of view, they can inflict substantial harm to the supplier, given their unilateral, often abrupt, confrontational, and self-interested nature. The two other-oriented strategies (silent and negotiated) may be more *appropriate*, since the buyer considers the interests of the counterpart as well (Tähtinen et al., 2007). Moreover, between the two, a negotiated exit strategy is the supplier's best alternative as it offers an opportunity to negotiate terms and conditions of disengagement (e.g. process duration, asset redeployment, rate of order de-escalation), while it also removes any ambiguity over the continuation of the relationship (in contrast to silent strategy). We argue, and validate empirically through interviews with practitioners, that as we move from a disguised to a negotiated exit strategy, the likelihood of financial, operational and reputational damages for the supplier is lower. In other words, the more the buyer's exit strategy resembles a negotiated one, the less harmful the outcomes of disengagement are likely to be for the supplier, i.e. the *kinder* the exit.

2.2. Characteristics of buyer-supplier relationships

It is generally accepted that business-to-business relationships are complex and thus characterized by multiple dimensions (Cannon & Perreault, 1999; Vesalainen & Kohtamaki, 2015, Zaefarian et al., 2017). To capture these dimensions, we adopt two theoretical lenses; Social Exchange Theory and Transaction Cost Economics. There are *three* reasons for this adoption:

First, both theoretical lenses have been extensively used to describe BSRs, considering dimensions such as, long-term orientation, relational norms, governance structures, relationship uncertainty, adaptation and collaboration (e.g. Heide & John, 1992; Zaheer, McEvily & Perrone, 1998; Cannon & Perreault, 1999; Williamson, 2008; Nyaga, et. al., 2013; Heirati et al., 2018).

Second, the key premise of SET is that positive interactions over time will produce relational exchange norms (e.g. trust, information sharing and flexibility) that will govern an exchange relationship (Lambe, Wittmann & Spekman, 2001), which makes the relationship an effective form of exchange governance. TCE on the other hand, emphasizes the need for the creation of a formalized governance, due to the assumption of partners' opportunism which limits the effectiveness of relational governance postulated by SET (Rindfleisch & Heide, 1997; Lambe et al., 2001). In consequence, SET has a higher explanatory and predictive power in longer-term, relational relationships, where partners develop mutual trust and relational norms of behavior, whereas TCE explains short-term, opportunistic relationships better, where the two parties have to rely on transactional forms of governance. As a result, and in line with arguments by Nyaga et al. (2013) and Heirati et al., (2018), we argue that the two theories should be treated as complementary, which is why we adopted both of them to describe the characteristics of the studied BSRs.

Third, the extant evidence from the relationship exit literature suggests that the characteristics of BSRs, and specifically the strength of relational bonds (e.g. trust, relational norms, opportunism), the type of relationship infrastructure (e.g. relationship-specific investments and governance structures) and the dependence between the buyer and the supplier, will likely influence the choice of relationship exit strategy (Alajoutsijarvi et al., 2000; Giller & Matear, 2001; Halinnen and Tähtinen, 2002; Tähtinen et al., 2007). Thus, the selected TCE and SET dimensions can holistically describe a BSR characteristics relevant in the context of relationship exit and are summarized in Table 2.

Table 2
Relationship dimensions of buyer-supplier relationships

Theoretical lens	Determinant	Definition of the determinant
Transaction Cost Economic (TCE)	Asset specificity	Asset specificity refers to investments made by a firm that are of considerably less value outside of the focal relationship (Heide & John, 1980, p. 27)
	Opportunistic behavior	Opportunistic behavior involves the deceit-oriented violation of implicit or explicit promises about one's expected behavior (Archol & Gundlach, 1999).
	Administrative control	Administrative control refers to institutional instruments and governance mechanisms, e.g. formal contracts, that are put in place by the parties as safeguards, to enable them to establish, structure, and govern inter-firm exchanges (Andaleeb, 1996).
	Transaction uncertainty	Transaction uncertainty refers to a difficulty of predicting the action of another party in terms of product/service availability, volume stability and buying behavior (Noordeweir, John & Nevin, 1990).
Social Exchange Theory (SET)	Trust	Inter-organizational trust is defined as expectation that an actor can be relied on to fulfill obligations, will behave in a predictable manner, and will act and negotiate fairly when the possibility for opportunism is present. (Zaheer et al., 1998, p.143)
	Information sharing	Information sharing is defined as "the extent to which critical, often proprietary, information is communicated to one's partner in a timely manner." (Mohr & Spekman, 1994, p. 139).
	Flexibility	Flexibility refers to partners common beliefs about the appropriate behavior in the case of changes in contractual agreements. Particularly, willingness to adapt and change original contract terms, in the face of specific requests of the other party (Caniëls & Gelderman; 2010; Yilmaz, Sezen, & Ozdemir, 2005).
	Dependence	A firm's dependence upon an exchange relationship is a function of the degree to which rewards sought and gained from the relationship are not available outside of the relationship (Lusch and Brown, 1996)

Guided by the available literature on relationship exit, we also consider two exogenous factors that may influence the buyer's choice of relationship exit strategy. The first one is *relationship duration*, which refers to the length of the relationship between the buyer and the supplier. It is generally accepted that relationship closeness evolves over time (Schurr, Hedaa & Geersbro, 2008), and the longer the relationship, the more 'opportunities' the buyer and the supplier have to develop mutual understanding, trust and commitment (Dwyer et al., 1987). In consequence, and in line with suggestions by Giller & Matear (2001), we posit that longer relationships, which are conducive to relationship closeness, are less likely to result in a self-oriented and abrupt relationship exit.

The second contextual factor that we consider is the *size* difference between the buyer and the supplier. Size of the supplier relative to the buyer can be seen as an indicator of a power differential between the two actors. Large firms tend to have more resources and more buying power, which makes them less dependent on small suppliers, resulting in power asymmetry. As Gulati et al. (2008) showed, it is much easier for a large firm to walk away from a

relationship with a small supplier in an abrupt and non-communicated fashion (than the other way around), consequently leaving the small supplier vulnerable and exposed to financial and operational disruptions.

2.3. Relationship exit strategies and their relationship determinants

Current literature is in broad agreement that characteristics of buyer-supplier relationships affect relationship exit. Given the multitude of buyer-supplier relationship characteristics, differences in this consensus start emerging around which relationship characteristics actually play an influencing role on the choice of relationship exit strategy. A study by Giller and Matear (2001), for example, showed that prior closeness between the buyer and the supplier, characterized by the presence of trust and social bonds, will lead the disengager to opt for an other-oriented exit strategy (i.e. silent or negotiated), whereby it will consider not only its own but also the counterpart's interests. Similarly, Alajoutsijärvi et al. (2000) showed that presence of social bonds in close buyer-supplier relationships plays an important role in minimizing potential damage to the counterpart during the disengagement process and once the exit is completed. This suggests that the disengager will seek to avoid an abrupt and/or self-oriented relationship ending and will likely behave in accordance with the relational norms and shared values jointly developed with the supplier prior to the disengagement.

