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BUSINESS-TO-BUSINESS MARKETS, INTERACTIONS AND COMPETITIVE ADVANTAGE: AN ANALYSIS IN THE FRAMEWORK OF THE RESOURCE-BASED THEORY

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Obviously, any errors that remain must be attributed to the author of this thesis alone.

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List of abbreviations

Abbreviation	Meaning
AGRIC	Products of agriculture, hunting and related services
AIR_TRAN	Air transport services
AUX_TRAN	Supporting and auxiliary transport services; travel agency services
BAS_MET	Basic metals
B2B	Business-to-business
CHEMIC	Chemicals, chemical products and man-made fibres
CA	Competitive Advantage
COAL	Coal and lignite; peat
COMPUT	Computer and related services
CONSTRUC	Construction work
EDUCAT	Education services
ELET_ENER	Electrical energy, gas, steam and hot water
ELET_M	Electrical machinery and apparatus n.e.c.
FAB_MET	Fabricated metal products, except machinery and equipment
FIN_INTERM	Activities auxiliary to financial intermediat.
FINANC	Financial intermediat. services, except insurance and pension funding services
FISH	Fish and other fishing products; services incidental of fishing
FOOD	Food products and beverages
FOREST	Products of forestry, logging and related services
FURNIT	Furniture; other manufact. goods n.e.c.
HEALTH	Health and social work services
HOTEL	Hotel and restaurant services
INSUR	Insurance and pension funding services, except compulsory social security services
KBV	Knowledge-Based View
LAND_TRAN	Land transport; transport via pipeline services
LEATHER	Leather and leather products
MACHIN	Machinery and equipment n.e.c.
MEDIC_INS	Medical, precision and optical instruments, watches and clocks
METAL	Metal ores

MINE	Other mining and quarrying products
MINERAL	Other non-metallic mineral products
MOT_VEH	Motor vehicles, trailers and semi-trailers
NACE	Nomenclature statistique des Activités èconomiques dans la Communauté Européenne (Statistical classification of economic activities in the European Community)
O_BUS_SER	Other business services
O_SERV	Other services
OFFICE_M	Office machinery and computers
ORG_SERV	Membership organisation services n.e.c.
OT_TRAN_E	Other transport equipment
PAPER	Pulp, paper and paper products
PETROL	Crude petroleum and natural gas; services incidental to oil and gas extraction excluding surveying
POST_COM	Post and telecommunication services
PR_HOUSE	Private households with employed persons
PRINT	Printed matter and recorded media
PUB_AM	Public administrat. and defence services; compulsory social security services
RADIO_TV	Radio, television and communication equipment and apparatus
REAL_ESTA	Real estate services
RBT	Resource-Based Theory
RECREAT	Recreational, cultural and sporting services
REF_PETR	Coke, refined petroleum products and nuclear fuels
RENTING	Renting services of machinery and equipment without operator and of personal and household goods
RESEARCH	Research and development services
RETAIL	Retail trade services, except of motor vehicles and motorcycles; repair services of personal and household goods
RUBBER	Rubber and plastic products
SCA	Sustained Competitive Advantage
SECO_RAW	Secondary raw materials
SEWAGE	Sewage and refuse disposal services, sanitation and similar services
TEXTILE	Textiles

TOBAC	Tobacco products
TRADE_MAINT	Trade, maintenance and repair services of motor vehicles and motorcycles; retail sale of automotive fuel
URAN	Uranium and thorium ores
WATER	Collected and purified water, distribution services of water
WATER_TRAN	Water transport services
WEARE	Wearing apparel; furs
WHOLESALE	Wholesale trade and commission trade services, except of motor vehicles and motorcycles
WOOD	Wood and products of wood and cork (except furniture); articles of straw and plaiting materials

Preface

This dissertation has been submitted for the degree of Doctor of Philosophy at the Department of Civil Engineering and Civil Architecture (DICA), Section of Landscape Economics, of the University of Udine, Italy, and the Faculty of Tourism and Hospitality Management (FTHM) in Opatija, University of Rijeka, Croatia.

The research described herein was conducted within a Memorandum of Understanding for academic and research collaboration and a cooperation agreement for a joint supervised doctoral thesis agreed with the above-mentioned universities. The work has been carried out under the joint supervision of Full Professor Ting Fa Margherita Chang at the DICA and Assistant Professor Lorena Bašan, Ph.D. at the FTHM, between January 2012 and December 2014.

