INTER-ORGANIZATIONAL RELATIONSHIPS AS POLITICAL BATTLEFIELDS: HOW FRAGMENTATION WITHIN ORGANIZATIONS SHAPES RELATIONAL DYNAMICS BETWEEN ORGANIZATIONS

Anna Brattström
Lund University
School of Economics and Management
Department of Management Administration
Lund, Sweden
and affiliated researcher at
Stockholm School of Economics, House of Innovation
Stockholm, Sweden
anna.brattstrom@fek.lu.se

Dries Faems
WHU – Otto Beisheim School of Management,
Vallendar, Germany
dries.faems@whu.edu

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INTER-ORGANIZATIONAL RELATIONSHIPS AS POLITICAL BATTLEFIELDS: HOW FRAGMENTATION WITHIN ORGANIZATIONS SHAPES RELATIONAL DYNAMICS BETWEEN ORGANIZATIONS

Abstract: Whereas extant theorizing on inter-organizational relational dynamics has highlighted the importance of between-partner differences, we shift attention to within-partner differences. We explore how internal fragmentation – i.e., the existence of multiple coalitions within a partner organization, each with different interests and perspectives – influences the evolution of relational characteristics in inter-organizational relationships. Based on a longitudinal case study of a dyadic strategic alliance, we develop a process model, describing how internal fragmentation within one of the partner organizations can lead to a counterintuitive relational pattern – i.e. *dual relational dynamics* – where decision makers of both partners continue renewing their formal commitments, while simultaneously experiencing negative trust dynamics. We show that the existence of different belief systems within one partner organization can lead to a politically charged process, where different coalitions within this organization frame and act upon inter-organizational events in different ways. This politically charged process can fuel both hope and disappointment among decision makers of both partner organizations, leading to dual relational dynamics. Our findings contribute by advocating a political perspective on inter-organizational relationships. We also demonstrate the relevance of this political perspective by showing how it challenges the dominant notion of inter-organizational relational dynamics as reinforcing spirals.

INTRODUCTION

Organizations increasingly embrace open innovation strategies, building ecosystems of inter-organizational relationships to identify technological opportunities, share development costs, and reduce time-to-market (e.g., Bruyaka, Philippe, & Castañer, 2018; Goerzen & Beamish, 2005). Inter-organizational relationship represent "relatively enduring transactions, flows, and linkages that occur among or between an organization and one or more organizations in its environment" (Oliver, 1990: 241). In research on inter-organizational relationships, a consensus is present that the success of such relationships does not only depend on initial structural characteristics, such as ownership structure and contractual complexity, but is also driven by relational characteristics, such as the level and nature of trust and commitment between partners (Doz, 1996; Zaheer & Venkatraman, 1995). Scholars also agree that these relational characteristics are not static features of inter-organizational relationships, but change over time (Brattström, Faems, & Mähring, forthcoming; Doz, 1996; Ring & van de Ven, 1994).

In extant theorizing on such relational dynamics, differences *between* partner organizations are highlighted as important catalysts for change in relational characteristics (Majchrzak, Jarvenpaa, & Bagherzadeh, 2015). Goal conflict between partner organizations, for instance, can spur a negative reinforcing spiral of increased competitive action, declining trust and reduced commitments (Ariño & de la Torre, 1998; Perkmann & Schildt, 2015). At the same time, this extant theorizing tends to downplay the notion of differences *within* organizations. The implicit assumption being that organizational members share similar perspectives, interests and expectations (Lumineau & Oliveira, 2018). In reality, however, organizations are not monolithic entities. Instead, a defining feature of organizations is that they consist of different coalitions, each with different goals, perspectives and expectations

(March, 1962). How, then, might such internal fragmentation influence inter-organizational relational dynamics?

We were drawn to this question as we examined a strategic alliance between two organizations: Alpha and one of its strategic suppliers, Beta.[1] Research on relational dynamics highlights the emergence of positive/negative spirals, where core relational characteristics (e.g., trust and commitment) continuously strengthen or weaken each other (e.g., Das & Teng, 2001; Doz, 1996; Faems et al., 2008; Ring & van de Ven, 1994). Instead, we identified *dual relational dynamics*, meaning that increased commitments co-existed with a steady decline in trust between the two partner organizations. On the one hand, Alpha and Beta directors regularly renewed their formal commitments, representing a sequence of mutual financial investments that amounted to millions of euros. On the other hand, they faced negative trust dynamics, implying a trajectory where questions about the competencies of the partner organization and suspicions about the partner organization's intentions cumulated into outright expressions of mistrust. Further delving in our case data, we also noticed that these relational dynamics were not driven by differences between organizations. Rather, they emerged out of a situation of *competing partnership logics*, where two different groups within Alpha had inherently different beliefs on how the organization should collaborate with suppliers, such as Beta. The first group encompassed Alpha's senior directors, who believed in the need for deep partnerships with suppliers to leverage joint innovation. The second group encompassed managers of Alpha's technology unit, who believed in a more transactional approach, emphasizing the need to minimize dependency on suppliers.

Because these observations challenged the extant notion of relational dynamics as a pattern of reinforcing spirals between monolithic actors, we engaged in an inductive study of this case, exploring how internal fragmentation within Alpha contributed to the emergence and

[1] All names are pseudonyms.

sustainment of dual relational dynamics between Alpha and Beta. To do so, we leveraged data from multiple waves of interviews, archival documents and email exchanges. During this analysis, we noted that different groups within Alpha interpreted and acted upon alliance events in different ways. Moreover, our observations suggested that these different interpretations and actions were politically charged, meaning that Alpha groups used them to mobilize support for their different logics. Because the notion of politics surfaced during our analysis, we relied on extant organizational politics literature (e.g., Kaplan, 2008; Vaara, 2003) to make sense of our emerging findings.

We present a process model that describes how internal fragmentation shapes relational dynamics between organizations. We show that, when different coalitions of the same partner organization have competing partnership logics, they are likely to engage in divergent framings of inter-organizational events and take divergent actions towards the partner organization. Being politically charged, these divergent framings and actions can contribute to mixed emotional states (i.e., combination of disappointment and hope) among decision makers in the inter-organizational relationship, fueling dual relational dynamics. Moreover, we demonstrate that dual relational dynamics help sustaining competing partnership logics.

As our core contribution, we leverage our findings to articulate a political perspective on inter-organizational relationships, showing that (i) different coalitions within organizations can use inter-organizational relationships as a battleground for political action and (ii) inter-organizational relationships can influence internal fragmentation and its associated struggles between coalitions. We also demonstrate the relevance of a political perspective for better understanding inter-organizational relational dynamics. We show that, when one of the partner organizations is highly fragmented, the mechanisms, which extant research brings forward to theorize relational dynamics in terms of reinforcing spirals, are less likely to emerge. Instead, we point to a set of politically charged mechanisms that can fuel the emergence of dual relational dynamics as an alternative pattern.

THEORETICAL BACKGROUND

In this section, we first provide an in-depth discussion of the core insights that extant theorizing on inter-organizational relational dynamics provides. Based on this discussion, we illuminate the need for exploring internal fragmentation as an alternative source of relational dynamics between partners. Finally, we point to the relevance of the organizational politics literature as a conceptual framework for this exploration.

How do Relational Characteristics Change over Time? Reinforcing Spirals

Inter-organizational relational dynamics refer to changes in relational characteristics, such as the level and nature of trust and commitment between partner organizations. In extant research, relational dynamics are described as reinforcing spirals that take either a positive or negative direction (e.g., Doz, 1996; Majchrzak et al., 2015; Ring & van de Ven, 1994; Vlaar, Bosch, & Volberda, 2007; Zhong et al., 2017). A positive spiral is characterized by cooperative action – i.e. the joint pursuit of common interests and common benefits (Das & Teng, 2000); positive trust dynamics – i.e. positive evolution of a partner organization's expectations about the other's intentions and competencies (Faems et al., 2008); and greater formal commitments. Conducting a comparative analysis between different strategic alliances, Doz (1996: 74), for instance, concludes that "partners in more successful alliances engage in such a series of iterative and interactive learning cycles over time, typically characterized by greater and greater trust and adaptive flexibility, as well as the willingness to make larger and larger, as well as increasingly specific and irreversible, commitments." A negative spiral is characterized by competitive behavior – i.e. partners pursuing their own interests at the expense of the other's (Das & Teng, 2000), increasing doubt about the intentions and competences of the partner organization, and reduced willingness to commit to the relationship. Such a negative spiral is likely to culminate in failure and premature termination of inter-organizational relationships (Ariño & de la Torre, 1998).

Theorizing on these relational dynamics, scholars have identified a particular set of underlying mechanisms. The first is norms of reciprocity (Gouldner, 1960). Scholars (e.g., Elfenbein & Zenger, 2014; Gulati, 1995) have argued that the cooperative behavior of one partner is likely to be reciprocated by the other. Once such norms of reciprocity are established, the parties become more confident that neither will behave opportunistically, as this would violate the social norm (Ring & van de Ven, 1992). At the same time, transgressions trigger a desire for retaliation, implying a recursive sequence of competitive actions that ultimately destroys the inter-organizational relationship (Bottom et al., 2002). Because of such norms of reciprocity, initial displays of cooperative or competitive behavior can have a disproportionate influence on subsequent interactions, contributing to positive or negative spirals (Doz, 1996).

Second, scholars emphasize that "the behavior of partners is generally interpreted so that it reinforces existing preconceptions" (Vlaar et al., 2007: 419). Here, the core idea is that organizational actors, in their sensemaking, seek coherence between their expectations and their experiences (Weick, 1995). When trust is present, positive outcomes are attributed to the actions of the partner organization, whereas negative outcomes are more likely to be blamed on exogenous circumstances. Conversely, when one partner organization distrusts the other, the former is likely to interpret the latter's behavior in a less forgiving light, reinforcing the perception of them as untrustworthy (Faems et al., 2008; Sitkin & Roth, 1993). Following this logic, scholars (e.g., Sitkin & Roth, 1993; Woolthuis, Hillebrand, & Nooteboom, 2005) describe how the implementation of a more complex contract can be seen either as a willingness to increase commitment or as a signal of distrust, depending on partners' initial trust perceptions. Such manifestations of confirmation bias in inter-organizational relationships fuel reinforcing spirals. When a partner organization's behavior is interpreted in a positive light, it will increase the willingness of the focal organization to engage in cooperative action, contributing to a positive spiral. Conversely, if a partner organization's behavior is interpreted in a negative light, this makes the focal organization less willing to cooperate. A negative interpretation thus institutes an "inflationary spiral" (Sitkin & Roth, 1993: 367) of increasingly harshened collaboration. The underlying assumption is that initial perceptions will be become self-fulfilling and self-reinforcing, shaping subsequent interactions (Vlaar et al., 2007).

A third mechanism is the emergence of institutionalization processes, such as objectification and habitualization, which solidify the reinforcing spirals. Objectification implies that individuals, who work closely together, strive to create a common understanding (Tolbert & Zucker, 1996). Drawing on this idea, research on trust dynamics in inter-organizational relationships (e.g., Schilke & Cook, 2013; Zaheer, McEvily, & Perrone, 1998) argues that members of one partner organization are likely to develop a common understanding of the other partner organization's trustworthiness. Zaheer et al. (1998: 143), for instance, describe how, through social interaction between members of the same organization, the (dis)trust that individual boundary spanners place in the partner organization can spread to other members, creating a "collectively-held trust orientation toward the partner." In addition to objectification, (dis)trust can also become habitualized, meaning that it is embedded and taken for granted in the relationship (Tolbert & Zucker, 1996). In this way, it serves as a frame of reference for organizational members, fueling individual-level perceptions about the trustworthiness of the partner organization (Schilke & Cook, 2013). This latter process makes it difficult for any single individual to question the general perception of the inter-organizational relationship's relational state.

When Do Relational Dynamics Change? The Role of Differences Between Organizations

Each partner in an inter-organizational relationship has its own interests, goals, cultures and practices. Such between-partner differences are important initiators of reinforcing relational spirals.[2] Ariño and de la Torre (1998), for instance, describe how, after one partner changed its core strategy, a substantial goal conflict between the organizations emerged. This instigated a negative reinforcing spiral, which led to an unanticipated termination of the inter-organizational relationship. At the same time, evidence is present that when partners manage to mitigate between-partner differences, positive reinforcing spirals can emerge. Faems et al. (2008), for instance, describe how partner organizations managed to reduce goal misalignment between partners by negotiating a new contract structure. In this way, they turned a spiral of negative trust dynamics and rigid contract application into one of positive trust dynamics and flexible contract application.

Whereas theorizing on inter-organizational relational dynamics highlights the importance of between-partner differences, it remains relatively silent on differences within partner organizations. Most research on relational dynamics conceptualizes partner organizations as monolithic actors, implicitly assuming that, within these organizations, members have similar interests, expectations and perspectives. In their recent review of the inter-organizational relationship literature, Lumineau and Oliveira (2018) explicitly question this monolithic conceptualization. Instead, they emphasize that, within organizations, individuals are nested in different entities at different hierarchical levels, which is likely to influence the expectations and perceptions of relationships with external partners. They therefore call for research that acknowledges the internal complexity of organizations and examining its implications for inter-organizational relationships. In this paper, we address this call by engaging in an inductive study of a dyadic alliance, focusing on how internal

[2] Research has also identified exogenous triggers (e.g., changes in regulation, changes in industry dynamics) and inter-organizational specific triggers (e.g., changes in partner composition, failure to meet expected outcomes) of relational dynamics (Majchrzak et al., 2015)

fragmentation within one partner organization influenced relational dynamics between the partner organizations.