In addition to the consideration of relational characteristics of BSR in the choice of exit, Caniëls and Gelderman (2010) suggested that high levels of asset specific investments in a relationship will likely make the buyer seek to negotiate its departure, to protect their investment that would otherwise be lost with the dissolution of the relationship (Harrison, 2004). This is in contrast to the suggestion by Giller and Matear (2001), who argue that when a disengager has invested substantial resources in the relationship and has a lot to lose from the

relationships' dissolution, the preferred choice would be to adopt self-oriented exit strategies (i.e. disguised or communicated), and minimize its own losses. To add to these contrasting views, research suggests that in highly unbalanced relationships, the less dependent party will likely choose a self-oriented strategy, knowing that their counterpart has little or no leverage over them to force the negotiation of exit terms (Tahtinen et al., 2007; Gulati et al., 2008). While such behavior is economically rational from the disengager's point of view, it can substantially harm the counterpart, and it is for this reason that the more dependent party should be given an opportunity to either enter in negotiations over exit terms, or to gain additional time and seek potential alternatives in sales or supply markets (Gulati et al., 2008).

Moreover, most studies treat individual relationship characteristics (e.g. trust, asset specificity or dependence) in isolation from each other or describe relationships with high level constructs such as 'close' or 'collaborative', ignoring their multidimensional nature. In practice, managers rarely seek to manage a single characteristic of a relationship, but rather struggle with the complexity of multiple characteristics at once (Zaefarian et al., 2017). Management scholars however (see for example Siggelkow, 2002; Tushman and O'Reilley, 2002), have long recognized that organizational outcomes (in our case buyer's choice of a kind exit) tend to depend on the alignment or a conflict among interdependent attributes (in our case relationship dimensions), which commonly occur together, forming multidimensional constellations or configurations of distinct characteristics (Misangy et al., 2017). In line with this, we posit that the effects of relationship characteristics on the choice of exit strategy may be *conjunctural* and context-dependent, rather than isolated. In fact, various *equifinal* 'recipes' for the same outcome (i.e. exit) may exist; while causation may be *asymmetric*, with both the presence and the absence of a relationship characteristic (e.g. asset specificity) being linked to the outcome as part of different configurations. In line with the argument of Meyer et al. (1993), the number of configurations of distinct conceptual attributes (i.e. relationship characteristics

in our case) is limited and predetermined because of (p. 1176): “*the attributes’ tendency to fall into coherent patterns*”. Given the limited number of such configurations and their relative stability over time (Miller, 1986, 1996), configurational logic helps with their identification and the elucidation of the complex interactions among the constructs.

Seeing various industrial marketing phenomena as causally complex, and applying configurational logic to examine them, has already generated fruitful insight that clarifies, or complements, previous insight coming from traditional correlation-based approaches (e.g. Frösén, Jaakkola, Churakova, & Tikkanen, 2016; Karatzas et al., 2016; Zaefarian et al., 2017; Heirati et al., 2018).

In line with the reviewed literature and the previous works addressing causally complex phenomena and using a configurational approach (e.g. Karatzas et al., 2016; Hughes et al., 2017; Ambroise et al., 2018), we outline two theoretical conjectures:

1. There will be more than one, qualitatively different, configurations of buyer-supplier relationship characteristics and contextual factors that lead to a kind exit.
2. The configurations of buyer-supplier relationship characteristics and contextual factors leading to a kind exit, will more likely reflect relational rather than transactional relationship properties.

3. Methodology

To identify the configurations of buyer-supplier relationship characteristics that are sufficient for a kind relationship exit, we employed fsQCA – an analytic technique that is fully equipped to tackle causal complexity (see Ragin, 2008). Due to its suitability for investigating causally complex phenomena, its ability to systematize qualitative data analysis and produce insights from quantitative data that traditional correlational techniques cannot, fsQCA is becoming increasingly popular in various social sciences. Full explanations of the method

include Ragin (2008) and Schneider and Wagemann (2012), while detailed empirical expositions in the management, operations, supply chain management, and marketing disciplines include, among others, Fiss (2011), Karatzas et al. (2016) and Zaefarian et al. (2017).

Aligned with our research focus, and with previous applications of TCE (e.g. Heide and John, 1990; Terpend, Krause & Dooley, 2011) and SET (e.g. Zaheer et al., 1998; Huo, Flynn, & Zhao, 2017) in a buyer-supplier context, the unit of analysis is *a terminated buyer–supplier relationship*. As detailed below, the unit of the data collection is a key informant from the buying firm in a BSR. As such, we solely (but deliberately) capture the buyer’s perception of the various relationship dimensions. Since in our study it is the buyer who chooses to disengage from the relationship, we argue that it is *their* own perception of the relationship that influences their choice of exit strategy. With these in mind, our study design aims at identifying key informants at buying organizations, knowledgeable and experienced enough to recall the characteristics of a BSR from which their organization recently disengaged, and in which they were personally involved in managing the exit.

3.1. Sampling and data collection

We obtained data via an online survey which was administered throughout 2015. The instrument was initially pre–tested by six supply chain and marketing academics and four industry representatives familiar with exit in BSRs. The pre–test was designed to ensure that the questionnaire was concise and clear, and that the items provided face validity for the constructs examined. Based on the feedback, minor changes were made, and the instrument was then converted into an on–line survey. The target population comprised UK–based manufacturers and service providers operating in a range of sectors. To cover a range of

industries, we purchased two independent databases from mailing list companies, with an overall of 4,815 unique firm-contacts.

The survey respondents we sought were the supply chain managers and purchasing executives of the buying firms involved in managing exit from a relationship with one of their suppliers. This sampling criterion ensured that the target respondents possessed the relevant practical knowledge, establishing them as key informants. Studying BSRs by surveying supply chain managers is a widely accepted practice in buyer-supplier relationship research (e.g. Zhao et al., 2007). A link to the self-administered online questionnaire was sent to these informants along with a cover letter highlighting the study's objectives. Target respondents were encouraged to participate by offering them entitlement to a summary report of the research findings. Participation was voluntary, and anonymity and confidentiality were assured.