This initial attempt to analyze the relationships among business-to-business markets, interactions and competitive advantage of firms in twenty-seven European countries focuses on the use of Eurostat large database and the input-output models applied to the business-to-business issues (marketing approach). In Italy, these issues are included both in the 'AGR-01' (Agricultural economics and rural appraisal) and 'SECS-P/08' (Business economics and management) Scientific Disciplinary Sectors (SSD), respectively.

This work is, to the best of my knowledge, entirely original, except for the parts specifically referencing previously published works. Neither this, nor any similar dissertation, has been or is going to be submitted for any purpose to any other university. Findings discussed in this work have been presented in the following publications:

1. Maurizio Droli, Ting Fa Margherita Chang, Luca Iseppi, and Livio C. Piccinini (2014). 'Managing trade contacts in HotRest intermediate markets: a resource-based view analysis in EU countries', Tourism Economics, Volume 20, Number 4, August 2014, pp. 757-778(22), doi: 10.5367/te.2013.0311.

2. Droli, M., Chang, T.F.M., Iseppi, L. (2013). 'Leapfrogging Business-to-business Trade Contacts in Leisure and Entertainment Value Chain to Engender EU Tourism. A Resource-based View Analysis'. In L. Dwyer, T. Mihalič (Ed.), Proceedings of the 4th Conference of the International Association for Tourism Economics, pp. 483-499, Ljubljana, University of Ljubljana. ISBN: 978-961-240-263-1; DOI: 10.13140/2.1.4096.4806.

3. Droli M., Chang T.F.M., and Iseppi L. (2013). 'Revealing Ghost Business-to-business Clients through Ghosh's Model. A Challenge for EU Leisure and Entertainment Activities', Society, Integration, Education, ISSN 1691-5887, Vol. II, pp. 315-325. ISI WoS.

4. Droli, M., Chang, T.F.M., and Iseppi, L. (2013, October). 'La gestione strategica degli inter-firm trade contacts sul mercato business-to-business dell'UE: un approccio resource-based view'. Paper presented at: 'Smartlife: dall'innovazione tecnologica al mercato', X Annual conference Società Italiana Marketing - SIM, Oct 3-4 2013, University of Milano-Bicocca, Milano, Italy. ISBN: 978-88-907662-1-3.

This dissertation comprises 70,766 words.

Maurizio Droli

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Abstract

Without efficient buyer-seller interactions no firm can exist. Despite this simple assumption, Business-to-Business (B2B) interactions represent an under-investigated field of research. This thesis discusses the original concept of the 'Intermediate market Trade Contact' (ITC) as a transactional capital resource, measured by B2B interactions on the basis of firms' purchases or sales. The main aim of the thesis is to evaluate the relations that exist between the number of ITCs and the proxies of both firms' surviving and competitive advantage in the twenty-seven European Union countries B2B market.

In the Resource-Based Theory (RBT) framework, only 'valuable' (above normal) and 'rare' (concentrated) productive resources become relevant for these purposes. Through the adoption of Eurostat's highly reliable and large databases, European Union (EU) Input–Output tables, and the 'supply-driven' model, direct and strong relations between the valuable and rare ITCs and proxies of competitive advantage and have been identified.

The main theoretical implications are twofold. Firstly, two of the main assumptions that constitute the RBT framework have been positively tested on a continental scale. Secondly, it has become possible to identify valuable B2B interactions, and quantifying their economic impact on intermediate sales. From a managerial point of view, firms can optimize processes for their actual and future business client evaluations, may increase the efficiency of resource allocation decisions, and are able to increase the rationality of initiatives regarding their customer portfolio management.

CHAPTER 1 – THE STRUCTURE OF THE STUDY

CHAPTER 1 – THE STRUCTURE OF THE STUDY

Key questions addressed:

- *What are the basic questions or issues this thesis is trying to address?*
- *What are the main segments in which the dissertation is articulated?*
- *What is the main significance of the work in this field?*

What is the main benefit obtainable by reading this chapter?

- *Knowledge of the distinguishing key features of this thesis*

Chapter 1 – Introduction

‘No business is an island.’

(Håkansson and Snehota, 1989, p. 187)

Intermediate buyer-supplier coordination is not possible without creating B2B interactions. Despite the fact that the meaning of this affirmation is generally accepted, the value of Business-to-Business (B2B) interactions has not yet been tested on a wide scale. This study focuses on B2B interactions, based on economic transactions whose value exceeds specific valuability thresholds given by the structure of the market in European Union 28 countries.

Chapter 1 of this thesis aims to give the reader an overview of the entire study.