Internal Fragmentation and Organizational Politics

The organizational politics literature is a broad field with many branches (for recent reviews, see Fleming & Spicer, 2014; Geppert, Becker-Ritterspach, & Mudambi, 2016). However, a common assumption is that organizations are fragmented entities, consisting of multiple subgroups that can have divergent interests and perspectives. This assumption goes back to the seminal work of the Carnegie School (e.g., Cyert & March, 1963; March, 1962), conceptualizing organizations as coalitions of individuals, having potentially conflicting goals and interests (Stevenson, Pearce, & Porter, 1985).

Such internal fragmentation provides fertile ground for politics, or coalitions' pursuit of divergent goals, interests or perspectives (March, 1962). Scholars have highlighted the importance of politics in a wide range of organizational contexts. International business scholars (e.g., Geppert et al., 2016; Geppert & Dörrenbächer, 2014; Koveshnikov, Vaara, & Ehrnrooth, 2016; Vaara et al., 2005), for instance, increasingly acknowledge that "because MNC contexts are less homogenous than originally assumed, actors must increasingly deal with 'institutional contradictions', creating room for 'praxis' i.e. room for political action to challenge existing or established institutional regimes or organizational practices" (Geppert & Dörrenbächer, 2014: 214). Another example is the literature on corporate mergers. When two companies merge together, the internal structure, culture and power relationships are likely to change substantially (Pablo, 1994), fostering different coalitions to argue and act in ways that promote their individual agenda's. In this way, post-merger integration issues are likely to become politicized, contributing to the slowdown (Vaara, 2003) or outright failure of the merger (Vaara & Monin, 2010).

Organizational politics scholars also outline a range of different political actions that organizational members may engage in. When power is centralized, members with strong hierarchical positions are likely to evoke their authority or establish rules and incentives to push a particular goal or viewpoint (e.g., Hambrick & Finkelstein, 1987). When power is equally distributed, more subtle processes may surface. Examples include framing practices, where actors rhetorically attempt to give their preferred meaning to courses of action and social identities (Cornelissen & Werner, 2014; Kaplan, 2008), or issue selling, where issues are presented favorably as a way to mobilize support for a particular cause (e.g., Howard-Grenville, 2007). A specific stream of research looks at the role of discourse in organizational politics (e.g., Vaara & Tienari, 2008; Vaara et al., 2005). These scholars demonstrate that, when faced with significant organizational or institutional changes, organizational actors are likely to engage in narrative strategies to legitimate their individual interests, while delegitimizing the interests of others (Vaara & Monin, 2010). In sum, the organizational politics literature provides rich insights into how internal fragmentation of organizations can spur a wide variety of political actions within organizations. As we explain in the next section, we rely on this literature to make sense of our findings.[3]

METHOD

Research setting

For this paper, we rely on a longitudinal case study of a strategic alliance between Alpha and Beta. Strategic alliances are a particular type of inter-organizational relationships, representing "agreements whereby two or more firms agree to pool their resources to pursue specific market opportunities" (Gulati, 1995: 85). Alpha is a multinational manufacturer of heavy vehicles. Beta is a specialized developer and manufacturer of motion control systems,

[3] We want to highlight that we did not use the organizational politics literature as a starting point of our research. Instead, this literature emerged as a relevant framework during our analytical processes. Moreover, we thank the editor and reviewers in stimulating us to engage with this particular research stream more explicitly.

which are integrated into Alpha's machines. Beta is one of Alpha's largest suppliers, distributing both commodity components and more advanced technology components. Alpha and Beta are comparable in size and both organizations have sales and R&D activities in Asia, Europe, and the Americas. Both companies were considered leading actors within their respective industries and had experienced steady growth and solid financial performance in the years prior to our study.

We secured access to this case through a government-funded research project on open innovation that began in 2012. In 2010, Alpha Directors had implemented a new supplier management strategy with the purpose of creating in-depth partnerships with a few preferred suppliers. Such partnerships, in their view, would be based on sharing of risk and reward and transparent communication of information, knowledge and costs. Alpha's Directors therefore indicated in their initial conversations with the first author that they were interested in learning more about how they could build such partnerships. Moreover, they identified the alliance with Beta as an interesting case in this respect. In 2012, Alpha and Beta were engaged in an alliance encompassing two joint R&D projects on two different technologies ("Knight" and "Queen," both pseudonyms). Both Knight and Queen were explorative R&D projects, implying early-stage, high-risk component development projects with full production planned for more than five years after project initiation. In the end, we were able to follow this multi-project strategic alliance longitudinally until March 2016.

In April 2013, when we conducted our first round of interviews, we were surprised by the current state of the alliance with Beta. On the one hand, Alpha and Beta were initiating the development stage of Queen, which required substantial additional commitments from both partners. On the other hand, our initial interviews made clear that the relationship was characterized by conflict, disappointment and mutual doubt over the other organization's intentions. These relational problems were connected to the turbulent termination of the

Knight project at the end of 2012. Initially, we assumed that this surprising situation was caused by the particular circumstances at that point in time (i.e., initiating a new stage in one project and simultaneously terminating another project with the same partner organization). However, as we followed the alliance over time, we noticed that this pattern persisted. Figure 1 provides an overview of how such combination of renewed formal commitment and negative trust dynamics was manifested. As Figure 1 shows, we identified four points in time when Alpha and Beta decided to increase their formal commitments, implying additional irreversible investments. The total magnitude of these investments was about 4–5 MEUR on Alpha's side, and 10–13 MEUR for Beta. At the same time, the quotes in Figure 1 illustrate a negative trust dynamic, with Directors at both Alpha and Beta increasingly questioning the trustworthiness of the partner organization.

--- INSERT FIGURE 1 ABOUT HERE ---

Data Collection

Archival documents. We had access to 160 documents, including meeting minutes, project status reports, PowerPoint presentations, and post-project reviews (see Table 1). These documents provided us with valuable information, including descriptions of the collaboration with Beta and the precise timing of key events.

--- INSERT TABLE 1 ABOUT HERE ---

Interviews. Within Alpha, we conducted interviews in 2013 (April and November), 2014 (February), 2015 (February, March, August, and October), and 2016 (February and March). Initial informants were identified through archival documents. Subsequently, we applied a snowball sampling strategy to gain access to additional informants. Between 2013 and 2016, we conducted 33 interviews[4] in total, with 24 different informants within Alpha (see Table 1 for an overview). In contrast to the rich and unique access to Alpha, we could not

[4] Twenty-four interviews were conducted face to face, and 14 by telephone. Interviews were conducted either in the native language of the interviewee or in English, which was both Alpha and Beta's corporate language.

do a similar data collection effort within Beta. In 2015 (May and November), however, we visited Beta's site in order to interview relevant stakeholders. In total, we were able to conduct six interviews with different informants within Beta, who had all been involved in the alliance with Alpha. Interviews lasted for about one hour, and all interviews were tape recorded and transcribed.

Emails. In 2015, we gained access to 1064 emails, all concerning the alliance with Beta.[5] These emails were important for different reasons. First, they improved our understanding of the history of the strategic alliance between Alpha and Beta (i.e., during 2009–2012, when Alpha and Beta pursued the Knight project). Second, they provided a valuable source to triangulate the interview data. Third, they allowed us to achieve a fine-grained understanding of the opinions held by diverse stakeholders within Alpha. This last aspect was crucial since, during our interview rounds, differences between Alpha members in how they perceived partnerships with suppliers such as Beta began to emerge as a core issue in shaping the relational dynamics within the alliance.

Data Analysis

Event analysis. In 2015, when the majority of our data was collected, we started engaging in an event analysis (Van de Ven & Poole, 1990), meaning that we wanted to transform our raw data into a chronological sequence of events, reflecting how the strategic alliance evolved over time. Applying the guidelines of Van de Ven and Poole (1990), we defined an event as an observed change in terms of activities, people, transactions, context, or outcomes. To identify critical events, we first analyzed the emails in chronological order. Subsequently, we went through the archival documents to complement our initial list of critical events. Finally, we did the same thing with the interviews. Each identified event was

[5] Following standard protocols at Alpha, operational emails were archived. The content of emails was strictly related to the operations of Alpha and did not contain any personal information. Most emails were exchanged between Directors and Managers within Alpha, six emails were exchanged between Directors of Alpha and Beta. The first email was sent in September 2010, the last in March 2015.

added to an Excel database. For each event, we listed the date, whether it was linked to a particular project/relationship, and whether it mainly concerned an issue, a decision, a process, or an outcome. By the end of 2016, when we concluded our data-collection effort, we had established a database consisting of 396 events. Starting from this list, we subsequently developed a detailed case description of 13,961 words that provided a rich chronological account of the strategic alliance. In this report, we made extensive use of quotes from both the interviews, documents and emails.

During this analysis, we noted clear differences in how different Alpha members described ongoing events in our case and how they behaved towards Beta. These differences were particularly salient when we compared members of specific groups: (i) Alpha Directors and (ii) managers in the Technology unit (hereafter "Technology Managers").[6] For example, an event such as Beta increasing the price for their product (January 2012) was described by Alpha Directors as an indication that they had not gone far-enough in their efforts to create a partnership with Beta. Consequently, Directors invited Beta to tender for another project. Technology Managers, on the other hand, described the same event as an indication that Beta was a self-serving opportunist, which should be kept at arm's length. They therefore strongly recommended that Beta should not be selected for this other project.

These differences between Directors and Technology Managers persisted over time and seemed to have an important impact on how the strategic alliance moved forward. For example, we observed on several occasions how Technology Managers took actions that Beta perceived as transgressions, thereby triggering conflict, disappointments and lack of trust in

[6] "Directors" denotes individuals who headed up important functions such as purchasing and technology development in this multinational company. "Technology Managers" indicates the functional managers of the units within Alpha that were responsible for Knight and Queen-related technology or the machines in which this technology was implemented. Alpha also encompassed other groups, such as different product groups, Human Resources, Marketing and Sales, and so forth. The activities of these groups, however, did not seem to have a substantial impact on the specific relationship to Beta.

the relationship. At the same time, we also noted how Alpha Directors consistently took actions that helped preserving the relationship. In short, an important driver of the relational dynamics was actually situated at the intra-organizational level, within Alpha.

Given the importance of these internal differences, we also tried to make sense of how they had emerged. Going back to our raw data, we noted how the differences in interpretations and actions toward Beta were actually embedded in a broader discussion within Alpha, where Directors and Technology Managers adhered to fundamentally different belief systems about how to collaborate with suppliers in general. Systematically analyzing the opinions of different Alpha members on how Alpha should collaborate with suppliers, we identified a persistent difference. Whereas Alpha Directors expressed a strong belief in creating a deep and strategic relationship with suppliers, Technology Managers adhered to a belief in maintaining transactional relationships with suppliers (see Table 2).

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First-order analysis. To continue our analysis, we engaged in a visual mapping exercise (Faems et al., 2008; Langley, 1999), focusing on differences in interpretations and actions among Alpha Directors and Technology Managers and how these differences influenced the relational dynamics over time. This step represents a first-order coding process, in which we stayed close to the information as expressed by informants (Gioia, Corley, & Hamilton, 2013; van Maanen, 1979). The development of visual maps was a highly collaborative and iterative processes, during which we sat together on several occasions to make sense of the emergent findings. In the end, we generated stylized maps for five episodes, organized around three empirical themes: (i) key alliance events; (ii) Alpha Directors' and Technology Managers' interpretations of key events and their actions towards Beta; and (iii) the emotional states, trust perceptions and formal commitments made between Alpha and Beta Directors. The maps are illustrated in Figure 2a-c and described in Findings.

--- INSERT FIGURES 2A-C ABOUT HERE ---

Second-order analysis. As a final analytical step, we started developing a more abstract model that theorizes on the link between the internal differences we observed *within* Alpha and the pattern of negative trust dynamics and increased formal commitments we observed *between* Alpha and Beta. To do so, we started comparing and contrasting the visual maps of the different episodes (Langley, 1999). As an author team, we sat together to discuss similarities and differences across episodes as well as to find explanations for these differences and similarities. Sometimes, this comparative analysis forced us to go back to the first-order analysis. For example, in several episodes we noted that Directors of Alpha and Beta referred to the emotion of hope that in the future, the quality of the relationship would improve, and that they used this emotion of hope to justify their increase in formal commitments in the alliance. Based on this observation, we decided to go back to our data and systematically analyze the emotions that Alpha and Beta Directors attributed to the alliance. We also explicitly added the theme of Directors' emotional states in our visual maps. In the end, we identified that Directors experienced both disappointment and hope, which fueled relational dynamics.

At this point in our analytical process, we started connecting our empirical findings to extant literature on organizational politics. This literature helped to make sense of our findings in two important ways. First, it provided a useful repertoire of concepts for capturing some of our empirical themes. Second, it helped us better understanding the political nature of the interpretations and actions of different Alpha groups and their implications for the unfolding relational dynamics. For example, we relied on Kaplan's (2008) work on the political nature of framing to highlight the conceptual distinction between cooperative and competitive framing of key events and to describe how these different framings were politically charged. In the end, this second-order analysis allowed us to develop an abstract process model that illustrates how internal fragmentation shapes relational dynamics between organizations.