The questionnaire was sent out via electronic emailing in two waves. Initially, 281 responses were received. After a gap of three weeks, a reminder was sent electronically to those target respondents that did not respond during the first wave. This resulted in another 53 responses. Data screening forced us to omit 19 questionnaires due to incomplete information, resulting in 315 usable responses (6.54% response rate).

Detailed sample composition and profiles of buyers and suppliers are shown in Tables 3, and 4. NES was the most popular strategy (35.9%) to end a BSR, followed by CES (27.6%), SES (20.3%) and DES (16.2%). This suggested that the buying firm's choice of exit strategy varied with the complexities faced by the firm in a particular situation.

Table 3
Sample composition

Relationship Duration (years)	#	%	Professional Profile	#	%
< 1	76	24.1	Procurement Managers	224	71.1
1-2	101	32.1			
2-3	41	13.0	Supplier Rel. Managers	79	25.1
3-4	41	13.0			
4-5	36	11.4			
> 5	20	6.4	Board Level Executives	12	3.8
Total	315	100.0		315	100

Table 4
Profiles of buyers and suppliers

Buyers / Supplier	Employees	#	%	Annual Sales in GBP (mill.)	#	%	Industry	#	%
Buyers	< 50	109	34.6	< 1	124	39.3	Manufacturing	143	45.4
	51-250	93	29.5	1-10	79	25.1	Agriculture	26	8.3
	251-500	51	16.2	10.1-50	45	14.3	IT & Telecom	25	7.9
	501-1000	30	9.5	> 50	67	21.3	Transport	24	7.6
	>1000	32	10.2				Construction	13	4.1
							Electronics	13	4.1
						Other	71	22.6	
	Total	315	100.0		315	100		315	100.0
Suppliers	< 50	23	7.3	< 1	52	16.5	Manufacturing	111	35.2
	51-250	108	34.3	1-10	91	28.9	Agriculture	13	4.1
	251-500	96	30.5	10.1-50	87	27.6	IT & Telecom	25	7.9
	501-1000	73	23.1	> 50	85	27.0	Transport	14	4.5
	>1000	15	4.8				Construction	26	8.3
							Electronics	18	5.7
							Other	108	34.3
	Total	315	100.0		315	100		315	100.0

3.2. Measurement development and assessment

Measures for the independent variables (in fsQCA language: *casual conditions*) were adopted from the extant literature (see Table 6 in the next section). Regarding the two contextual factors (size and relationship duration), two ordinal variables were created to operationalize the original categories (see Tables 3 and 4). As such, relationship duration varied between ‘1’ (corresponding to a relationship that lasted less than a year) and ‘6’ (representing one that exceeded 5 years), while firm size had five levels (from ‘1’ if employees < 50 to ‘5’ if employees > 1000). We decided to use ordinal scales for relationship duration and size because sometimes respondents do not have the precise knowledge to respond to a continuous variable. Particularly in the case of relationship duration, where the relationship could have

been in place for many years. However, we acknowledge that we could have used more granular ordinal scales to improve precision. To capture the buyer’s choice of an exit strategy, four distinct scenario descriptions (see Table 5) were developed from the extant literature (Alajoutsijärvi et al., 2000; Pressey & Mathews, 2003). The informants were asked to consider a relationship with a supplier that their firm had recently ended and were allowed to select only one exit scenario before attempting to answer the remaining questions.

Table 5
Scenario descriptions for dependent variables

Dependent variable	Scenario descriptions
Silent exit	We felt no need to communicate with the supplier that we were leaving the relationships. For example, due to its lack of importance, the relationship with the supplier just fizzled out.
Disguised exit	We did not directly indicate to the supplier our intention to leave the relationship but deliberately created a situation where the relationship became unsustainable. For example, we deliberately delayed payments to the supplier.
Communicated exit	We informed the supplier that we had decided to end the relationship. For example, we never wanted to give another chance to the supplier to restore an unsatisfactory relationship.
Negotiated exit	We negotiated how the relationship should end. For example, both partners (our company and the supplier) acknowledged that the disengagement was inevitable and discussed matters with mutual understanding.

3.3. Validity and reliability

We assessed the construct validity and reliability of our measures by following established guidelines outlined by Anderson & Gerbing (1988). The results of the factor analysis are shown in Table 6. All measurement items had lower loadings on the constructs that they were not supposed to measure, indicating uni-dimensionality.

Table 6
Constructs and items description

Item Scales		Cronbach's α	Factor loading	Source for Scale development
Asset Specificity				
AS1	We had invested resources to provide our supplier with customized support.	0.946	0.785	Heide and John (1980), Zaheer et al., (1998)
AS2	Our system was tailored to using a particular product/service of the supplier.		0.761	
AS3	We made investments dedicated to our relationship with the supplier.		0.776	
Opportunism				
OP1	The supplier altered information in order to get what they wanted.	0.812	0.830	Achrol and Gundlach (1999); Caniels & Gelderman (2010)
OP2	The supplier was always sincere with us.		0.857	
OP3	The supplier breached formal agreements for their own benefit.		0.794	
Administrative Control				
AC1	The supplier demanded detailed contracts before starting business with us.	0.930	0.840	Andaleeb (1996); Caniels & Gelderman (2010)
AC2	Responsibilities of both parties were clearly specified in a contract.		0.857	
AC3	The supplier sought maximum protection through a contract with us.		0.831	
Transactional Uncertainty				
TU1	The supplier provided stable availability of required product/service.	0.902	0.879	Noordewier et al. (1990) and Zaheer et al. (1998)
TU2	Working with the supplier was easy.		0.834	
TU3	The supplier provided us products/services in the required volumes.		0.832	
Trust				
TR1	The supplier always negotiated fairly with our company	0.909	0.683	Rempel and Holmes (1986); Zaheer et al., (1998)
TR2	The supplier did not keep their promises.		0.769	
TR3	The supplier was trustworthy.		0.815	
Information Exchange				
IE1	We frequently exchanged information with the supplier.	0.895	0.867	Heide and John (1992); Caniels & Gelderman (2010)
IE2	We exchanged more information than required with the supplier.		0.868	
IE3	The supplier kept us informed about changes that may affect us.		0.910	
Flexibility				
FX1	The supplier responded flexibly.	0.889	0.778	Caniels & Gelderman (2010); Yilmaz et al., (2005)
FX2	The supplier adjusted rapidly according to changing circumstances.		0.806	
FX3	The supplier worked out a new deal when circumstances changed.		0.818	
Dependence				
DP1	We were dependent on the supplier.	0.937	0.803	Lusch and Brown (1996); Caniels & Gelderman (2010)
DP2	The supplier was difficult to replace		0.827	
DP3	The supplier was costly to lose		0.807	

Note: 7-point Likert scales were used for all constructs.