In **Section 1.1.** “Problem statement” the rationale for this thesis is discussed. This section attempts to create a link between previous studies in B2B interactions and Resource-Based Theory (RBT) and this study, in order to make it clear why I decided to spend three years of my life on this chosen topic. After reading this section, the reader is intended to understand the driving force behind this research, and how it may contribute to the logic flows of both B2B interactions and RBT studies.

Section 1.2. “Significance of the problem” aims to state some of the possible consequences of avoiding the exploration of the topic of this thesis. It tries to give a short overview of the consequences on business management of the lack of comparable data on B2B interactions. In so doing, the reader can obtain a preliminary overview of ‘what should be included’ in this thesis.

Section 1.3. “Relations to previous works” discusses the way in which this thesis aims to assess the topic, considering the previous research available. This section allows the reader an insight into the knowledge gap that this research endeavors to fill.

Section 1.4. “Research aims, scope, and limits” states the main objective and the specific aims of this research as a logical consequence of what has been discussed above. As the title of the

thesis states, this study identifies only one (main) objective for examination. The entire work that follows represents an attempt to assess this complex issue, and so has its own limits. This section critically evaluates the different ways that could be adopted to achieve this aim. As is true of other fields, B2B interactions present a wide and complex research area.

Section 1.5. "The subject of the research: the intermediate market trade contacts" aims to delimitate the field of research within B2B interaction studies. This thesis considers only a specific kind of B2B interaction. The analysis starts by quantifying the value of intermediate sales within the intermediate (B2B) market. The acquisition of productive resources represents one of the most important tasks of management according to both B2B interaction studies and the RBT. Productive resources play the same role within firms as proteins or vitamins do in the human body. From this perspective, testing the value of a new resource is of great importance for resource-based management. Consequently, by reading this preliminary section, the originality of the entire work should emerge.

Section 1.6. "The main research hypotheses" deals with the issue of avoiding making false promises, and restricting promises to those the author can keep. As is universally recognized, research hypotheses represent the 'fil rouge' that connects different chapters.

Section 1.7. "Overview of the study" describes the standard structure that has been adopted for this thesis, and details the contents of the entire study. Furthermore, a synoptic scheme shows the reader the structure of this thesis, and the way in which each chapter is related to the others.

Finally, the main contents of these sections and those in the following chapters have been summarized in specific 'boxes' placed at the end of each section, in order to give the reader an overview of the important points discussed within that section.

1.1.Problem statement

As previously mentioned in this introduction, B2B interactions analysis and the RBT seem to have a common issue. In regards to B2B interactions as a field of study, it is generally accepted

that no firm or industry can exist without suppliers and buyers. Their importance is widely acknowledged within the B2B marketing scientific environment (Alderson, 1957; Hågg and Johanson, 1982; Håkansson and Snehota, 1989; Johanson and Mattson, 1994; Håkansson, 1982; 1989; Håkansson *et al.*, 2009; Håkansson and Waluszewsky, 2002; 2013). Nevertheless, despite the important role played by business-to-business interactions in allowing businesses to exist, in promoting innovativeness in industries, and in sustaining the development of whole economies, they represent ‘an under-explored field of research (Håkansson and Waluszewski, 2013).

At the same time, ‘trade contacts may represent one of the most important resources which can bring a firm higher return over a long period of time’ within the Resource-Based Theory (RBT) scientific environment (Wernerfelt, 1984, p. 172). Regarding the RBT, this concept is well developed and articulated, but the empirical verifications carried out to date are relatively few. In influence studies, links have been found between a firms’ resources and their performance in specific firms and industries (Crook *et al.,* 2008). Nevertheless, there is a general lack of studies showing *how* and *how much* firms differ in terms of their productive resources (Hoopes and Madsen, 2008). Furthermore, weak relations have been highlighted between the characteristics of productive resources and the sustained profitability of firms in various fields (Armstrong and Shimizu, 2007; Newbert, 2007). In conclusion, findings demonstrating this key tenet of the RBV are acknowledged to be rather modest (Priem and Butler 2001a,b) or even non-existent (Arend, 2006).

The intangibility of the productive resources of many businesses is a factor that has slowed down the development of RBT methods for large-scale analysis in the past, and has forced scholars to make great efforts to try to develop robust methodologies (Godfrey and Hill, 1995; Miller and Shamsie, 1996) to be able to ‘measure the unmeasurable’. Despite those efforts and the advantages of those approaches, researches on intangible resources seem to be burdened by problems of 'construct validity' (Barney *et al.,* 2001; Strauss & Smith, 2009). As a result of this lack of

knowledge, theories concerning systematic interactions between trade contacts and the performance of firms remain untested on a wide scale.