FINDINGS

In this section, we first provide a case prologue, describing how a technological transition within Alpha triggered different beliefs among Alpha Technology Managers and Directors on how to collaborate with suppliers. Subsequently, we describe the five episodes (see Figures 2a-c) that emerged out of our first-order analysis.

Prologue: Technological Transition and Different Views on Supplier Collaborations

In 2010, Alpha started planning a major technological transition, moving from the development of manually operated vehicles using combustion engines, to the development of autonomous vehicles using electrical engines. This transition implied that Alpha's products would become increasingly complex, requiring advanced and novel technologies in a broader range of areas.

Alpha Directors and Technology Managers shared a common understanding of the strategic importance of this technological transition. Yet, they had fundamentally different perspectives on its organizational implications. In the view of Alpha Directors, the technological shift implied that Alpha would need to better leverage the expertise of their suppliers to stay competitive across a wider range of technology areas. Therefore, they had formulated a partnership strategy, which implied that R&D should be conducted in close collaboration with a few strategic suppliers. These suppliers would be involved in the early explorative developments phases, would get access to sensitive information and would not compete on price issues, but rather on technological expertise. To enable such collaboration, Alpha Directors advocated a relational approach to supplier management, based on long-term commitment and transparency.

Technology Managers, however, were very skeptical about such a partnership strategy. Traditionally, the Technology group had a strong position within Alpha. Their competence, especially in the field of combustion engines, was an important source of Alpha's reputation as one of the technology leaders in its field. Being accustomed to in-house R&D and to having full control over technology development, Technology Managers felt threatened by the proposed partnership strategy. In their view, involving suppliers too heavily in such activities ran the risk of Alpha becoming too dependent on a particular set of suppliers. Moreover, they feared that their own position, maybe even their jobs, were at risk in the longer term. In contrast to Directors, Technology Managers therefore promoted the relevance of competitive practices, such as maintaining secrecy about Alpha's core technologies and holding competitive tenders among multiple suppliers to maximize individual rents for Alpha.

In sum, the technology transition triggered two different belief systems within Alpha. Whereas Alpha Directors believed in the advantages of establishing embedded partnerships, Technology Managers believed in the advantages of transactional relationships with suppliers. Even though these different belief systems existed over and beyond the specific relationship to Beta, their existence came to have fundamental implications for how the alliance between Alpha and Beta unfolded, as is illustrated in the following five episodes. For each episode, we first describe the core triggering event(s). Subsequently, we explain how Alpha Directors and Technology Managers interpreted and acted upon these events in different ways. Finally, we describe how these interpretations and actions influenced the emotions of both Alpha and Beta Directors, shaping trust dynamics and decision making on formal commitments.

Episode 1: Queen Prototype Development (January–December 2012)

Triggering event. Before 2012, the strategic alliance between Alpha and Beta was fully focused on the Knight technology. At the beginning of 2012, however, the alliance expanded by engaging in collaboration regarding the Queen technology, a core technology for the development of an electrical hybrid version of Alpha's vehicles. In line with their belief in establishing in-depth partnerships with key suppliers, Alpha Directors had decided that this project would *"utilize strengths within both Alpha and strategic partners."* (Document: Queen strategy appendix). In January 2012, Alpha ordered a first set of Queen prototypes from Beta. Interviewees mentioned two reasons why Beta was chosen as supplier for these Queen prototypes. First, they explained that Alpha and Beta had conducted an initial joint exploration of the feasibility of the Queen technology in the past (i.e. 2005–2009), making Beta a logical choice. Moreover, Directors emphasized that ordering these components from Beta aligned with the objective to turn this relationship into an in-depth partnership. Based on their prior joint exploration of the Queen technology, Alpha estimated that Beta's prototype would cost them 0.5 MEUR. However, after Alpha placed their order, Beta announced that the actual price would be much higher.[7]

Alpha Directors vis-à-vis Technology Managers. Alpha Directors and Technology Managers had fundamentally different interpretations of the high price put forward by Beta. In line with their belief in building strategic partnerships with suppliers, Directors saw it as an indication that Alpha and Beta had not gone far enough in their efforts to create a real partnership. For them, it illustrated the need for a limited number of strategic partnerships, which would reduce prices:

> *As you know, we are engaged in too many supplier relationships. This is why prices are increasing at Beta… If we can consolidate our supply base and leverage it more, that will improve the cost of the components and help gross margin.* (Email: Director I, February 2012)

Technology Managers, on the other hand, interpreted the unexpected price increase of Beta as a confirmation of their belief that suppliers were, first and foremost, self-serving opportunists. As one Technology Manager forcefully stated in an email to Directors:

[7] Alpha and Beta had not contractually specified a price for the prototypes upfront.

> *A major problem with this development is that Beta has such a huge system responsibility… It has given Beta way too much negotiation strength, which they now seem happy to exert against us. The first example is how they are overcharging ridiculously for the prototypes… My take on the whole thing is that Beta is playing games with our desperation to succeed with Queen.*
> (Email: Technology Manager H, February 2012)

Having different interpretations, Alpha Directors and Technology Managers also took different actions. Directors, who saw the high price as an indication that Beta needed more incentives, decided to invite Beta to a competitive tender for a new project: Castle.[8] This, they argued, would incentivize Beta to provide a more reasonably priced Queen component. As one Director wrote to his peers, "*If we were to shift the Castle project to Beta, I am quite sure we would have improved prices for Queen."* (Email: Director I, February 2012). Beta responded with enthusiasm to this gesture, submitting a full proposal in November 2012.

In the evaluation that followed, however, Alpha's Technology Managers strongly resisted selecting Beta for Castle. They provided a negative evaluation of Beta's proposal and recommended that one of its main competitors should be selected instead. They identified 10 critical *"weaknesses and missing elements"* with Beta's solution, including: *"IPs are owned by Beta; it is not good for Alpha [not] to own the core technology and become indistinguishable from competitors."* (Document: evaluation of Beta's Castle proposal). Technology Managers also stressed that selecting Beta for Castle would imply that Alpha would become *"too dependent on Beta."* (Document: evaluation of Beta's Castle proposal).

In December 2012, one of Beta's competitors was selected for the Castle project. In explaining this decision, Directors cited the Technology group's report, which had explicitly endorsed one of Beta's competitors. For example, after receiving the report, one Director said, *"I see this [i.e. Technology Managers' recommendation] as a green light to initiate Castle, and it sounds like [Beta's competitor] is a go."* (Email: Director A, December 2012).

[8] The Castle was another component, which at this point was developed and supplied by one of Beta's competitors.

Alpha Directors vis-à-vis Beta Directors. Alpha Director's invitation to apply for Castle had created high expectations at Beta. Beta Directors were therefore very disappointed when one of their main competitors was chosen for the Castle. At the same time, Alpha Directors were concerned about Beta's price increase for the Queen component. As Director G noted, first in a comment to an internal document and subsequently in an email, the price jump came as a surprise, leading several Alpha Directors to question Beta's intentions:

> *Have we accepted this [i.e. the price increase]? ... I would say prices are coming in higher than originally expected, and that we are now evaluating the legitimacy of Beta's offer.* (Document: Queen status update, comment added by Alpha Director G, January 2012)

> *I shared our concern over the price jump with Director I ... [He] was not overly surprised, and ... he indicated that working with Beta has its challenges.* (Email: Director G, February 2012)

Despite these concerns and doubts, however, Alpha Directors believed that, through highlighting the strategic nature of the relationship with Beta, the Queen project could become a success:

> *I believe that if we are successful with consolidating our projects to suppliers that are strategic, such as Beta, it will have long term benefits to Alpha, including improvements to the current explorative R&D project [i.e. Queen project]* (Email: Director I, February 2012)

Episode 2: Knight Termination (December 2012)

Triggering event. At its initiation in 2010, the initial purpose of the Knight project was that Beta would develop a custom-made Knight component that could be integrated in several Alpha machines. By the second half of 2012, however, this type of technology had become a commodity in Alpha's market, implying that Alpha could buy Knight components off-the-shelf from other suppliers at much lower prices. Therefore, a general consensus was present within Alpha that they should end the Knight development project with Beta and buy standardized Knight components on the market instead. At the same time, the Queen project was seen as strategically important and both organizations were therefore preparing to move from prototype to full development in January 2013.

Alpha Directors vis-à-vis Technology Managers. Alpha Directors interpreted this situation as highly sensitive, being concerned that cancelling the Knight would damage the partnership envisaged for Queen. Director E, for instance, emphasized that, *"We definitely wanted a partnership for Queen. That I do remember, because we were actually very worried about the impact of the Knight termination decision on our relationship. We did not want that to turn out to be a problem."* (Interview: Director E, 2016). Internally, Alpha Directors therefore insisted that Knight had to be terminated amicably. In line with this interpretation, Director G specifically instructed the Technology Managers that, *"We should <u>not</u> communicate anything to Beta just yet."* (Email: Director G, December 2012).

Technology Managers, however, disregarded these instructions. In December 2012, they bluntly told Beta that the Knight project would be terminated, without coordinating with the Directors first. As one Director recalled:

> *The Technology team basically communicated to Beta, unbeknownst to myself, that they weren't going to use Knight… [Beta reacted] the same way I did: total disbelief. For me, it came out of nowhere… I think they [i.e. Beta] were really caught off guard, just as I was.* (Interview: Director G, 2016)

Explaining this move, several Alpha interviewees referred to Technology Managers' belief that supplier relationships should be transactional. One informant, for instance, emphasized that *"people here [i.e. within the Technology group] see them [i.e. Beta] as a supplier, who should just obey orders"* (Interview: Advanced Engineering Manager A, 2013).

Alpha Directors vis-à-vis Beta Directors. In interviews, Beta Directors recalled how they saw the Knight announcement as a major transgression, which created *"a bitterness towards Alpha at the time."* (Interview: Beta senior manager, 2015). As a result, Alpha was perceived as a company that did not stay true to its word:

> *There was disappointment, throughout our company, that Alpha pulled out without fulfilling their obligations to us... Beta Directors felt that Alpha screwed us over.* (Interview: Beta Director, 2015)

Episode 3: Initiation and Negotiation of Queen Development (January-August 2013)

Triggering events. Feeling hard done by, Beta decided to send Alpha an invoice of 900 000 EUR as compensation for the Knight termination. In January 2013, Alpha Directors informed Beta that they would not pay the additional invoice. Alpha maintained that Knight had been terminated on reasonable grounds: "*We thought they were equally responsible, because they had developed a product that wasn't sellable.*" (Interview: Alpha Director A, 2014). Subsequently, heated discussions took place between Alpha and Beta Directors, including threats of legal action.[9]

As part of the broader development of an electrical hybrid machine, the Queen project remained a strategic priority for Alpha. In January 2013, amidst the Knight conflict, operational activities to start the development stage of the Queen project were initiated. In the second week of January 2013, a team of Beta engineers therefore visited Alpha's site to kick-off the Queen development stage. Even though Alpha and Beta engineers started joint activities for the development of the Queen technology, a formal contract for these activities was not yet signed. Moreover, debate was still raging within Alpha over whether to start development in-house or to continue the strategic alliance.

Alpha Directors vis-à-vis Technology Managers. In line with their underlying belief system, Alpha Directors saw the conflictual Knight termination as an example of how supplier relationships can go wrong unless a true partnership based on transparency and shared risk/reward was established. In email conversations, they indicated that *"we need to make sure we do not repeat the Knight experience."* (Email: Director G, March 2013) and that *"in the partnership model, Beta needs to be more 'involved' in the success of the overall machine, rather than merely as a hired gun."* (Email: Director G, March 2013). Alpha Directors also wanted to bring Technology Managers around to this viewpoint. They developed a three-page document and presented it to Technology Managers in May 2013.

[9] In the spring of 2013, the two organizations managed to reach a settlement without going to court: Alpha agreed to cover a minor part of the Knight costs, while Beta had to bear the bulk of them.

This document emphasized that *"Recognition of Beta as Business Partner will facilitate Beta's continued technical support & commitment to the Queen project."* (Document: input to decision council).

Technology Managers, however, were not convinced. Instead, they interpreted the failure of the Knight project as an indication that in-house development was strategically important. In addition, they expressed to Alpha Directors that relying on in-depth collaboration with Beta for the Queen technology was inherently naïve, as this would reduce Alpha's bargaining power:

> *I see a big risk with this type of [partnership] contract. We need to have the possibility of fighting [the supplier] to achieve our product cost targets... Are there no other contract models that could be applied for a joint research project?* (Email: Technology Manager H, May 2013)

Alpha Directors decided to move forward with the strategic alliance, despite Technology Managers' counterarguments. As stated above, operational activities were already up and running, even though the terms of the collaboration had yet to be settled.[10] For the Queen collaboration, Alpha Directors wanted to establish an alternative business model, implying that Beta would cover their costs for explorative technological development in exchange for being guaranteed future production volumes. This principle deviated from how supplier collaborations were typically set up at Alpha. In the traditional approach, a supplier would be compensated for its development work, but would then still need to compete with other suppliers for the production contract in an open, competitive tender. With the alternative setup, both Alpha and Beta became vulnerable to the actions of the other party. Should Alpha decide to terminate the Queen project (as they had with Knight), Beta would not be compensated for their investments in developing an Alpha-specific Queen component. Alpha, on the other hand, was locking in their technology development to Beta-specific technology.