In addition, the CR of each construct was greater than the average variance extracted (AVE) value for the construct, providing evidence of convergent validity. Regarding discriminant validity, the squared correlation between each construct and other constructs was smaller than the average variance extracted (AVE) for the construct (Fornell & Larcker, 1981). Moreover, both the maximum shared variance (MSV) and average shared variance (ASV) of each construct were smaller than its AVE (see Table 7), further rendering support for discriminant validity (Chae, Choi, & Hur, 2017). Summary descriptive statistics and correlations can be found in Table 8.

Table 7
Measure of reliability and validity

Item description	CR	AVE	MSV	ASV
Asset specificity	0.817	0.599	0.413	0.266
Opportunistic behaviour	0.867	0.684	0.171	0.075
Administrative control	0.880	0.710	0.283	0.152
Transaction uncertainty	0.885	0.720	0.384	0.161
Trust	0.801	0.574	0.407	0.237
Information sharing	0.830	0.777	0.235	0.042
Flexibility	0.843	0.641	0.377	0.213
Dependence	0.853	0.659	0.413	0.232

CR = Composite Reliability; AVE =Average Variance Extracted; MSV = Maximum Shared variance; ASV = Average Shared Variance.

Table 8
Descriptive Statistics and Correlations

		1	2	3	4	5	6	7	8	9	10
1	Asset specificity	1									
2	Opportunistic behavior	-.445**	1								
3	Administrative control	.500**	-.234**	1							
4	Transaction certainty	.544**	-.373**	.326**	1						
5	Trust	.645**	-.421**	.302**	.673**	1					
6	Information sharing	.132**	-.030	.532**	.038	-.076	1				
7	Flexibility	.644**	-.478**	.431**	.429**	.551**	.118*	1			
8	Dependence	.726**	-.577**	.430**	.542**	.686**	.028	.705**	1		
9	Relationship duration	.641**	-.377**	.373**	.463**	.463**	.108	.477**	.515**	1	
10	Size Asymmetry	.091	-.025	.124*	.232**	.196**	.105	.023	.104	.062	1
	Mean	3.54	4.99	3.95	3.41	3.55	2.82	3.33	3.35	2.75	.527
	Standard Deviation	1.665	.966	1.455	1.391	1.285	1.098	1.248	1.548	1.545	1.527

Notes: N = 315; ** p < 0.01,* p < 0.05; (two-tailed test)

3.4. Initial sample analysis

We compared the responses from the two databases ($n_1=178$; $n_2=137$) to ensure that the samples came from the same population. There were no statistically significant differences in terms of the descriptive variables, so we combined the two samples in the analysis.

3.5. Non-response bias and common method variance

We tested for non-response bias by comparing the early ($n_1=270$) vs. late ($n_2=45$) waves of returned surveys, assuming that the latter represents the non-respondents (Armstrong and Overton, 1977; Chen, Sohal, & Prajogo, 2013). The two samples did not differ statistically

significantly in terms of any descriptive characteristic, suggesting that non-response bias is not a concern and that the participating firms represent the population from which they were drawn.

Furthermore, following Podsakoff et al. (2003), we used a combination of *ex ante* procedures to reduce the plausibility of method biases as an explanation of the relationships observed between the constructs of interest (Ketokivi & Schroeder, 2004). For example, we protected respondent anonymity, reduced evaluation apprehension, reduced item ambiguity during the pretest of the data collection instrument (Tourangeau, Rips, & Rasinski, 2000), and obtained data from two independent groups of respondents (Podsakoff et al., 2003). As the questionnaire was answered by a single respondent in each company, we also examined common method variance (CMV) at the *ex post* stage by employing Harman's single-factor test. An un-rotated factor analysis using the eigenvalue-greater-than-one criterion revealed eight distinct factors that accounted for 84.97% of the variance while the first factor captured only 11.59% of the variance, suggesting absence of CMV.

4. Fuzzy-set qualitative comparative analysis

The two main stages of any fsQCA investigation are the calibration of the raw data, and the identification of necessary and/or sufficient (configurations of) conditions for a given outcome, which we present next.

4.1. Measure calibration

An integral step of fsQCA is the transformation of the raw data into fuzzy set membership scores. In this section, we present the calibration of the outcome (exit strategy), and summarize the process for the causal conditions in Table 9. An extensive description of the process can be found in Appendix I.

4.1.1. Outcome: Relationship exit strategy

There are only four possible relationship exit strategies, hence the outcome variable is categorical in nature with four possible values. However, as it has already been suggested, the buyer's choice of a disguised exit strategy could be seen as the least desirable outcome from the supplier's point of view, while a negotiated exit strategy could be thought of as the most desirable one. It could thus be assumed that there is an implicit 'order' to these four exit strategies, in terms of the degree of harm they cause the supplier. As such, the variable can be treated as ordinal and reflect *exit kindness*. To confirm our theoretical assumption regarding the order of preference of the four exit strategies in terms of how kind the subsequent exit would be, and transform the variable into a fuzzy set, we followed a 'direct assignment' approach. This makes use of external expert knowledge for assigning fuzzy set membership scores directly to the raw data (see Verkuilen, 2005). We detail the procedure below.

We interviewed 20 managers who had experience in business-to-business relationships that had been terminated, in which their company was the *supplier* of a product or service to a buyer. We described the four exit strategies to them, and allowed them to ask any clarification questions. We then asked them to freely rank the four types in terms of preference, after considering the possibility and severity of any negative business implications of each type of relationship exit. The implications we asked them to implicitly consider included the impact on operations (e.g. production disruption, excess inventory), financial performance (e.g. profitability), market share and reputational damage. The next step involved the participants declaring their most and least preferred exit types. Having done this, we asked them to assume that their most preferred strategy took a score of '100' and the least preferred one took a score of zero. Given that, as a final step we asked them to assign a score from zero to 100 to the remaining two exit strategies. The level of agreement amongst the interviewees was almost perfect; apart from one individual out of the 20, the generated rank order of exit strategies was

identical. Namely, $NES > CES > SES > DES$. The sole interviewee whose order of preference diverged from this pattern, considered DES to be more preferable than SES (but only marginally). In line with our prior theorizing, the generated rank order, and the move from disguised towards a negotiated strategy suggests a 'kinder' exit for the supplier, substantiating our theoretical assumption.