Box 1.1. states the main knowledge gap which stands at the base of this research:

> At present, there is a common lack of knowledge in B2B interaction studies and in the Resource-Based Theory. This lack of knowledge concerns whether there is a systematic relationship between 'trade contacts' and the performance of firms. Thus these voids significantly overlap.

Box 1.1. A common need for further advancements in B2B interaction and Resource-Based Theory studies.

1.2. Significance of the problem

In regards to B2B studies, the above mentioned lack of comparability in the results of B2B interactions reduces the possibility of implementing a wide range of day-to-day B2B interactions in relation to both the most simple routine production processes and the more complex extraordinary ones. The most complex production processes, in particular, require intense problem solving. They involve teams of specialists and managers, and often necessitate the interaction of operatives from both the buyer and the seller. In these cases, B2B interactions could represent a valuable resource to be leveraged in order to increase the amount of information exchanged, the level of innovation produced, the market share of buyers and sellers alike, and the overall productivity of the sales system.

The lack of comparable data on B2B interactions may therefore mean:

- reduced information exchange and generation of ideas between organizations;
- reduced possibility of realizing the current and future value of business buyers and sellers;
- reduced possibilities to activate open innovation processes;
- reduced possibilities to develop product innovation along the supply chain;
- reduced competitive advantage for businesses, industries, and whole countries.

In regards to RBT studies, this lack of comparability impacts the performance analysis of productive resources, potentially obscuring the possibilities of employing the same productive resource for multiple uses. In the past, this possibility to exploit the same resource through different initiatives increased methodological heterogeneity as a means to measure the results produced by each resource. This methodological heterogeneity created difficulties for those attempting to compare the results obtained through RBT research. Furthermore, considering the importance of highlighting the link between resources and the performance of firms, this lack of comparability may induce RBT scholars to reduce the effectiveness of future research (Barney, 2011).

In brief, heterogeneous methodologies adopted by both RBT and B2B interaction scholars allow inhomogeneous results to be achieved that are, consequently, impossible to compare.

1.3. Relations to previous works

This thesis represents an attempt to adopt standardized methodologies, models, and tools in order to test specific RBT assumptions concerning the value of B2B inter-industry interactions in relation to productive resources, and the widespread applicability of these assumptions, in the context of the 27 European Union countries intermediate market.

Currently, the model most frequently used for inter-industry comparison is Leontief's input-output demand-driven model (Leontief, 1986), rather than Ghosh's supply-driven model (Ghosh, 1958) that has been adopted in this study. The limited application of the latter standardized model represents the undervaluing of its potential in economies which possess input-output data, such as the countries of the E.U., the U.S.A., and other nations, both advanced and developing. The emphasis placed by scholars on the vertical analysis of the technological structure of production largely explains why the horizontal analysis of the intermediate sale markets is neglected. Moreover, the value of commercial transactions realized by the majority of industries constituting the economic system (57 until 2007) has traditionally been higher for purchases and B2C sales than

it has been for B2B sales. This may explain why most previous studies have focused their attention on purchase transactions and B2C sales, rather than on B2B sales, leaving the latter as a much less explored area of research. For this reason it deserves particular attention in the light of both B2B interactions and RBT studies.

1.4. Research aims, scope, and limits

This thesis recognizes that differences in the performance of firms and industries may be particularly due to the presence of productive resources that are difficult to expand, in the sense that they cannot be improved rapidly by the organizations that hold them. As such, it has adopted productive resources as its basic unit of analysis (Grant, 1991). Specifically, the research addresses issues related to the acquisition and development of resources within the RBT framework. These resources have been investigated by sourcing data from the large harmonized databases of Eurostat, for the European Union.

The main objective of the thesis is to establish whether a specific type of B2B interaction that is based on goods exchange may become a source at least of competitive survival and / or sustained competitive advantage for firms in E.U. countries. The specific aims of this research are fourfold: (a) to describe the predominant characteristics and main trends of the intermediate market as strategic factors in the acquisition of resources by firms; (b) to explore the first two of the four structural B2B market characteristics, namely heterogeneity and concentration; (c) to quantify the systematic relationship between B2B interactions and firms' performance proxies; and finally, *all things being equal*, (d) to hypothesize a path through which firms may develop business-to-business interactions within the context of current practice in customer portfolio management.