[10] Alpha and Beta operated under a contract from 2005. This contract had been drafted for a different purpose (i.e., the development of Queen-related technology, not a full-scale Queen component) and was seen as fundamentally inadequate for the more complex, costly, and technologically advanced Queen partnership.

Alpha Directors vis-à-vis Beta Directors. At the same time, the conflictual Knight termination triggered strong emotional reactions among Beta Directors. They felt being downgraded from a strategic supplier to a normal supplier, triggering a feeling of being abused. As one Beta Director expressed, this fueled *"mistrust in our relationship [to Alpha]"* (see Figure 1, quote 3). In a similar vein, one Alpha Director wrote in an email, after a meeting with Beta Directors:

> *Beta's head of the Queen division stated that in Beta's view, the Knight project started as a partnership but then deteriorated, and Beta's view is that the relationship changed from Development Partner to Supplier of parts, which was a surprise and not what Beta felt comfortable with*. (Email: Director A, March 2013).

Mistrusting Alpha, Beta Directors initially expressed little interest in Alpha's proposed business model, where Beta would cover development costs but be compensated through future production volumes. This lack of enthusiasm, in turn, frustrated Alpha Directors. They felt that Knight had been terminated for purely rational reasons. Moreover, they believed that they were now going out of their way to show sincerity in their partnership intention for the Queen project. For example, they emphasized that they shared information, which they had historically never shared with a supplier: *"We shared the product plan, what we saw as the business case for this, what we saw as the risks. We shared many things that, historically, we would not have shared."* (Interview: Alpha Director A, 2014). In all, Alpha Directors were disappointed that expectations of a transparent, trust-based partnership had not come true and they started describing the partnership as one where there was a mutual lack of honesty:

> *We talk about partnership and transparency but then we have ended up with this big problem, were we have not been so honest with each other.* (Interview: Director A, 2013)

To overcome Beta's hesitation for the new business model, Alpha Directors suggested to Beta Directors a separate series of meetings, in which they would put the conflict aside and focus on the future of their relationship instead. Over the first six months of 2013, four of such strategic meetings were held. The purpose of these meetings was to outline the principles of their future partnership:

> *Myself and Director I had a "strategic alignment" meeting with Beta… The core topic was how we could run and manage explorative technology projects together… The intent (at least from Alpha) was to have a discussion and define an agreement on how we manage future projects, to avoid some of the issues that we have experienced historically.* (Email: Director A, January 2013)

Although these meetings took place in a difficult setting, where both partners felt frustration and expressed mistrust in the other organization, the meetings helped to generate a positive feeling about the future of their relationship. Alpha Director A, for instance, explained how the meetings helped to set a different target for the future: *"I think we will be a lot better at managing expectations in terms of openness and trust. That's our target."* (Interview: Director A, 2013). This belief in the need and possibility of a different type of relationship was also echoed by one of the Beta Directors:

> *If we are to get a relationship like this working, we cannot have a traditional buyer-supplier relationship, where each of us is holding their cards close to their chest, trying to trick each other into paying the larger portion of the bill. We need to make sure that we are all looking at the same set of cards.* (Interview: Beta Director, 2015)

Having the foresight of such different relationship in the future allowed Alpha and Beta Directors to increase their formal commitments. In July 2013, they managed to agree to a memorandum of understanding for the Queen development stage, outlining the principles of how the two organizations would work together.

Episode 4: The Technology Group Introduces Princess (September 2013–March 2015)

Triggering event. In September 2013, Beta demonstrated its first version of the Queen component. It was more complex and technologically advanced than what Alpha needed, and the price was way above the benchmark. As one Beta Manager acknowledged: "*When we presented the price tag to Alpha, it turned out to be twice as expensive as they had expected."* (Interview: Beta mid-level manager A, 2015). For Alpha Directors, this outcome was quite frustrating. Whereas they aimed for a strategic partnership that could lead to significant cost reductions, they again faced a situation where Beta delivered a component that was more expensive than expected:

> *We wanted to see if they are developing the technology that is in line with what we think we are prepared to pay for… It turned out that their Queen system, it's quite an expensive system. It's another "Rolls-Royce" approach… They have optimized the performance but not really optimized the price.* (Interview: Alpha Director A, 2014)

Alpha Directors vis-à-vis Technology Managers. At this stage, it was no secret that the Technology Managers would prefer in-house development. Based on the outcomes of an internal technology workshop, which was conducted at the end of 2013, Technology Managers actually became convinced that, with some minor refinements of one of their existing technologies, they would be able to present a component that could probably deliver similar technological performance to Beta's Queen component, although at a lower price. They called it "Princess." In April 2014, Technology Managers presented a formal report to Alpha Directors, demonstrating that Princess would cost about half as much as Queen, but could deliver almost the same performance.

For Technology Managers, Beta's presentation of the costly Queen component and the availability of the cheaper Princess option were clear indications that in-house development was the preferred option:

> *Princess gives the best total cost of ownership and the lowest product cost… and [lets us] have technology control in-house. Based on the information in this report, the recommendation is to use Princess.* (Document: evaluation of Queen vs. Princess, April 2014)

Alpha Directors were fully aware that Princess reflected Technology Managers' intention to move toward in-house development. In interviews, one Director emphasized:

> *It [i.e. the development of Princess] was purely driven by internal Alpha considerations. The Technology team… do not like the idea of the supplier providing this system. … they want the supplier to provide the "muscle," and Alpha to supply the "brains." And at that moment, Beta supplies part of the brain, and most of the muscle. Which goes against this Technology group's sense of identity.* (Interview: Alpha Director A, 2015)

Given the disappointing presentation of Beta's Queen component, Alpha Directors could not ignore this alternative. As one Director joked in an interview, *"It [Princess] was a good idea. I hate those, don't you?"* (Interview: Alpha Director A, 2015). Their interpretation of the situation, however, differed from that of Technology Managers. In Directors' view, Beta's disappointing Queen component and the presence of the promising Princess alternative did not require a shift toward in-house development. Instead, they saw the situation as a sign that Alpha and Beta needed a different type of relationship, one where they would communicate their expectations more transparently. There was no reason, they argued, that Beta would not have been able to develop a similar type of technology, if only they had been presented with the same information that was available to the internal Technology team. Alpha Directors therefore decided that, instead of initiating in-house development of Princess, they would openly share the existence of the alternative with Beta and suggest to Beta to continue the joint development of Queen with Princess as a new technological and cost benchmark:

> *We don't want to harm that relationship… It was agreed that we need to be as transparent as we can be... So I'm glad that we came to the conclusion to be open and share [the existence of Princess].* (Interview: Alpha Director F, 2016)

Alpha Directors vis-à-vis Beta Directors. Despite Alpha Directors' intention not to harm the relationship, Beta Directors interpreted the announcement of the existence of the Princess as a major transgression. It was presented 18 months into the project, after Beta had made substantial investments into the Queen development[11] and it substantially changed their business case. This new transgression further fueled Beta's suspicions about Alpha's intentions. As one Beta manager said:

> *It made our top management suspicious... We had experience from Knight, where we spent an enormous amount of time and money but which Alpha just terminated. And then we had this Queen/Princess situation that made NN [Beta Director] very suspicious.* (Interview: Beta mid-level manager A, 2015)

[11] The investments on Beta's side by this point were estimated at 6–8 MEUR.

Given these suspicions, Beta Directors initially refused to sign the contract that Alpha Directors offered them, as expressed in the email statement below:

> *My recommendation is not to use or even modify Alpha's proposed "development agreement" [emphasis in original]… the proposed language submitted by you [i.e. Alpha]… is completely counter to much of the language which we have reached in the previous agreement [i.e. from August 2013]* (Email: from Beta Director to Alpha Director A, May 2014)

For Alpha Directors, Beta's refusal triggered renewed feelings of frustration, contributing to a further decline of trust between the partners (see Figure 1, quotes 3-4). As one Alpha Director complained:

> *We showed them our own investment in this. You know, we are not asking them to do it by themselves—we are also making a big, big investment! We said to them, "You can get on board this train." But still, they hesitate.* (Interview: Alpha Director A, 2015)

At the same time, interviewees described how Alpha Directors once more initiated a number of meetings with Beta Directors, trying to convince Beta to redefine the partnership with Princess as the benchmark. For example, in January 2015, a meeting was held where Alpha Directors shared their information about the Princess, while emphasizing to their Beta counterparts that *"Alpha's intention is to work together with Beta on the way forward, no doubt about the intention"* (Document: meeting minutes, January 2015). Again, these meetings helped to trigger a belief among Alpha and Beta Directors that they could leave the problematic relationship behind and instead move to a different relationship. Alpha Director G, for instance said: *"Every time we meet, we think we get them 'over the hump".* (Interview: Alpha Director G, 2016). In as similar vein, Beta Director B stressed: *"After each of these senior management meetings, I feel energized. We don't engage in the daily fuzz."* (Interview: Beta Director B, 2015). In August 2014, Alpha and Beta Directors agreed to continue their joint Queen activities, but now using Princess as the benchmark.

Episode 5: Moving Towards Queen Upscaling Stage (March 2015–February 2016)

Triggering event. By March 2015, the Queen development stage was finalized. Alpha therefore started preparing for the upscaling stage of Queen, anticipating full-scale production in 2020. As before, Alpha Directors' preferred choice was to stay in partnership with Beta. In the spring of 2015, Alpha Directors therefore approached their Beta counterparts once again, offering to continue the alliance for the Queen upscaling stage.

Alpha Directors vis-à-vis Beta Directors. Even though Beta Directors had agreed to continue the Queen development in Phase 4, at the beginning of Phase 5, they again hesitated to engage in the Queen upscaling stage. Doubting Alpha's intentions, Beta Directors were slow to respond to Alpha's proposals:

> *They are still a little back-and-forth on whether they want to be in on this program or not. Which is then connected to whether they believe that we are really going to make a business out of this… It is probably because of their lack of trust in us.* (Interview: Alpha Director E, 2016)

Beta's lack of responsiveness, in turn, triggered new frustrations at Alpha Directors:

> *We are frustrated with them on a number of things, we know they have some issues with us...there has been a lack of transparency. Though, I mean it's quite possible if you ask them, they will say the same thing about us.* (Interview: Alpha Director E, 2016)

In this way, trust between Alpha and Beta Directors further deteriorated. In 2015, both sides described the other as an organization that did not keep to its promises:

> *As you see, trust can be broken quite easily… If people do not say what they are going to do, then trust breaks down.* (Interview: Alpha Director A, 2015)

> *There is a lot of resistance [towards Alpha] from Beta senior directors… We started this [i.e. work on Queen-related technology] in 2005 and now we are talking about commercial machines in 2020. That is 15 years! Not many companies would hang in there for such a long time, continuing to invest and invest.* (Interview: Beta Director, 2015)

Alpha Directors, however, still maintained their general belief that partnerships were a fruitful way forward. They also emphasized that Beta remained a logical partner for establishing such strategic relationship:

> *My interest… is how we gain partnerships – I call them key partnerships – with suppliers that fit our key technologies... Beta has dedicated research areas that*

> *are aligned with ours, so they are an easy pick.* (Interview: Alpha Director E, 2016)

Alpha Directors therefore put additional effort into convincing Beta to stay a strategic partner for the Queen upscaling stage. In February 2016, a new Directors meeting was held. The day before, one Alpha Director emphasized: *"We go there tomorrow… to put it on the table: 'Are we going to collaborate or not?'"* (Interview: Alpha Director E, 2016). In the meeting, both parties opened their books, revealing information that they previously had not exposed to each other. In this way, Directors felt reassured that, despite the current relational problems, they could move toward a different relationship. As one Alpha Director said after the meeting:

> *We think that we have gotten more clarity... I think, you know, there are scars that we can heal over time.* (Interview: Alpha Director H, 2016)

In February 2016, Alpha and Beta formally initiated the Queen upscaling stage, implying substantial additional commitments from both sides.

HOW INTERNAL FRAGMENTATION SHAPES RELATIONAL DYNAMICS BETWEEN ORGANIZATIONS: A PROCESS MODEL

In this section, we leverage our findings and research on organizational politics to develop a process model of how internal fragmentation shapes relational dynamics between organizations. The model is illustrated in Figure 3.

--- INSERT FIGURE 3 ABOUT HERE ----

Competing Partnership Logics

Framing organizations as fragmented entities, organizational politics scholars (e.g., Glynn, 2000; Monin et al., 2013; Whitford & Zirpoli, 2016) highlight that different organizational actors can rely on different belief systems and practices to provide meaning to their social reality. This situation, where different belief systems and practices co-exist, is described as a situation of competing logics (Pache & Santos, 2010). Strategic transition processes are fertile settings for the emergence of competing logics within a focal organization. Reay and Hinings (2009), for instance, describe how a strategic transition in the health care system of Alberta in Canada created a situation of competing logics on the role of physicians within medical institutions. The government, on the one hand, promoted a new logic of business-like health care, were physicians are seen as generators of costs and revenues. Physicians, on the other hand, defended the traditional logic of medical professionalism, where the role of physicians is to provide high-quality services irrespective of costs and revenue.

What our case shows is that strategic transitions can also lead to different belief systems regarding the role of actors *external* to a focal organization. In our case, Alpha's strategic transition from combustion-driven engines to electronic engines triggered different belief systems among Alpha Directors and Technology Managers on how Alpha should collaborate with suppliers. Alpha Directors assumed that, by establishing strong and trustworthy relations with a selective number of suppliers, these suppliers could become strategic allies in realizing the necessary technological expansion. Moreover, they advocated the establishment of cooperative practices, such as open information sharing and maximizing joint benefits. We label this particular set of beliefs and practices as an *embedded partnership logic.* Technology Managers, in contrast, perceived such in-depth strategic involvement of suppliers as a threat to their legitimacy. Technology Managers therefore favored of a more *transactional partnership logic*, where suppliers are considered opportunistic actors and competitive interactions with suppliers are promoted.