To generate the fuzzy set membership scores of the four strategies, we assigned a value of 0.95 to the unanimously most preferable exit type (NES) to signify full set membership in the 'set of relationships dissolving kindly for the supplier' (see Ragin, 2008). Similarly, we assigned a value of 0.05 to the least preferable strategy (DES) to indicate full non-membership in the defined set. To get the fuzzy scores for the two exit strategy types in-between, for each one we took the average evaluation of the respondents and divided it by 100. This translated into a score of 0.225 for the silent, and 0.575 for the communicated exit strategies respectively.

Table 9
Measure calibration specifics

	Variable name	Original measure	Corresponding fuzzy set	Type of calibration applied	Thresholds (if applicable)
Outcome	Type of exit strategy	Four categories (1: Disguised, 2: Silent, 3. Communicated, 4. Negotiated)	The set of relationships dissolving kindly for the supplier	Direct assignment based on expert knowledge	N/A
Causal conditions	Size asymmetry	Supplier size minus buyer size (in terms of number of employees band)	The set of relationships with an asymmetrically large supplier	Direct calibration	Full Inclusion: 4 Cross-over: 0 Full exclusion: -4
	Relationship duration	Number of years	The set of long relationships		Full inclusion: >5 Cross-over: 3-4 Full exclusion: <1
	Dependence	Summed scores (3-item Likert scales)	The set of relationships with a dependent buyer	Totally fuzzy and relative (TFR) based on Cheli and Lemmi (1995) and Dusa (2018)	N/A
	Trust		The set of relationships with a trustful supplier.		
	Information exchange		The set of relationships with high levels of information exchange		
	Transaction uncertainty		The set of relationships with a supplier that provided high transaction certainty		
	Flexibility		The set of relationships with a highly flexible supplier		
	Asset specificity		The set of relationships with high asset specificity		
	Opportunism		The set of relationships with a highly opportunistic supplier		
	Administrative control		The set of highly formalised relationships		

4.2. Configurational analysis

4.2.1. Analysis of necessity

None of the ten causal conditions was found to be necessary for a kind exit, since none of the respective sets was a consistent superset of the outcome set. This means that there is no condition that is present in *all* instances of a kind exit.

4.2.2. Analysis of sufficiency

We used 'QCA' (Dusa, 2007), a software package developed for the R environment, because of the flexibility it provides to conduct the *enhanced standard analysis* (ESA). This is an extension of the *standard analysis* (SA) of Ragin (2008), which removes from the

minimisation process *untenable assumptions* and *incoherent* observed configurations (see Schneider and Wagemann, 2012), and could thus be purported to generate more logically and theoretically coherent parsimonious and intermediate solutions.





The initial step was to construct the truth table and order the configurations according to their consistency scores. As is customary in large-N fsQCA studies like ours, we chose a frequency threshold of 2, meaning that no configuration with a single case was taken into consideration, due to their small empirical relevance. We chose a consistency threshold of 0.97, at a point just before a relatively large drop in consistency (see Ragin 2008). Being faithful to the ESA, from the logical reminders to be included in the minimisation process we removed the contradictory simplifying assumptions (i.e. those reminders which, during the minimisation, end up being considered sufficient for both the outcome and its negation). We also removed an empirically observed configuration that is simultaneously a subset of both the presence and the absence of the outcome (hence, incoherent). The result of the minimisation is the (enhanced) *parsimonious solution*. To generate the (enhanced) *intermediate solution*, the additional step is to further remove the *difficult counterfactuals* by postulating directional expectations for each causal condition. We expect that it is the presence of all conditions, apart from administrative control and opportunism, that can bring about a kind exit. Reasonably, the less opportunistic the supplier has been, the more likely is the buyer to take into consideration the supplier's interests when exiting the relationship, so we expect the absence of this condition to be associated with the outcome. When it comes to administrative control, the intuition is conflicting; a relationship primarily governed by formalised contractual agreements may have proven too rigid for the buyer, but at the same time, the supplier may have been shrewd enough to insert clauses in the contract prescribing a negotiation stage in case of relationship dissolution. We thus treat administrative control as 'neutral' with regard to the outcome of kind exit.

5. Results

Our analysis uncovered four distinct configurations of BSRs that result in a kind exit. Following the conventional way to present both intermediate and parsimonious solutions (e.g. Fiss, 2011; Fröseén, Jaakkola, Churakova & Tikkanen, 2017), the configurations are graphically depicted in Figure 1. Three of them (configurations 1, 2 and 4) have neutral permutations, i.e. their core conditions (that form the parsimonious solution) are combined with different sets of contributing conditions. Core conditions are those for which the data indicate a relatively stronger relationship with the outcome (Fiss, 2011); they are the “*decisive causal ingredients because they do not require any assumptions*” (Misangyi et al., 2016: p.276).

The overall solution coverage of the intermediate solution indicates that 71.50% of membership in the outcome set is explained by the four configurations, while the overall solution consistency of 0.94 is well above the suggested minimum of 0.75 (Ragin, 2008). Solution consistency measures the degree to which membership in the solution (the set of solution terms) is a subset of membership in the outcome (Ragin, 2008); the higher the consistency, the more confident one can be that the configurations reliably lead to the outcome.

Permutation	Configuration 1		Configuration 2		Configuration 3	Configuration 4	
	a	b	a	b		a	b
Trust				●	⊗	●	●

Flexibility	● ●	● ●		●			
Information exchange	⊗		●	⊗			
Dependence	● ●		●	● ●			
Admin control	⊗ ⊗	⊗		⊗ ●			
Asset specificity		●	● ●	● ●			
Opportunism		⊗ ⊗		⊗			
Transactional uncertainty*				● ●			
Size asymmetry	⊗	● ●	⊗	●			
Relationship duration			●	●			
Consistency	0.970	0.963	0.952	0.984	0.953	0.979	0.985
Raw coverage	0.330	0.384	0.313	0.290	0.302	0.577	0.321
Unique coverage	0.004	0.009	0.009	0.001	0.023	0.146	0.008
Overall solution coverage	0.715						
Overall solution consistency	0.940						
 Core causal condition present			 Core causal condition absent				
 Contributing causal condition present			 Contributing causal condition absent				

Note: In configuration 4, the presence of core contributing causal condition for Transactional uncertainty* means the relationship was characterized by high levels of transaction certainty.

Figure 1
Configurations leading to kind exit

5.1. Configuration 1

The first configuration consists of three *core* causal conditions: the presence of high flexibility and high dependence, and the absence of administrative control. These are combined with three *contributing* conditions: either the absence of both information exchange and size asymmetry (Permutation 1a) or the presence of high asset specificity (Permutation 1b).