Undoubtedly, Input-Output models have limitations as do any other research method. Perhaps the most significant of these is related to the quantitative nature of the adopted model. However, this limitation seems to be incorporated into the concept of 'model'. On the other hand, this model is a historically rooted one, causing structural differences to exist between B2B markets in

developed countries and developing ones. This study analyzes B2B interactions in the former, and does not investigate those in the latter. Consequently, this thesis calls for future research to be directed in that direction. Furthermore, this thesis does not explore the whole set of B2B markets into which the economic system has been divided by Eurostat for European countries (65 starting from 2008), singularly. Consequently, it observes only two (2) of the industries that form one of the most complex economic networks, namely that related to 'tourism'. Those industries are: Hotels and Restaurants and Recreation activities. This has been done in order to increase the possibilities for application of the results of this research. In this sense, the thesis tries to create premises for further research to be conducted into other productive industries. Conversely, in order to avoid the so called 'one-sector-effect' and increase the possibility to generalize the results obtained, this thesis tests the main research hypothesis within the whole E.U. intermediate market. Box 1.2. states the main objective and scope of this research.

The main objective of this thesis is to establish whether a specific kind of B2B interaction that is based on goods exchange may become a source at least of competitive survival and / or sustained competitive advantage for firms in E.U. countries.

Box 1.2. The main aim of this research.

1.5. The original subject of this study: the intermediate market trade contacts

During the centuries, the importance of buy-seller trade contacts in boosting innovation and accelerating cultural development is undisputed, and has been acknowledged by many researchers (Williams-Thorpe and Thorpe, 1993; Frayn, 1993). In economic studies, starting from Penrose's seminal work (1959), a firms' success in the long term is seen to depend on the availability of a well-established set of resources.

The list of productive resources examined by RBT scholars is long. It includes organizational culture, firm identity and its transitions, knowledge, and various forms of capabilities, e.g. combinatory, dynamic, high-order, etc. (Barney, 1986; Castanias and Helfat, 1991; Fiol, 1991, 2001; Albert and Whetten, 1985; Corley and Gioia, 2004; Ravasi and Schultz, 2006; Clark *et al.*,

2010; Kogut and Zander, 1992; Amit and Schoemaker, 1993; Conner and Prahalad, 1996; Teece *et al.*, 1997; Makadok, 2001; Winter, 2003). Particular emphasis for knowledge-based firms has been put on the purchase of scarce resources (Makadok and Barney, 2001), and on 'trade contacts' (Wernerfelt, 1984), as resources that are capable of producing long-lasting returns for firms. For the purpose of satisfying the aforementioned research objective, the concept of the original productive resource, named as the 'intermediate market trade contacts' (Droli *et al.*, 2014), has been devised.

Box 1.3. briefly describes the lack of knowledge and the concept of Intermediate market Trade Contacts - ITC.

The notion of trade contact is historically rooted. Its importance has been recognized by both Resource-Based Theory scholars and B2B marketing scholars. Nevertheless, no previous studies have considered trade contact as a productive resource able to connect both the RBT and B2B marketing.

Intermediate market Trade Contacts (ITCs) are transactional capital, both internal and external resources, measured by B2B purchases and/or sales whose economic value is above a given threshold (value), calculated on the basis of the number (n) of industries existing within the B2B market (Droli *et al.*, 2014, p.757). This resource links the Resource-Based Theory and B2B interaction studies.

Box 1.3. The concept of Intermediate market Trade Contacts as an organizational resource.

1.6. The main research hypotheses

Considering what has been written above, the Main Research Hypothesis (MRH) for this study is the following:

The relation existing between the number of above the average good exchanges (ITC) and firms' commercial performances is direct and strong for firms operating in 'Hotels and Restaurants' field of activity, for 'Recreative activities' and the whole 27 European Countries B2B market. Furthermore, the relation between the number of above the average good exchanges 'indirect' intermediate market trade contacts and firms' performances is direct and strong as well in at least one of the tourism-related industries which have been considered. Finally, relations existing between 'rare' (concentrated) ITC and sale multiplier are direct and positive in the tourism core 'Hotels and Restaurants' industry and in the heterogeneous and poorly regulated Recreative industry.

Box 1.4. The main - 'umbrella' - research hypothesis.

This main research hypothesis includes or 'covers' specific research hypotheses that are going to be discussed in Chapter 3, Research Design.

1.7. Overview of the study

Each chapter has its own formal introduction page, which explain: "*Why is this particular chapter here?" and "What is its function within this thesis?"* This has been done in order to make clear to the reader what is going on. This section offers a précis of the contents of the individual Chapters.

Chapter 1. 'The structure of this study' has given the overview of this thesis. It stated the problem, the aim of the research, and its scope and limits. It highlighted the lack of knowledge affecting both B2B interaction studies and Resource-Based Theory, namely the need to acquire and develop B2B interactions and trade contacts as productive resources. It also argued the need for strong theoretical roots for B2B interactions studies. Furthermore, it provided the reader with an overview of what lies ahead.