In sum, Alpha's perceived need for strategic transition created a situation where different actors held different beliefs about the role of suppliers. We conceptually label this situation as a setting of *competing partnership logics*. Table 2 provides empirical illustrations of these competing logics and how they were manifested in our data over time.

From Competing Partnership Logics to Divergent Framing-Action Sequences

Even though the competing partnership logics existed over and beyond the specific alliance between Alpha and Beta, it came to have fundamental implications for how different Alpha members interpreted specific inter-organizational events and what type of actions they took towards this particular partner. We label these interpretations and actions as *divergent framing-action sequences*. Below, we first explain the nature of these sequences. Subsequently, we discuss how they are politically charged.

Divergent framing-action sequences. As illustrated in Figures 2a-c, our findings reveal how, in a setting of competing partnership logics, different actors within one partner organization can have different interpretations of key events that unfold in an inter-organizational setting. Conceptually, we refer to this as divergent framings, where framing is the way in which actors attempt to give meaning to courses of action and social identities (Cornelissen & Werner, 2014). In line with their cooperative partnership logic, Alpha Directors deployed a *cooperative framing*, interpreting key events as illustrations of why a more open and trustworthy mode of collaboration should be established. Technology Managers, in contrast, deployed a *competitive framing*. In line with their transactional partnership logic, they saw the same events as illustrations of the opportunistic intentions of Beta and the need to minimize dependency on this supplier.

Our findings further reveal how these divergent framings lead Alpha Directors and Technology Managers to engage in divergent actions towards Beta. In line with their cooperative framing of events, Alpha Directors initiated actions that were intended to infuse a more cooperative spirit in the relationship. Examples of such *nurturing actions* included inviting Beta to the Castle project (February 2012), proposing the new business model to Beta (Spring 2013), and the initiation of specific meetings with Beta Directors to pledge transparency and commitment (held regularly between January 2013 and March 2016). In line with their transactional framing of events, Technology Managers engaged in actions that were aimed at undermining the relationship with Beta. Examples of such *destabilizing actions* included not endorsing Beta for Castle (November 2012), abruptly terminating the Knight project (December 2012), and developing a competing technology (September 2013).

Framing-action sequences as politically charged. The organizational politics literature vividly demonstrates that arguments and actions of actors are often politically charged, meaning that they are used to mobilize support for a particular goal or perspective. Studying strategic initiatives within a communications technology company, Kaplan (2008: 730), for instance, brings forward a model of framing contests, showing that "where frames about a decision are not congruent, actors engage in framing practices in an attempt to make their frame resonate and mobilize action in their favor." Studying a merger between a Swedish and Finish furniture company, Vaara (2003) similarly describes how business unit managers took particular positions in strategically important sales discussions and engaged in furniture redesign efforts to promote the interests of their own units, ultimately hampering post-merger integration.

Such politicization of arguments and actions was also visible in our case. Alpha Directors, for instance, developed a supplier evaluation matrix, where suppliers were scored on relational metrics (e.g., trust, commitment) in addition to the transactional metrics previously applied (e.g., price, cost, quality). With these new criteria, Alpha Directors wanted to create a social reality where strategic suppliers were to be regarded and treated as strategic partners. As described by Director A:

> *We pushed this out to the whole organization, emphasizing that we needed to change how we are working…My management team said [to the technology team]: these are the rules.* (Interview: Alpha Director A, 2014)

Alpha Directors also developed a new corporate vocabulary, which was shared with Technology Managers via PowerPoint slides. In this new vocabulary, suppliers were categorized in terms of "family," "friends," or "acquaintances". Beta and one other supplier were identified as prospects for "family". These new labels clearly departed from the traditional language within Alpha, in which suppliers were described as "commodity" or "preferred" suppliers. As explained by Alpha Directors, this alternative language was a purposeful attempt to "*convince our [internal] stakeholders that what we are now doing [with Beta] is the right thing to do for Alpha"* (Interview: Alpha Director A, 2014).

Different Alpha groups also conducted particular actions in the setting of the strategic alliances with Beta, which were politically charged. Technology Managers, for instance, engaged in particular actions (e.g., prematurely announcing termination of the Knight project; in-house development of alternative technology) to promote their transactional partnership logic. Moreover, the politically charged actions of one group often restricted the maneuvering space of the other group, hampering the latter group from acting in accordance with its partnership logic. For instance, Technology Managers' premature announcement of the termination of Knight triggered a huge conflict in which Alpha Directors got caught up, restricting their ability to nurture the relationship with Beta. Similarly, the in-house development of the Princess technology by the Technology Managers forced Alpha Directors to use the Princess technology as a new benchmark in the inter-organizational relationship, restricting their ability to nurture the relationship.

In sum, we argue that, when competing partnership logics are present within one partner organization, this can trigger divergent framing-action sequences within the setting of an inter-organizational relationship. These framing-action sequences are not only means by which different coalitions seek internal consistency between their partnership logic, their framing of ongoing events, and their actions toward partner organizations. The framing-action sequences also represent purposeful attempts by each coalition to mobilize support for their underlying partnership logic. We therefore label these framing-action sequences as being politically charged. Moreover, we highlight that, given their political nature, framing-action sequences of different coalitions tend to be intertwined. For instance, actions of one coalition can restrict the maneuvering space for another coalition, hampering the ability of this latter coalition to engage in their desired actions toward the partner organization.

From Divergent Framing-Action Sequences to Mixed Emotional States

Our findings further reveal how the presence of divergent and politically charged framing-action sequences contributed to mixed emotional states among senior decision makers, where Alpha and Beta Directors experienced both disappointment about the current state of the relationship *and* hope in a more positive, future state

Disappointment as a negative emotional state. The destabilizing actions of Alpha's Technology Managers triggered a situation, where Beta Directors perceived a gap between their expectations (i.e. Alpha sees us as co-developer of strategic components) and the actual reality (i.e. we are treated like a transactional supplier that can be pushed around). This gap between expectations and reality triggered strong negative emotions at Beta Directors, such as feeling abused and bitter. Extant research (Zeelenberg et al., 2000; Zeelenberg et al., 1998) has defined such negative subjective emotions, resulting from a perceived difference between expectations and actual outcomes and is attributed to the actions of others, as *disappointment*.[12] Applying this terminology, we argue that the destabilizing activities of Alpha's Technology Managers contributed to an emotional state of disappointment at Beta Directors.

Not only Beta Directors, but also Alpha Directors expressed disappointment. As episodes 3, 4, and 5 illustrate, Beta Directors responded with hesitation to proposals from Alpha Directors to expand their commitments. Given their logic of embedded partnerships, their cooperative framing of events and their nurturing actions towards Beta, Alpha Directors,

[12] Individuals can also attribute the violation of expectations to their own actions and decisions. In this case, scholars refer to the negative emotion of regret instead of disappointment (Zeelenberg et al., 2000; Zeelenberg et al., 1998).

however, expected full commitment. When Beta Directors violated these expectations by expressing hesitation, Alpha Directors felt disappointed in Beta.

Hope as a positive emotional state. Analyzing the different episodes, we observed multiple instances where, despite being disappointed, both Alpha and Beta Directors expressed a belief that they would be able to improve the quality of their relationship in the future. In line with prior conceptualizations (e.g., Farina, Hearth, & Popovich, 1995; Lazarus, 1999), we refer to this as the emotion of *hope*. Whereas disappointment is thus a negative emotion, attributed to the actions of the other in the past, hope is a positive emotion, attributed to one's own ability to influence the future (Farina et al., 1995). As Lazarus (1999: 653) states: "To hope is to believe that something positive, which does not presently apply to one's life, could still materialize, and so we yearn for it."

For Alpha Directors, the underlying embedded partnership logic was an important driver behind this hope. They fundamentally believed that, by changing their supplier management strategy, they would be able to create the transparent, trust-based partnership they needed to meet future technological demands. Although they recognized and emphasized that the strategic alliance with Beta did not yet meet these expectations, they strongly believed that such embedded partnership with Beta could be established in the future. As Director G explained:

> *Beta for sure could be one example [of a strategic partnership] where we can...improve the transparency and improve the trust. ... I want to see both organizations prosper, jointly. Win-win for everyone.* (Interview: Alpha Director G, 2016)

Alpha Directors' nurturing actions allowed transferring this hope to Beta Directors. Through transparent display of information and pledging of mutual commitment, the dedicated nurturing meetings were described as energizing, creating a shared belief that the two organizations would be able to avoid the problems of the past in their future interactions. At the same time, it needs to be stressed that, on Beta Directors' side, hope was fragile.

Across several episodes, the hope, created by the meetings at the senior Directors' level was subsequently destroyed by new destabilizing activities that were initiated by Alpha's Technology Managers:

> *[In the meetings, we] agree in principle…but then, we fall back into this customer-supplier relationship, where each of us tries to outsmart the other.* (Interview: Beta Director, 2015)

This caused Beta Directors to move from hope back into a state of disappointment, where the ability to turn the alliance into a productive relationship was questioned. Each time, however, Alpha Directors, engaging in additional nurturing actions, where able to regenerate the hope for a better relationship in the future.

Emergence of mixed emotional states. Whereas the above discussion might suggest a one-on-one process where different actions (i.e. destabilizing versus nurturing) triggered different emotional states (i.e. disappointment versus hope), our analysis points to a more complex process. Reflecting on the notion of hope, Lazarus (1999: 654) argues that "a fundamental condition of hope is that our current life circumstance is unsatisfactory." In other words, the emotion of hope is only relevant when the current situation is assessed in negative ways. In our case, the destabilizing activities of Technology Managers triggered a situation that was assessed by Alpha and Beta Directors in negative terms. In this way, the destabilizing activities actually created a setting where spurring emotion of hope became relevant. At the same time, we observed that the nurturing activities of Alpha Directors helped upholding aspirations for the inter-organizational relationship, where Alpha and Beta Directors maintained high expectation of what their relationship should become. Since expectations were high, it became relatively easy for Alpha Technology Managers to violate them by means of new destabilizing activities, triggering additional disappointment among Beta Directors. In sum, we conclude that the combination of nurturing and destabilizing activities jointly created mixed emotional states, where senior decision makers felt both disappointed and hopeful.

From Mixed Emotional States to Dual Relational Dynamics

Based on our analysis, we propose that the combination of disappointment and hope contributed to the particular combination of negative trust dynamics and increasing formal commitments that we observed in our case.

When first-hand experiences are negative and when the source of this negative behavior is attributed to particular actions of the trustee, negative trust dynamics are likely to emerge, meaning that the trustor has increasingly negative perceptions of the intentions or competencies of the trustee (Brattström et al., forthcoming; Faems et al., 2008). In our case, we indeed observed that, when Beta Directors faced destabilizing activities and subsequent disappointment, they increasingly questioned the intentions of Alpha Directors. At the same time, the disappointing experience of Beta Directors as being hesitant to move forward the relationship triggered significant doubt at Alpha Directors about Beta Directors' commitment. These negative trust dynamics resulted in a situation, where both Beta and Alpha Directors characterized their relationship as one where mistrust was present.

Highlighting mechanisms such as reciprocity and confirmation of expectations, extant research on relational dynamics argues that when negative trust dynamics are present, partners are likely to scale down their formal commitment to the inter-organizational relationship (e.g., Ariño & de la Torre, 1998; Doz, 1996). In our case, however, the emergence of negative trust dynamics did not cause a decrease in commitment. Instead, partners continuously increased their formal commitment. As an explanation, interviewees referred to the shared hope that they could move towards a different relational state in the future. In other words, the foundation for the increased formal commitments was not the current state of the relationship, but rather an anticipated future state of the relationship.

Based on these observations, we propose that hope for a different relationship in the future can motivate decision makers to expand formal commitments in inter-organizational relationships, even when the current relational state is evaluated in negative terms because of negative trust dynamics.

These findings shed new light on the ongoing discussion about the role of trust in influencing the longevity of inter-organizational relationships. Some scholars (e.g., Madhok, 1995; Ring, 1997) point to trust as a necessary social glue that keeps partners together. Others (e.g., Dyer, Singh, & Hesterly, 2018; Faems et al., 2008) have questioned this focus on trust, pointing to mutual interdependence as a stronger partnership lubricant. Our findings provide an alternative perspective on this discussion. Although partners mistrusted each other and although Alpha had alternative options (i.e. inhouse development), the inter-organizational relationship was renewed and expanded multiple times. The core driver of such expansion was the mutually shared hope in a different relationship in the future. In other words, the driving for the continuation of the inter-organizational relationship was not the current state of the relationships, but rather the anticipated (i.e. more positive) future state of the relationships.

This also leads to the paradoxical insight that, as long as partners share a mutual hope of moving toward a different relationship in the future, such anticipated change might actually help to stabilize the relationship. It needs to be stressed that, in our case, this stability was interpreted in a negative way. Interviewees mentioned that the inter-organizational relationship has "*ended up in this vacuum-state.*" (Interview: Advanced Engineering Manager A, 2016) and *"it's kind of not going anywhere."* (Interview: Alpha Director E, 2016). Nevertheless, these findings suggest that, to improve our understanding of why inter-organizational relationships continue, it is not only important to look at the current state of the inter-organizational relationship but also to include stakeholders' expectations of the future, an issue that is largely overlooked in extant research.