This configuration showcases the importance of supplier flexibility and buyer's dependence (in the absence of specific and detailed contracts) for a kind exit. While promising practice suggests that relationship exit provisions should be an integral part of buyer-supplier contracts, this configuration suggests that, either this practice is not always followed, and/or

buyer-supplier exchanges are simply not always governed by formalized and detailed contracts. In the absence of these, the supplier could, in theory, be in the mercy of the buying company as to whether or not they will be informed about the latter's exit decision and offered an opportunity to part on mutually agreed terms.

However, the buyer's perception of: a) the supplier's flexibility and; b) its dependence on the supplier, could act as 'safeguards' for the buyer not to simply walk away and leave the supplier exposed to operational, financial and reputational losses. This result suggests that if the buyer thinks that the supplier has been able to provide them with a unique offering (for example, one that makes the supplier a single or sole source provider), or, if the supplier represents a relatively large proportion of the total buyer's spend, it is difficult for the buyer to terminate the relationship solely under their conditions. Moreover, supplier flexibility, i.e. the ability to adapt in good-faith to changing circumstances and buyer's needs and wants, is a trait that must have been appreciated by the buyer throughout the relationship, leading them to reciprocate in the disengagement stage by displaying interest in the supplier's welfare.

5.2. Configuration 2

The four *core* conditions of the second configuration are high levels of flexibility, high asset specificity, high size asymmetry and the absence of opportunism. They are combined with five *contributing* conditions: either the absence of administrative control (Permutation 2a) or the presence of high trust, high information exchange, high dependence and long duration (Permutation 2b). The two permutations reflect two alternative versions of a truly relational relationship between a large supplier and a considerably smaller buyer.

This configuration suggests that smaller buying firms will inform big suppliers about their exit decision and engage with them in negotiations, when the buyer has invested in the relationship and when the buyer believes the supplier has demonstrated flexibility and has not

acted opportunistically. Relationship-specific investments in systems that allow customized support, tailored manufacturing processes, or integrated logistics, have, in principle, little value outside of a focal relationship. In such situations, it is logical to expect that a (smaller) buyer is motivated to explore the possibility of recouping these investments and negotiating a smooth redeployment of resources after the dissolution of the relationship. This, however, is unlikely to guarantee the desired outcome for the supplier, since the buyer's investment in the relationship primarily motivates the buyer to secure its own interests first.

Accompanying core and supporting conditions – i.e. supplier flexibility and absence of opportunism, combined with characteristics such as trust, information exchange and dependence are indicators of a long-term and close relationship. Both the buyer and the supplier would have pursued common goals during the course of the relationship and will consequently try to avoid hurting each other when it ends. The presence of relational behavior 'balances' a buyer's temptation to pursue solely its own interests in the disengagement phase of the relationship.

5.3. Configuration 3

The third configuration is defined by five *core* conditions: the absence of trust, information exchange, administrative control and size asymmetry, and the presence of buyer dependence.

This configuration was somewhat surprising. This is because all the other configurations suggest that it is the *presence* (not the absence) of various relational norms that in combination with other conditions lead to a kind exit. Configuration 3 goes against this logic, suggesting that even a small supplier whose relationship with the buyer lacks trust, information sharing and contractual safeguards, can still experience a kind exit, as long as the buyer considers itself to be dependent on the supplier. These are the cases whereby the buyer may be

forced rather than *willing* to inform, or negotiate with, the supplier. We can easily imagine such a situation in traditional bottleneck purchasing arrangements (see Kraljic, 1983), where the buyer is heavily dependent on what can be a relatively small supplier of a unique technology or service, which the buyer cannot source from elsewhere – at least in the short-term. The supplier enjoys a dominant position and can charge premium prices, and is unwilling, or unable, owing to resource constraints, to maintain a close relationship with the buyer. If such a relationship ends, for example when the buyer develops a secondary source, it may attempt to inform the supplier and potentially negotiate the provision of goods or services during the transition period, since it is hard for the buyer to do without these, even in the short term.

5.4. Configuration 4

The fourth and last configuration consists of the following three *core* conditions: the presence of high trust, high dependence and high transactional certainty. These were combined with six *contributing* conditions: the presence of high flexibility and high asset specificity (Permutation 4a) *or* high administrative control, asset specificity, size asymmetry, relationship duration, and the absence of opportunism (Permutation 4b).

This configuration is similar to the second one and illustrates the interplay between the social and economic dimensions of buyer-supplier relationships. However, it also emphasizes the great importance of transaction (un)certainty. It suggests that buyers perceive positively those suppliers which were able to provide them with a stable availability of products/services and reliable order fulfillment, in an easy-to-work-with manner. The reason for it is that uncertainty created by the supplier – stemming from its performance, behavior, or volume of supply, requires adaptation and leads to issues in information processing on the part of the buyer, which may result in a failure to meet financial and operational targets.

But although the historical transaction certainty is a good indication that the buyer will also consider the supplier's interests in the exit process, suppliers should not expect this to be enough for a kind exit. As this configuration suggests, the supplier's ability to provide certainty in the exchange has to be accompanied by a perceived state of dependence on the supplier, and the supplier's trustworthy behavior. In a relationship permeated by trust, the buyer seems to maintain the same spirit until the end of the relationship and reciprocate by offering the supplier a more favorable way out of the relationship. It is worth noting that the combination of dependence, trust and transaction certainty, with perceived supplier flexibility and asset specificity, is by orders of magnitude the most empirically relevant configuration (testified by its high unique coverage). This suggests that most relationships that ended in a non-harmful manner for the supplier exhibited these characteristics. Reasonably, the buyer has no reason to *not* consider the supplier's interest in the disengagement phase (whatever the reason for that disengagement might be), if the buyer perceived itself to be dependent on that supplier *and* felt the supplier exhibited operational certainty, flexibility and trustworthiness.

5.5. Sufficiency analysis for the negation of the outcome

The analysis for the negation of the outcome showed that the absence of relationship duration and the absence of dependence are necessary conditions for an exit that is *not* kind for the supplier, with consistency scores of 0.918 and 0.892 respectively. The relevance and coverage scores (see Dusa, 2018) are very high for the necessity relationship between the absence of dependence and the negation of the outcome (0.825 and 0.859 respectively), while in the case of duration they can be considered as borderline acceptable (0.59 and 0.518). These suggest that, for the supplier to be at risk of being harmed by the dissolution of the BSR, it is *necessary* that the relationship is short-term and the buyer does *not* perceive itself to be dependent on the supplier. In other words, only short-term relationships with low levels of

perceived buyer dependence dissolve in such a way that can harm the supplier. This however does not mean that a long-term relationship or buyer dependence, by themselves, are *sufficient* for a kind exit. As already shown, relational traits have to be in place for this to happen.