Chapter 2. 'Background" aims to position this thesis in the context of the existing studies on both business-to-business market analysis and resource-based theory. Section 2.1. addresses the

issue of "Business-to-business market structural analysis and structural interaction analysis". It discusses the distinguishing B2B market characteristics, and the need to quantify those characteristics in order to analyze B2B interactions. Chapter 2, Section 2.2. "The resource-based theory approach" discusses the work that has been done before regarding the concept of resource value and valuability, compared to current theory and managerial practice. Furthermore, it synthesizes the conceptual model that has been adopted in order to investigate the relationship that exists between the object of this research and proxies of firms' performances.

This thesis deals with the issue of resource acquisition and development processes, which is one of the most important concerns for the RBT mainstream. This chapter discusses the need to take both phases of this process into consideration in order to avoid leaving management alone in its attempt to understand *how* to develop the most important 'incoming' resources.

When considering the importance of intangible resources and the role of interactions in acquiring new resources such as knowledge, the RBT spillover that has been adopted is the Knowledge-Based View. From this perspective, the knowledge-based current managerial practice that has been selected in order to develop this resource is Customer Portfolio Management (CPM).

Finally, Chapter 2 discusses the (main) critiques of the RBT seminal works and their assessment in order to increase the potential impact of this study on both the RBT framework, and on the traditional management approach.

In the hope that RBT critiques are equally revisited on other applied theories, discussing RBT critic elements may also be helpful in identifying the exact contribution of this thesis to current CPM issues. Based on what is established in Chapter 2, the following two chapters discuss the framework of the research work carried out.

Chapter 3. "Research design" discusses the research design. As stated by Birger Wernerfelt (1984), trade contacts represent a productive resource that may bring the highest returns to firms in the medium term. As may be observed, trade contacts can be examined from the side of either the purchase or the sale. This thesis focuses on a specific kind of sale-side trade contact that has been

named ‘Intermediate market Trade Contacts’. In order to explore the aforementioned systematic relations, two research fields (B2B markets) have been selected. These are “Hotels and Restaurants” and “Sportive, cultural and recreational activities”. These research fields compose the heterogeneous ‘Tourism Supply Chain’ and ‘Sustainable Tourism Supply Chain” concepts.

By choosing these research fields the following results have been obtained: a) the know-how produced by this thesis will be concentrated in one economic sector; b) the possibility to apply findings ‘on field’ increases; and, c) the research fields are delimitated.

The validity of findings, however, should not be restricted to this economic sector. In order to avoid the so-called ‘one sector effect’ or ‘a-few-sectors’ effect, the findings of this study will be applied to the whole B2B market. The Chapter concludes with a section dedicated to presenting the research methods, models and tools used in this study.

Chapter 4. “Results” extensively describes the findings of studies that have been carried out, or synthesizes those that have already been subject to publication. The first section enumerates research hypotheses that have been formulated.

The following sections, 2, 3, and 4, describe the preliminary results of the research on general volumes of B2B markets, and identifies the main trends seen over the last decade in the European Union 27 Countries. Furthermore, it discusses (in Section 3) its first two distinguishing key features, namely heterogeneity and concentration. Doing this, it tries to fill the existing void of information on B2B markets. The application of Ghosh’s model allows us to describe B2B markets activated by the selected industries, considering both directly totaled sales and sales totaled through the interposition of other (processor or wholesaler) industries. Consequently, a more complete portrait of the B2B market is presented.

The quantification of intermediate sales totaled by the (four) selected industries, and those totaled by the whole number of industries constituting the B2B market, allows us to individuate those operating above the threshold. This thesis assumes that those ‘valuable’ sales transactions may generate a specific kind of B2B interaction, which has been named ‘Intermediate market Trade

Contacts'. The following section of this chapter aims to quantify those resources in some (not all) of the selected industries. The latter finding represents the independent variable we wish to test. Consequently, the last section discusses the systematic relations to be found between the number of Intermediate market Trade Contacts totaled by each industry, and the well-structured firms' performance proxy selected as the sale multiplier.

Unexpected and meaningful (log-linear) relations that have been found between variables are the subject of this last, but not least section of Chapter 4. Chapters 5 and 6 go on to develop the contribution of this study to the knowledge and understanding of B2B markets.