Alternative explanations. At this point, it is important to consider alternative explanations for the willingness of senior decision makers to expand their relationship despite of negative trust dynamics. One alternative explanation could have been the presence of formal contracts. Formal contracts provide safeguards and coordination in inter-organizational relationships (Faems et al., 2008), enabling continued commitments in situations where trust may be lacking (Lumineau, 2013). When Alpha and Beta renewed their commitments, however, they did so without signing a contract. For instance, when the partners decided to formally commit to the development of Queen in 2013, this was based on a *"memorandum of understanding,"* described by both Alpha and Beta informants as a *"gentlemen's agreement, but non-binding."* (Email: Beta Director, May 2014). Similarly, the renewed commitments in August 2014 were based on a non-binding agreement. In fact, the formal contract for the development stage of the Queen was only signed in January 2015, two months prior to stage completion. This implied that almost the entire development stage of the Queen project was completed without a legally binding contract in place.[13] In February 2016, when the upscaling stage of the Queen project was initiated, this was again done without a formal contract in place. Therefore, we can rule out the alternative explanation that the formal contract enabled renewed commitments in the presence of negative relational dynamics.

A second alternative explanation could be that the partnering organizations were bound by previous investments, leading to resource lock-in (Nickerson & Silverman, 2003). In our case, however, this would provide only a partial account for why Alpha and Beta renewed their commitments. From Alpha's side, exit from the relationship was a real option that was often considered and sometimes enacted. For example, Alpha Directors did terminate

[13] This was something that both Alpha Directors and Beta Directors saw as problematic. However, despite their many attempts to get a signed contract in place, they found it difficult to agree on the contractual terms.

unsuccessful operational activities (i.e., Knight) and chose a different supplier when feasible (i.e., for Castle), despite knowing that this would have negative effect on the partnership. When renewing the relationship for the Queen project (July 2013; August 2014; March 2016) they did so despite having in-house development as a strong alternative and one that was advocated and proven to be more efficient by their own Technology team. For Beta, however, resource lock-in was part of the explanation. For example, one reason why Beta initiated Queen was that they hoped to recoup some of their earlier investments in Queen-related technology. Over and beyond that, however, the nurturing activities of Alpha Directors were important for Beta's decision to renew their commitments to Alpha. As described in the Findings, these nurturing activities helped to give Beta Directors a glimmer of hope that the problems of the past would not reoccur in the future.

Sustainment of Competing Partnership Logics

Research on politics tends to see the co-existence of multiple interests and perspectives as an inherent element of organizations, which is likely to sustain over time (March, 1962). Also in our case, the competing partnership logics continued to co-exist for multiple years. As Table 2 illustrates, Alpha Directors continued to promote their embedded partnership logic, whereas Alpha Technology Managers continued defending a more transactional partnership logic.

Our observations suggest that the pattern of dual relational dynamics contributed to sustaining this presence of two competing logics. For Alpha Technology Managers, the alliance with Beta provided evidence for the risks and liabilities of the embedded partnership approach. In particular, they argued that this alliance demonstrated the naivety of a partnership approach with suppliers, where Alpha could get stuck in increasing commitments despite lack of results and increasing relational problems:

> *I'm worried about the future…this [continued investment in the inter-organizational relationship] is not a good situation that we have ended up in …we have already taught them too much about how to make [Alpha's machines]. It's time now to minimize the damage…to not teach them even*

> *more, to make sure that at least we do the final fine-tuning in-house*. (Interview: Technology Manager A, 2016).

For Alpha Directors, however, the dual relational dynamics were considered as an illustration of the relevance of the embedded partnership logic.[14] For them it proved that, when aiming for a transparent and trustworthy relationship with suppliers, it becomes possible to overcome relational hiccups and further deepen the relationship by means of additional commitments. As Director A reflected:

> *It used to be that "the next partner is always the best partner." That the one you have now is terrible [and] the next one is always going to be great. In reality, the best partner is the partner that has experience with you, and you have experience with them. Therefore, you ought to spend a little bit more effort on fixing whatever issues that you have, as opposed to going out trying to find someone completely new.* (Interview: Alpha Director A, 2014)

In sum, whereas competing partnership logics within a partner organization can drive dual relational dynamics between partner organizations by triggering divergent but connected framing-actions sequences, we also argue that these dual relational dynamics can strengthen the internal fragmentation that is implied by competing partnership logics.

DISCUSSION AND IMPLICATIONS

In many literatures, scholars have explored how fragmentation within organizations and the resulting political activities shape core processes, such as resource allocation in multinational corporations, post-merger integration, and organizational restructuring. In the literature on inter-organizational relationships, however, organizations have been mainly conceptualized as monolithic entities (Lumineau & Oliveira, 2018). As a result, such a political turn has remained absent in this particular research field. In this paper, we challenged the dominant conceptualization of partner organizations as monolithic entities. Instead, we embraced the notion of organizations as fragmented and we explored how such fragmentation shapes

[14] An alternative explanation could be that other strategic partnerships with suppliers were moving forward more smoothly, providing justification for the embedded partnership approach. At the time of our analysis, however, Alpha had one more strategic alliance with another supplier. Also in this case, however, results were rather disappointing.

relational dynamics in inter-organizational relationships. We developed a process model that elucidates how competing partnership logics can result in politically charged framings and actions towards a specific partner organization. This leads to dual relational dynamics at the inter-organizational level, whereby partners renew formal commitment based on hope in a better future state of their relationship, despite experiencing negative trust dynamics based on disappointment in the current state of their relationship.

Our findings contribute to the emergence of a political perspective on inter-organizational relationships, highlighting two important insights. First, that internal fragmentation can turn inter-organizational relationships into political battlefields for different coalitions within organizations. Second, that inter-organizational relationships can shape the nature and level of fragmentation within organizations. Below, we first discuss these core insights. Subsequently, we demonstrate the relevance of a political perspective for theorizing inter-organizational relationships by discussing how it enriches the understanding of inter-organizational relational dynamics. Finally, we point to the limitations and boundary conditions of our study and use them to formulate a future research agenda to further develop a political perspective on inter-organizational relationships.

Political Perspective on Inter-Organizational Relationships: Core Insights

Inter-organizational relationships as political battlefields for internal struggles. Focusing on between-partner differences, extant inter-organizational research already indicates that inter-organizational relationships can become battlefields, where collaborating organizations mobilize resources to gain power in the relationship (e.g., Doz, 1996; Sitkin & Roth, 1993). In particular, they show that, when the interests of collaborating organizations are not aligned, inter-organizational relationships are likely to result in competitive battles, where each organization tries to pursue its individual interests at the expense of potential joint benefits (Ariño & de la Torre, 1998; Hamel, 1991).

Focusing on within-partner differences, we demonstrate that inter-organizational relationships can also become a battlefield for political action across different internal coalitions. Specifically, we identified that different groups within Alpha engaged in divergent framing-action sequences in the context of the alliance to Beta as a way to mobilize support for their broader partnership logics. Engaging in cooperative framings and nurturing actions toward Beta, Directors, on the one hand, tried to generate support for their logic of suppliers as strategically embedded partners. Engaging in competitive framings and destabilizing actions, Technology Managers, on the other hand, sought to shape this particular relationship into an example of how embedded partnerships with suppliers could go fundamentally wrong.

Our findings thus illuminate that inter-organizational relationships can not only be a setting where different organizations engage in political struggles, but can also become the locus of political activity between different intra-organizational coalitions. In this way, our findings also demonstrate that political actions of different coalitions do not need to be confined to the boundaries of the organization to which they belong.

Inter-organizational relationships shaping internal fragmentation. Extant research extensively describes the potential positive implications – e.g., learning opportunities, access to complementary resources (Das & Teng, 2000; Doz, 1996) – and negative implications – e.g., unintended knowledge spillovers, increased competition (Alvarez & Barney, 2001; Hamel, 1991) – of inter-organizational relationships for involved organizations. However, conceptualizing collaborating organizations as monolithic actors, it tends to ignore that different intra-organizational coalitions might perceive and experience the benefits and costs of inter-organizational relationships in different ways. Throughout the alliance with Beta, though, different Alpha groups evaluated the benefits and risks of this alliance in inherently different ways. For Alpha Directors, it was seen as a concretization of their proposed supplier strategy that would help Alpha in realizing an important technological change trajectory. For

Alpha Technology Managers, this alliance illuminated the risks and dangers of outsourcing core technological activities to external partners. Moreover, as the alliance with Beta unfolded over time, the dual relational dynamics further fueled the present competing partnership logics, contributing to the sustainment of internal fragmentation.

We therefore stress that, for involved organizations, inter-organizational relationships are not politically neutral. Instead, they can represent significant opportunities for some coalitions within partner organizations, whereas they can be seen as threats to the goals, perspective or identities of other coalitions. As such, the initiation and evolution of an inter-organizational relationship can in itself influence the nature and extent of intra-organizational coalition building, shaping the level of internal fragmentation.

Implications of a Political Perspective for Theorizing Relational Dynamics

Our findings show that a political perspective can have strong relevance for theorizing inter-organizational relational dynamics. In extant process models, relational dynamics are described as spirals, where (dis)trust and (lack of) commitment reinforce each other (Majchrzak et al., 2015). Highlighting the fragmented nature of organizations, we explain why, in our case, the anticipated mechanisms underlying reinforcing spirals did not emerge and how, instead, a set of politically charged mechanisms surfaced.

Extant studies on relational dynamics point to particular mechanisms (i.e., objectification and habitualization) that help to build and reinforce a collectively-held orientation toward the partner organization, solidifying positive or negative relational spirals (e.g., Schilke & Cook, 2013; Zaheer et al., 1998). In our case, however, such collectively-held orientations toward the partner organization remained absent. Instead, we observed the presence of competing partnership logics within one of the partnering organizations, where different internal actors had inherently different belief systems on how to collaborate with external actors (i.e., embedded versus transactional logic). These competing partnership logics fostered divergent framing-action sequences, where different internal actors framed ongoing events in inherently different ways (i.e., cooperative versus competitive event framing) and engaged in divergent actions towards the partner organization (i.e., nurturing versus destabilizing). Moreover, these divergent framing-action sequences contributed to dual relational dynamics between the partner organizations, which allowed the different internal actors to find confirmation for their competing partnership logics. In this way, we did not observe a gradual convergence of opinions and orientations among internal actors toward the partner organization. Instead, competing partnership logics remained present, implying the sustainment of inherently different opinions on how to collaborate with suppliers, as well as diverging framings of the particular partner organization.

Extant relational dynamics research also highlights norms of reciprocity as a core driver of reinforcing spirals (e.g., Elfenbein & Zenger, 2014; Gulati, 1995). Our findings show that the presence of divergent framing-action sequences can prevent norms of reciprocity from being established. Alpha Directors engaged in nurturing actions based on their goal of establishing a strong strategic partnership. These actions, however, were countered by the destabilizing activities of Technology Managers, sowing disappointment among Beta Directors. As a result, Beta Directors did not reciprocate, but sometimes rejected Alpha Directors' nurturing actions, contributing to additional disappointment on Alpha's side.

Finally, whereas prior literature emphasizes the tendency of actors to find coherence between expectations and experiences (e.g., Sitkin & Roth, 1993; Vlaar et al., 2007), we observed how the divergent framing-action sequences lead to substantial discrepancy between what senior decision makers among Alpha and Beta believed and what they experienced. For instance, the premature announcement of the Knight termination by Alpha Technology Managers was perceived as a major transgression by Beta Directors. As a result, Alpha

Directors were dragged into a relational conflict with Beta Directors, an experience that clearly deviated from their belief in embedded partnerships based on trust and transparency.

In sum, we can see the theoretical relevance of relational dynamics as reinforcing spirals in settings where partner organizations represent relatively monolithic actors. We, however, show that, when one of the partner organizations is internally fragmented, divergent framing-action sequences are likely to emerge. These divergent sequences can hamper objectification and habitualization of orientations towards the partner organization, complicate the establishment of norms of reciprocity and generate substantial gaps between expectations and experiences. In this way, politically charged framing-action sequences contribute to dual relational dynamics instead of reinforcing spirals.

Political Perspective on Inter-Organizational Relationships: Future Research Agenda

To further expand the development of a political perspective on inter-organizational relationships, we encourage future research to delve deeper into the variety of implications inter-organizational relationships can have for coalition building within organizations. In our case, the strategic alliance with Beta strengthened internal polarization on how Alpha should work with external suppliers. However, we can also think of situations where the emergence of a significant interest conflict *between* partner organizations might actually foster a stronger feeling of unity *within* organizations, which might decrease the salience of internal fragmentation. In such a context, inter-organizational politics (i.e. actions of different organizations to mobilize support for their individual interests) might actually reduce differences between internal coalitions.

We also encourage future research to explore coalition-building across organizational boundaries and its impact on relational dynamics within organizational relationships. In our case, the presence of different coalitions, having different logics, was most salient within organizational boundaries (i.e., within Alpha). However, we acknowledge that coalition building can also span organizational boundaries. For instance, studying the history of the automotive company Fiat, Whitford and Zirpoli (2016) describe how coalition building between engineers of Fiat and engineers of its suppliers impacted important insourcing and outsourcing decisions. Exploring such coalition-building across organizational boundaries may not only be relevant in dyadic inter-organizational contexts, but can also help to move forward our understanding of even more complex collaborative phenomena, such as multiparty constellations and innovation ecosystems.