Figure 2 presents the parsimonious and intermediate solutions for the analysis of sufficiency for the negation of the outcome. The consistency cut-off was 0.96, with a frequency cut-off of 2 cases. Configurations with Proportional Reduction in Inconsistency (PRI) < 0.6 were omitted from the minimisation process. The results can be readily summarized without getting into the detail of each configuration: All relationships ending in a way that is possible to harm the supplier do *not* exhibit aspects of relational behaviour. This is not a surprise, but it emphasizes even more the importance of relational relationships for a kind exit. It is encouraging for the suppliers that relationships permeated by relational norms do not seem to end badly.

Permutation	Configuration 1		Configuration 2				Configuration 4	
	a	b	a	b	c	d	a	b
Trust	⊗		⊗	⊗	⊗	⊗	⊗	
Flexibility	⊗	⊗	⊗	⊗	⊗	⊗		⊗
Information exchange	⊗	⊗		⊗				





Dependence	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Admin control	⊗	⊗	⊗	●	●	⊗	⊗
Asset specificity	⊗	⊗	⊗		⊗	⊗	⊗
Opportunism		●		●	●	●	●
Transactional uncertainty			⊗	⊗	⊗	⊗	⊗
Size asymmetry						●	●
Relationship duration	⊗	⊗	⊗	⊗	⊗	⊗	⊗
Consistency	0.974	0.945	0.973	0.948	0.971	0.979	0.959
Raw coverage	0.434	0.449	0.446	0.398	0.444	0.474	0.390
Unique coverage	0.010	0.028	0.007	0.001	0.007	0.027	0.004
Overall solution coverage	0.682						
Overall solution consistency	0.931						
 Core causal condition present  Contributing causal condition present				 Core causal condition absent  Contributing causal condition absent			

Figure 2
Configurations leading to unkind exit

6. Discussion

By following configurational logic, this study examined the relationship between the buyer's perception of its relationship with the supplier and the manner in which their relationship ends once the buyer has decided to disengage from it. In doing so, this work makes several theoretical and practical contributions.

Research to date broadly proposes that the characteristics of a buyer-supplier relationship, prior to its ending stage, determine how the ending of the relationship unfolds (Alajoutsijärvi et al. 2000; Halinen & Tähtinen, 2002; Tähtinen et al; 2007). However, these studies either examine these characteristics (e.g. trust, dependence, asset specificity) in isolation from each other, or describe buyer-supplier relationships with high level constructs such as, close, relational or collaborative, ignoring their multi-dimensionality (Cannon and Perreault, 1999; Zaefarian et al., 2017). It is here, where we position our *first theoretical*

contribution. By positing that the relationship between BSR characteristics, contextual factors and what we termed *kind exit*, is causally complex, we departed away from simplistic descriptions of BSRs, and showed that it is not one single characteristic, but rather, alternative combinations thereof that lead to the desired outcome. In line with our first theoretical conjecture – i.e. that more than one, qualitatively different configuration of BSR characteristics and contextual factors will lead to a kind exit, we uncovered four distinct configurations. Three of those configurations (1, 2 and 4) exhibit various aspects of relationality, which suggests that for whatever reason the buyer decides to disengage, out of goodness, reputation or reciprocity for a harmonious relational relationship, it will consider the supplier's interests at the exit stage and try not to harm them. This is an important finding, which shows, that the positive effects of close and collaborative buyer-supplier relationships are not only manifested in the ongoing exchange of a buyer-supplier relationship (Dwyer et al., 1987; Dyer and Singh, 1998; Cao & Zhang, 2011; Heirati et al., 2018), but they also influence the relationship disengagement stage.

Moreover, we showed that the four configurations leading to a kind exit, consist not only of relationship characteristics, but also contextual factors, specifically, the relative size of the supplier and the duration of the relationship. Being larger than the buyer is generally positive but being relatively smaller is not condemning. Crucially, we found that even asymmetrically small suppliers in transactional relationships with large buyers, have a chance of exiting a relationship in good terms, as long as the buyer perceives itself to be dependent on the smaller supplier's offering. Our results also generated deep and interesting insight about the role of relationship duration. While it is largely irrelevant for a kind exit, the absence of a long relationship is a very strong indicator of a 'hard' exit for the supplier. Specifically, the analysis for the negation of the outcome suggests that the absence of a long relationship is a necessary condition for a potentially harmful exit. In other words, only short-term relationships

(which are also perceived by the buyer as non-relational in various ways) end in a way that could harm the supplier.

Various relational aspects of buyer-supplier relationships (as perceived by the buyer), grounded in both TCE and SET (i.e. trust, flexibility, information sharing, non-opportunistic behavior and transactional certainty), on their own do not guarantee the favorable outcome for the supplier, as they almost always interact with high levels of dependence. It is here where we position our *second theoretical* contribution. While the literature, implicitly or explicitly, argues that greater levels of relationality in buyer-supplier relationships will increase the likelihood that the disengager will consider the interest of its counterpart (Alajoutsijärvi et al. 2000; Giller & Matear; 2001; Halinen & Tähtinen, 2002), we showed that the same outcome is possible also in the absence of such relational elements. Configuration 3 showed that relationships that, from the buyer's perspective, do not exhibit relational properties do not always imply 'hard' exit for a small supplier. In this situation it is a buyer's dependence on the supplier that counterweighs the absence of perceived relational properties in the relationship. We argue that the uniqueness of the supplier's offering, relative scarcity of alternative suppliers on the supply market, or the combination of the two, creates switching difficulties for the buyer (Caniëls and Gelderman, 2007; Handley and Benton, 2012). When the buyer's dependence on the supplier is high, theory suggests that the buyer will have to carefully manage their position to not become too vulnerable, and will normally place more attention to the quality of the relationship throughout the exchange with the supplier (Tangpong et al., 2008, Siemieniako and Mitrega, 2018). We found that this is also the case in the relationship dissolution stage, through offering the supplier a kind exit. This insight – i.e. the interaction between the relational elements of BSR and the buyer's dependence on the supplier, provides an important refinement to our second theoretical conjecture, where we initially proposed that kind exit is a function of relational rather than transactional relationship characteristics.

Moreover, the role of buyer's dependence in offering the supplier a kind exit is potentially good news for small, resource-constrained suppliers that are unable to build complex, close-knitted relationships with their customers. As long as they are able to provide those customers with an offering that is unique enough to make them dependent, the risk that the latter will end the relationship overnight and walk away from their commercial arrangement should decrease. The critical importance of dependence was further illustrated through the fact that its absence emerged as a necessary condition for a 'hard' exit. Only relationships involving a buyer that does not perceive itself to be dependent on the supplier end up in a possibly harmful way for the supplier.