Following this is **Chapter 5.** "Discussion" of results obtained. This chapter aims to bridge the gap between the knowledge derived from data and that from wisdom, and consists of a comparison of the results of this study to what would be expected based on the theoretical framework. The chapter describes the importance and role of indirect sales within the European Union 27 countries. It proceeds to examine the results obtained in the light of the prior state of the subject as outlined in Chapter 2, with a specific emphasis on research hypotheses. Furthermore, it examines unexpected results, such as the log-linear relationship highlighted between the number of ITCs and the sales multiplier, within the E.U. 27. Finally, it attempts to assess the question "what worked and what didn't?" in regards to this research.

Chapter 6. "Conclusions" considers the way in which the aims of this work as stated in Chapter 1 have been fulfilled. The results that have been obtained have their own influence on the initial stated problem, affect its significance, and have an impact on previous works. Furthermore the potential role that is played by ITC within both B2B interaction studies and the RBT framework needs to be evaluated here. Chapter 6 discusses those issues within two main sections.

The first section examines the above-mentioned issues in relation to the current practice in customer portfolio management processes. The second section tries to evaluate the consequences on the RBT framework.

Figure 1.1. lays out the structure which has been adopted by this study.

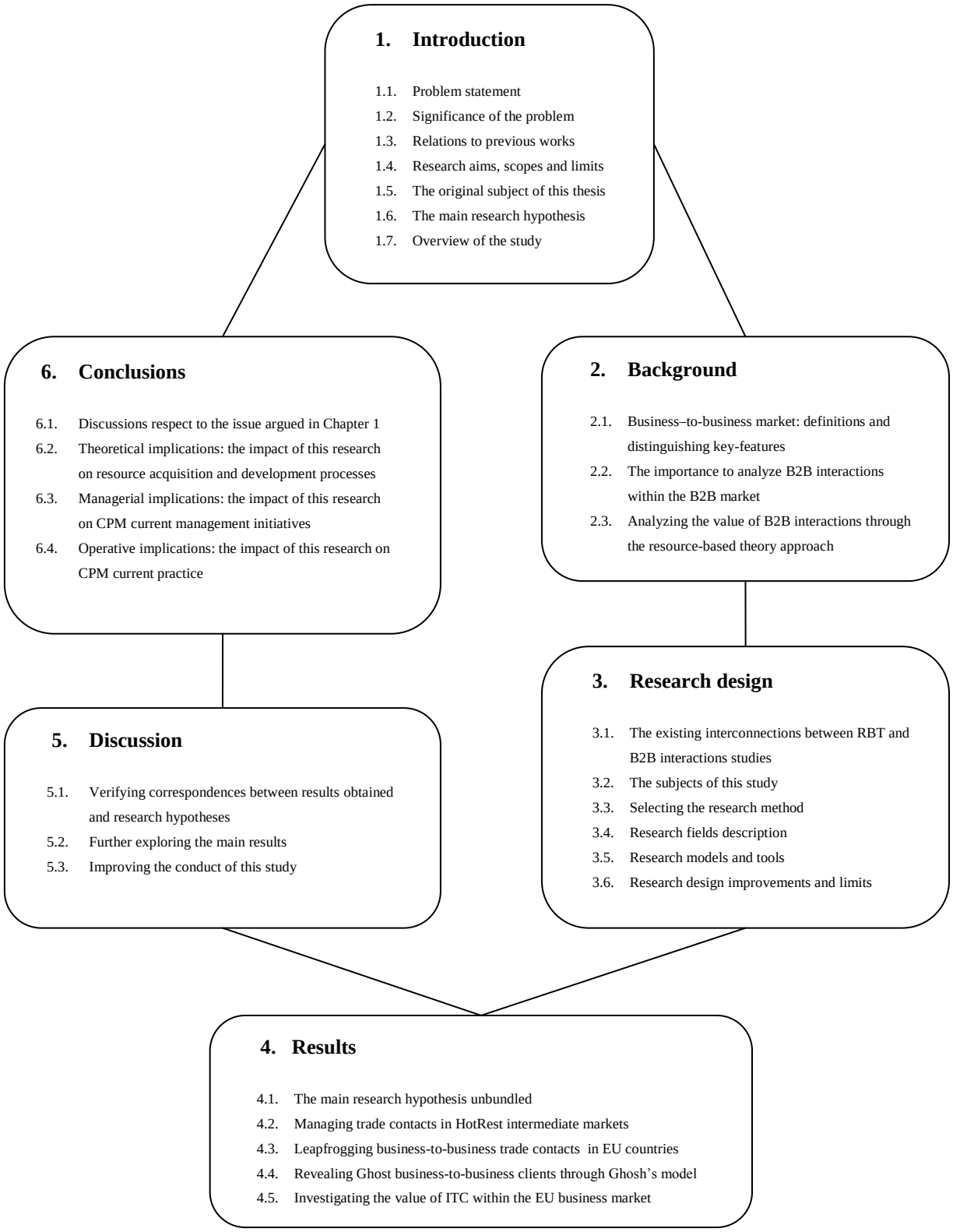

Figure 1.1. The structure of the thesis.