We expect that organizations can implement strategies to actively mitigate the impact of internal fragmentation on inter-organizational relational dynamics. For instance, organizations increasingly invest in dedicated functions to optimize the success of their portfolio of inter-organizational relationships (Reuer & Devarakonda, 2016). Whereas extant research emphasizes that such functional responsibilities have an important role in aligning the interests of a focal organization and its partners, we expect that they also can help in managing the potential impact of inter-organizational relationships on internal interest conflict. Research that explores strategies and tools that are used by organizations to actively manage the internal implications of inter-organizational relationships is therefore a valuable avenue for future research.

Moreover, we stress the need for future research to explore the connection between internal fragmentation and relational dynamics in different contexts. We studied a particular type of inter-organizational relationship – a strategic alliance between a buyer and supplier. Alliances with suppliers tend to entail relatively high relation-specific investments (Dyer, 1997) and often are embedded in a long history of mutual transactions (Dyer & Nobeoka, 2000). These particular characteristics might partially explain why the initiation of the strategic alliance with Beta was a controversial decision within Alpha, strengthening competing partnership logics. We acknowledge that, when inter-organizational relationships do not have a strong strategic component, their impact on internal fragmentation might be less outspoken. At the same time, we expect that other types of inter-organizational relationships might also trigger or increase competing partnership logics. For instance, when an organization initiates a partnership with a market competitor, it might be that technology oriented groups mainly see the collaborative opportunities of such a coopetive relationship, whereas product oriented groups might highlight its competitive risks.

Whereas we demonstrated the relevance of a political perspective to increase our understanding of inter-organizational relational dynamics, we expect organizational politics to influence also other dimensions of inter-organizational relationships. Bidwell (2012), for instance, already showed that managers' pursuit of their own interest can influence outsourcing decisions. We therefore encourage future research to explore how a political perspective can inform different dimensions of inter-organizational relationships. The extensive body of literature on inter-organizational governance (e.g., Salvato, Reuer, & Battigalli, 2017), for instance, is also dominated by a monolithic conceptualization of organizations, implicitly assuming that, within organizations, different actors have similar opinions on the transaction costs, coordination costs, and relational advantages of particular governance structures (i.e. contractual versus equity structures). We, however, expect that, given different interests and experiences of particular coalitions within organizations, such consensus is not necessarily present, which might substantially influence the negotiation and design of the governance structure with external partners.

Finally, we need to highlight that our study was only possible because we had access to rich, longitudinal data about the interpretations and actions of different Alpha members over four years. At the same time, we acknowledge that our data collection faces limitations. In particular, our access to Beta was relatively limited. The six interviews we conducted with Beta members allowed us to understand Beta's reactions to Alpha's behavior and gave important insights into Beta members' perceptions of the relational quality over time. At the same time, we acknowledge that these data did not allow us to deeply examine the internal dynamics within Beta and how they might have influenced the relational dynamics. We therefore hope that future research will build on our results to further our understanding of how internal fragmentation in partner organizations influence inter-organizational relationships in general and relational dynamics in particular.

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TABLES AND FIGURES

Table 1: Overview of data

Interviews, Alpha (total: 33 interviews, 24 informants)

Alpha Directors[1] (10 interviews, 8 informants)	*Technology Group[1] (11 interviews, 10 informants)*	*Other informants[2] (12 interviews, 6 informants)*
Director A (3)	Technology Manager A (2)	Legal counselor A (2)
Director B (1)	Technology Manager B (1)	Legal counselor B (1)
Director C (1)	Technology Manager C (1)	Purchasing representative (1)
Director D (1)	Technology Manager D (1)	Supporting Manager A[3] (4)
Director E (1)	Technology Manager E (1)	Supporting Manager B[3] (3)
Director F (1)	Technology Manager F (1)	Supporting Manager C[3] (1)
Director G (1)	Technology Manager G (1)	
Director H (1)	Engineer A (1)	
	Engineer B (1)	
	Engineer C (1)	

1 In our Findings section, we also refer to Director I and Technology Managers H and I. These individuals were involved in the years 2012-2013 and were represented in emails and archival documents from this time, but unfortunately we were not able to interview them.
2 These informants had in-depth insights into the Knight and the Queen project but did not themselves have a major stake in the projects. They provided a valuable outsider's perspective on the interpretations and actions of the Directors and Technology Managers.
3 Supporting managers were members of technological decision committees.

Interviews, Beta (total: 6 interviews, 6 informants)
Director (1)
Senior manager (1)
Mid-level manager A (1)
Mid-level manager B (1)
Mid-level manager C (1)
Engineer (1)

Archival documents
Emails: Our data encompass 1064 emails. Senders and recipients include representatives from all different Alpha groups involved in the project, although the majority of them are from, or between, the group of Directors. Emails covered the time period September 2010–March 2015.

Project document, Queen project (107 documents)
- Meeting minutes and other dialogues between Alpha and Beta: 17
- Contract drafts, Alpha and Beta: 3
- Strategic evaluations and technical specifications, Alpha: 29
- Meeting minutes, Alpha: 10
- Project planning and budgets: 10
- Project status reports, Alpha: 37
- Decision documents, Alpha: 1

Project document, Knight project (28 documents)
- Meeting minutes and other dialogues between Alpha and Beta: 11
- Strategic evaluations and technical specifications, Alpha: 3
- Project status reports, Alpha: 2
- Post-project review, Alpha: 1
- Decision documents, Alpha: 11

Project document, Castle project (15 documents)
- Strategic evaluations and technical specifications, Alpha: 9
- Project status reports, Alpha: 1
- Decision documents, Alpha: 5

Documents related to supplier- and technology strategy more broadly: (10 documents)
Strategic evaluations and technical specifications, Alpha: 7
- Meeting minutes, Alpha: 2
- Contract draft, Alpha: 1

Table 2: Illustrations of two different belief systems within Alpha about how to collaborate with suppliers

Alpha Directors: a belief in building embedded partnerships with suppliers	Technology Managers: a belief in building transactional relationships with suppliers
2013: We are trying to change the development agreement [with suppliers] to include much more of a business perspective. To make the risk and reward a bit more transparent. With a business partner perspective, as opposed to a sort of transactional approach. (Interview: Alpha Director A, 2013) **2014:** We believe in relationships…[that] relationships count in our personal life, our professional life, our social life and it counts even more in the supplier relationship life. (Interview: Alpha Director A, 2014) **2015:** We used to have transactional relationships with suppliers…[but now] the word partnership, it's used a lot. It means using the supplier's expertise to really design a better product at a lower cost, utilizing the supplier's knowledge in terms of what he does for other customers, which in some cases there are competitors. Utilizing their manufacturing expertise, utilizing another layer of expertise that we've missed so far. (Interview: Alpha Director B, 2015) **2016:** I'm pushing... a target map: in the bull's-eye you have a handful of suppliers that I call "my key suppliers for innovation." In that circle, these are my closest friends, who are the ones I share my secrets with. I know their family, I know what kind of car they drive, I spend time with them, we see each other regularly, and we share, together, a common purpose in the target zone. In the zero, right in the bull's-eye. (Interview: Alpha Director F, 2016)	**2013:** I see a big risk with this type of [partnership] contract. We need to have the possibility of fighting [the supplier] to achieve our product cost targets... Are there no other contract models that could be applied for a joint research project? (Email: Technology Manager I, May 2013) **2014:** For Alpha, the sourcing strategy for our technology has always been to buy components from suppliers through component specifications. To buy systems from suppliers has been avoided. The reason for this strategy is to keep the product knowledge in Alpha and have a strong negotiation position towards suppliers. (Document, Queen system strategy by Technology Managers, 2014) **2015:** I don't understand why we would get ourselves into a situation where we can't use other suppliers... why we were sourcing components from just one supplier. Quite frankly, it does not make sense to me. (Interview: Alpha Technology Manager B, 2015) **2016:** You have to keep in mind that our suppliers are first and foremost business-oriented. They want to make money, and we need to be careful not to sign long-term contracts. (Interview: Alpha Technology Manager A, 2016)

Figure 1 – Dual relational dynamics as manifested in the alliance between Alpha and Beta during our observation period (i.e. 2012–2016)

Renewed formal commitments

The total magnitude of these investments was 4–5 MEUR for Alpha and 10–13 MEUR for Beta.

January 2012: Next to ongoing Knight project, Queen project is initiated, implying Alpha ordering prototypes from Beta.

December 2012: Alpha terminates the Knight project, a reduction in formal commitment. At the same time, they informally initiate development activities in the Queen project.

July 2013: Partners establish a MoU for the Queen development stage, committing financial resources for Queen development.

August 2014: Alpha and Beta Directors agree to continue the Queen, but now using the Princess as the benchmark. This implied a renewed commitment of resources for Queen development activities.

February 2016: Initiation of Queen upscaling stage. This implies additional commitment of resources for Queen upscaling activities.

2012 — *2013* — *2014* — *2015* — *2016*

Negative trust dynamics

Alpha and Beta Directors' statements regarding trust between the two organizations

2013: ”Doubt” and ”mistrust”

I believe that the partnership approach is the right direction...but cannot yet justify why it should be Beta. One question [that] I ask is: Why Beta? (Email: Alpha Director A, 2013)

It [i.e. the ending of the Knight project in December 2012] created mistrust in our relationship to them. We felt abused. (Interview, Beta Director, 2015)

2014: "Lack of trust"

When the Knight project deteriorated, so did some of the trust between the two organizations. The Queen relationship, rather the lack of trust there, some of it was for sure based upon what happened with the Knight. (Interview: Alpha Director G, 2016)

I would not say that they fooled us, I guess we had understood it already before. But we had been working based on goodwill, in a way. But we realized then [i.e. in 2014] that we never really had that kind of connection. (Interview: Beta mid-level manager A, 2015)

2015: "Need to build up trust"

To be honest we've had a pretty sticky time with Beta historically... I think, as we've said before, we need to build up trust [with Beta] (Interview: Alpha Director A, 2015)

There has been a lot of frustration…We have made a substantial investment into this, without knowing what will come out of it....There has been a lot of tension. (Interview: Beta Director, 2015)

2016: "Lack of trust"

There is a lot less trust than we intended. We built some trust in the process then lost it all on the way. (Interview: Alpha Director E, 2016)

I think there's a mutual lack of trust between the two organizations. (Interview: Alpha Director G, 2016)