This study has also important managerial implications for both buyers and suppliers. While it shows that there is no single relationship profile leading to a kind exit, it also identifies some key levers that managers have at their disposal to avoid a hard exit (e.g. dependence, trust, asset specificity, administrative controls). For suppliers, particularly small and medium enterprises (SMEs) with limited time and resources, the study shows that taking actions to develop buyer dependence, will drastically decrease the risk associated with the buyer walking away from this relationship in an abrupt and/or uniformed fashion. In addition, suppliers can seek to build strong relationship through displaying trustworthy behaviors, flexibility, and providing transactional certainty in order to avoid hard exit. Results also show that more explicit approaches such as relationship specific investments and imposing administrative controls (i.e. contractual safeguards) can be effective in decreasing the likelihood of a hard exit, under certain circumstances. For buyers, the research provides a map showing alternative routes for supplier disengagement, with the configurations indicating different conditions underpinning a kind exit. This can help buyers better understand the actions of suppliers. For instance, a supplier's insistence for asset specific investments or exit clauses in the contract,

would be signs of the supplier's fear of a hard exit and might prompt the buyer to adjust its negotiation strategy.

7. Limitations and further research

Notwithstanding its value for theory and practice, this research has few limitations which offer opportunities for further research. The first one relates to the focus of the study; we only explored the role of buyer-supplier relationship characteristics in relationship exit. Literature (e.g. Michalski, 2004) indicates that exit triggers – i.e. the reasons why a disengager decided to terminate the relationship in the first place, may also influence the choice of a disengager's exit strategy. This can be either a single 'catastrophic' event related to the counterpart's performance or behavior, an accumulation of unsatisfactory performance and behavior over time, a mutually agreed ending, or an event external to the relationship – e.g. changes in regulations. Further research should focus on investigating these reasons and linking them with exit strategy decisions, which should extend the findings of this work.

Second, given the multi-dimensional and context dependent nature of relationship exit and its determinants, other contextual factors may play a role in a buyer's or supplier's choice of exit strategy. One interesting contextual factor are cultural characteristics (i.e. country of origin) (Pressey and Qiu, 2007; Gulati et al., 2008). Given that our data collection was limited to buying firms in the UK and that we did not account for the country of origin of supplying firms, future research should explore whether and/or to what extent the choice of relationship exit strategy is influenced by cultural characteristics of both buying and supplying firms.

Third, our measure of buyer's dependence on the supplier is narrow. Future research could expand this measure and adopt the construct of relative dependence - the perceived difference between its own and the partner's dependence on the relationship (see Hocutt,

1998 for further details) or total interdependence if data is collected from both sides of a dyad (see Caniëls and Gelderman, 2007, 2010 for more further details).

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Appendix I: Calibration of the causal conditions

Size asymmetry: An asymmetry in size (in terms of employee number) could imply scale and power asymmetries between the buyer and the supplier, and differences in the level of professionalism. The mean size difference between suppliers and buyers was 0.53, suggesting that in this sample, the suppliers, on average, were slightly larger companies than the buyers. Since employee size was captured as an ordinal variable with 5 levels, we created a measure of size asymmetry by subtracting buyer size from supplier size, which could take values from -4 (when a supplier with less than 50 employees dealt with a buyer with over 1000 employees) to 4 (when a supplier with over 1000 employees dealt with a buyer of less than 50). It was thus intuitive to transform this measure into a fuzzy set (‘the set of relationships with an asymmetrically large supplier’) using the direct method of calibration and applying the following thresholds: ‘4’ to indicate full membership in the set, ‘-4’ to indicate full non-membership, and ‘0’ as the cross-over point (implying size symmetry).

Relationship duration: We transformed relationship duration into ‘the set of long relationships’ using the direct method of calibration and applying the following thresholds. We used substantive knowledge from the extant literature on relationship lifetime value and long-term orientation of BSRs (e.g. Ganesan, 1994; Kalwani & Narayandes, 1995; Reinartz & Kumar, 2003) to designate the cross-over point (i.e. the point of ‘maximum ambiguity’) to be 3-4 years. A relationship less than a year old was deemed to be fully out of the set, while a relationship of over five years old was considered fully in.

Relationship dimensions: Treating ordinal variables (like Likert scales) as interval ones, and mechanically transforming them into fuzzy sets is a common practice in the management literature (e.g. Frambach et al., 2016) even though it is not advisable by fsQCA methodologists (see Schneider and Wagemann, 2012). As Dusa (2018) explains, Likert response scales are bipolar in nature, constructed (for example) from a negative end being ‘strongly *disagree*’, to a positive end being ‘strongly *agree*’. In contrast, fuzzy sets are unipolar; using trust as an example, for the purpose of this work all cases need to be assigned a membership score in the ‘set of relationships with a trustful supplier’. A mechanical transformation of a bipolar scale using the midpoint as cross-over, and the endpoints as full inclusion and full exclusion thresholds is conceptually problematic (Dusa, 2018). More importantly, oftentimes Likert type variables are skewed towards one of the ends, producing measures where scores are clustered and variance is small. This could occur because of social desirability bias or because respondents make implicit causal connections between the different constructs. Granted, having three or more items per construct and a large sample justifies the treatment of the averages (or summated scores) as interval variables, but the issues surrounding the calibration of such variables in fsQCA are not guaranteed to disappear.

To counter this issue, a recent development in the fsQCA literature is to calibrate ordinal (or even interval) variables using a transformation method that adapts Cheli’s and Lemmi’s (1995) *Totally Fuzzy and Relative* (TFR) approach. This method is based on rank orders and uses the empirical Cumulative Distribution Function (CDF) of the observed data. The normalised version of the original formula, that guarantees that values are restricted between 0 and 1, is presented below (see Dusa, 2018).

$$TFR = \max \left(0, \frac{E(x) - E(1)}{1 - E(1)} \right) \quad (1)$$

where $E()$ is the CDF. The formula basically calculates the distance from each value of the CDF to the CDF of the first value (1) in the Likert response scale and divides that to the distance between 1 (the maximum possible fuzzy score) and the same CDF of the first value in the same Likert response scale. This transformation ensures that the resultant fuzzy values are not mechanically spaced equally between 0 and 1, because they depend on the particular distribution of the observed data. This is very helpful, giving guaranteed suitable fuzzy scores even for highly skewed data coming from ordinal scales. We thus adopt this calibration method for all relationship dimensions that have been measured using 7-point Likert scales, and for each dimension we take the average fuzzy score across its 3 items.