Figure 2a – Illustrative summaries of Episode 1 and Episode 2

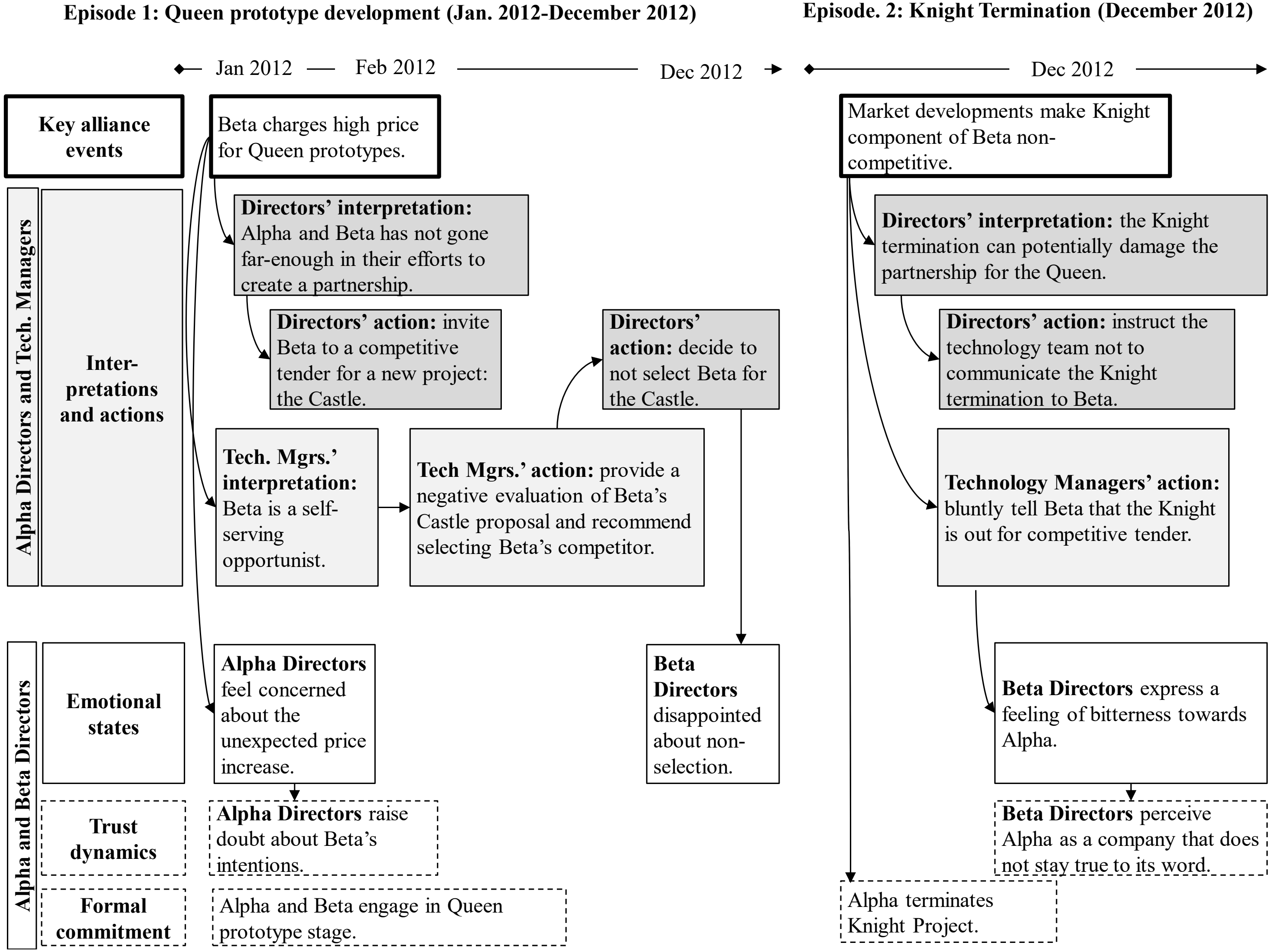


Figure 2b – Illustrative summary of Episode 3

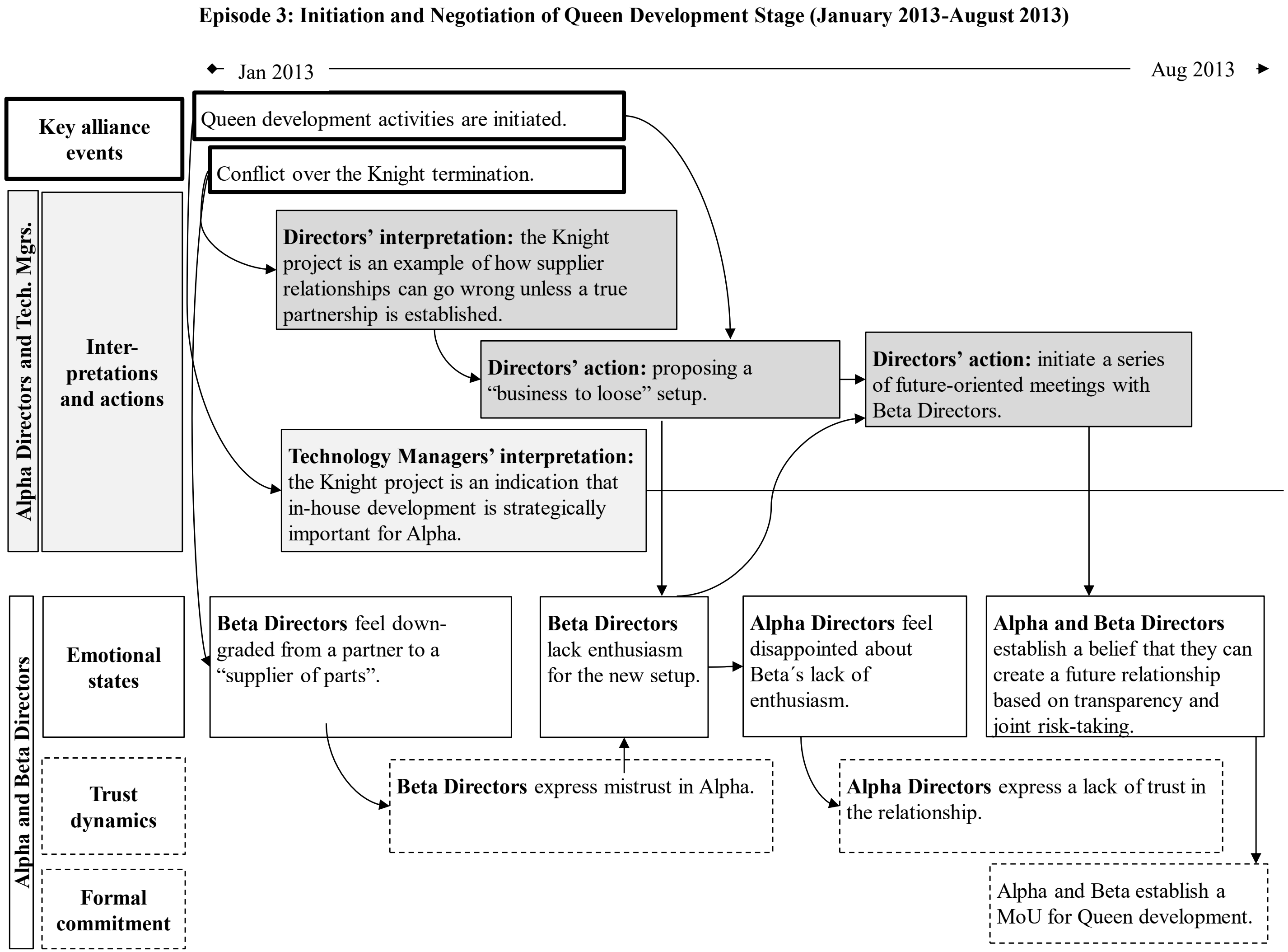


Figure 2c – Illustrative summaries of Episode 4 and Episode 5

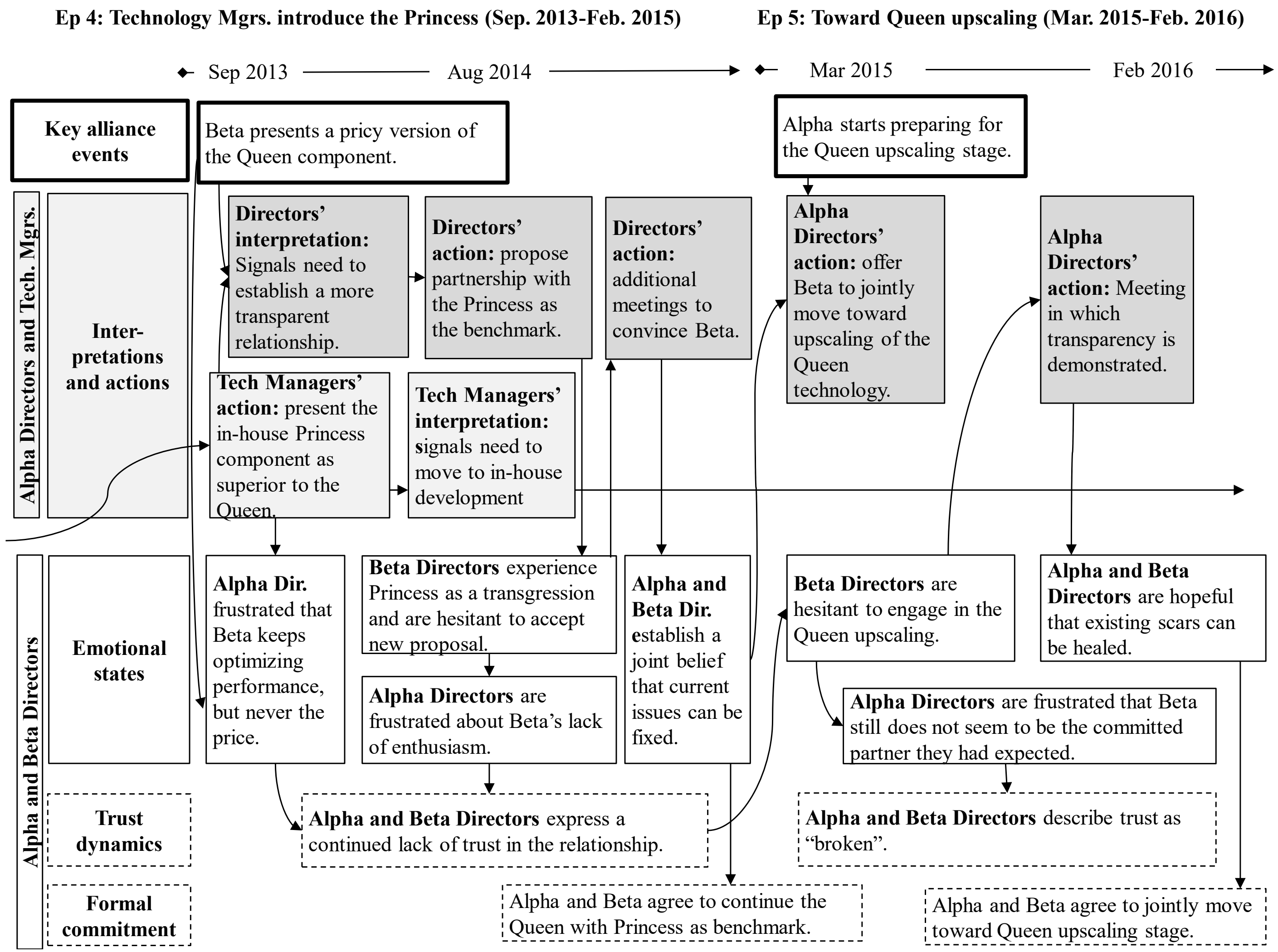
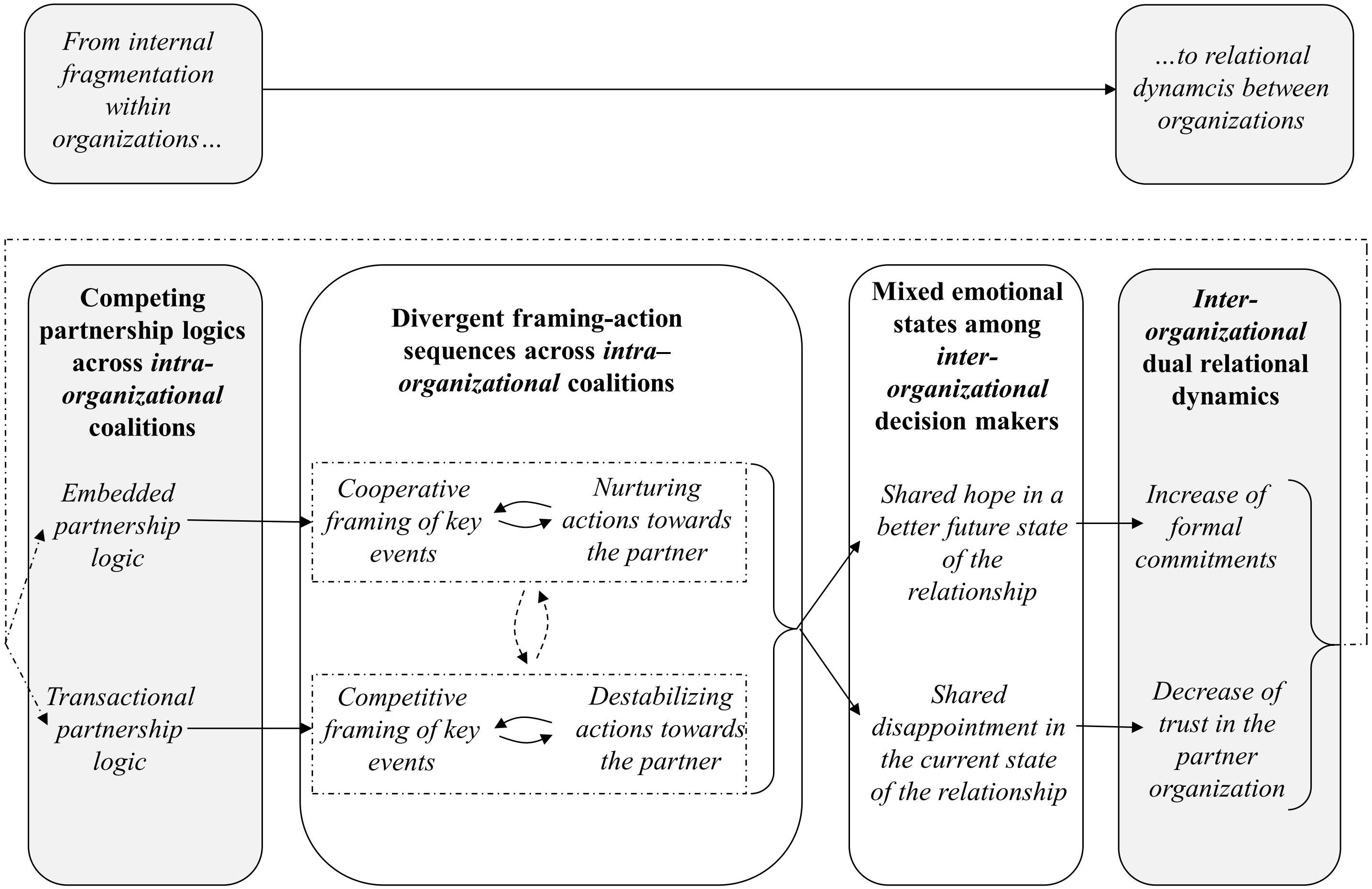


Figure 3 - A process model of how internal fragmentation shapes relational dynamics between organizations



Author biographies

Anna Brattström (anna.brattstrom@fek.lu.se) is associate senior lecturer at Lund University, School of Economics and Management and she is an affiliated researcher at the Stockholm School of Economics, House of Innovation. She received her PhD from the Stockholm School of Economics. Her research focuses on collaborative dynamics in inter-organizational relationships and new venture teams.

Dries Faems (dries.faems@whu.edu) holds the Chair of Entrepreneurship, Innovation and Technological Transformation at WHU – Otto Beisheim School of Management. He also coordinates the WHU Innovation Ecosystem Hub. He received his PhD from the Katholike Universiteit Leuven. His research focuses on collaboration for innovation.

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