Building on the foundations of what is described in previous sections, this study adopts a standard structure.

CHAPTER 2 - BACKGROUND

CHAPTER 2 – BACKGROUND

Key questions addressed:

- *What is the main theme faced by this study?*
- *How is this work related to contemporary literature on B2B market and interaction analysis?*
- *What is the conceptual lens that has been adopted, and what are its main features?*
- *What is the overall significance of this work for current practice in B2B marketing and customer portfolio management?*

What are the benefits obtainable by reading this chapter?

➢ *Knowledge of the pillars and main concepts of RBT*

➢ *The main knowledge gaps that this research attempts to fill*

Chapter 2 - Introduction

One of the most important observations of Chapter 1 was that both the RBT framework and the B2B marketing fields of research have a common knowledge gap in respect to business interactions. This correspondence offers the possibility to achieve results that can be useful for scholars interested in either or both of them.

Section 2.1. "Business–to-business market: definitions and distinguishing key-features" discusses concepts which have been adopted in order to analyze B2B interactions as a productive resource. The concept of the value creation process, connecting the RBT framework and the B2B marketing field of study, has been discussed at the beginning of this section in order to facilitate the discussions that follow. Starting from a broad definition of the B2B market, subsections on B2B marketing and B2B relations progressively narrow both the field of observation and the concept of B2B interaction.

Section 2.2. "The importance to analyze B2B interactions within the B2B market" discusses CPM key assumptions and its core, which is constituted by customer actual and future value analysis. This analysis represents a sort of 'natural starting point' for a discussion of the ways in which to develop knowledge acquired through B2B interactions. Moreover, the way in which any resource, after being acquired, can be developed represents one of the most important issues within the RBT approach. Through a significant methodological development, Wernerfelt (1984) emphasized that not all resources under a firm's control can be a source of defensible competitive advantage.

Section 2.3. "Analyzing the value of B2B interactions through the resource-based theory approach" aims to identify the importance and role that is played by productive resources in both securing competitive survival and for defending competitive advantage. This section defines the main concepts that constitute the overall framework. This Chapter explicitly dedicates two paragraphs to the contributions of Penrose and Barney, while Wernerfelt's contribution is discussed within many of the remaining paragraphs. Furthermore, it discusses the theoretical (VRIN-O) model

that has been applied in order to carry out this analysis. Moreover, this study has been conducted within the RBT mainstream and spillover frameworks represented by resources acquisition and development processes, and the Knowledge-Based View, respectively.

2.1. Business–to-business market: definitions and distinguishing key features

The following sections discuss the basic concepts adopted in this study.

2.1.1. The value creation process and the RBT

The importance of creating value for customers through the management of the processes by which resources are transformed into products and services has been recognized by both marketing theorists (Hunt, 2000) and RBT seminal contributors (Barney, 1991) alike. Starting from the seminal study by Srivastava, Fahey, and Christensen (2001), Business-to-Consumer (B2C) marketing represents one of the five most important RBT subject areas, alongside those of human resource management (Wright, Dunford, and Snell, 2001), economics and finance (Combs and Ketchen, 1999), entrepreneurship (Alvarez and Busenitz, 2001), and international business (Peng, 2001). In the past twenty years, "marketing scholars have deserved only little attention to deploying RBT potentialities for marketing purposes e.g. in advancing theories and analyzing core challenges in marketing practice" (Srivastava *et al*., 2001, p. 778). Some notable exceptions to this general rule are: Bharadway, Varadarajan, and Fahey (1993), Capron and Hulland (1999), Day (2001), Hunt, (1997a,b) and Hunt and Morgan (1995). Only since the early 2000s, has the possibilities to investigate the processes by which a firm's internal and external environments transform productive resources into goods and create competitive advantage been partially captured by marketing theorists (Day, 2001; Hunt, 2000). The process by which resources are used to generate value for the customer and rents for the firms in managing dynamics in the marketplace have not yet been assessed. One of the first, and still most notable, frameworks that can be adopted for analyzing the value creation resource-based process was developed by Srivastava (Srivastava *et*

al., 2001). This framework individuates a series of elements linking the RBT and marketing studies (p. 781). Table 2.1. details five of the most important of these links. They are determined as follows: (a) Where is value determined? (b) What is the source of value? (c) How is value created? (d) When is value identified? and (e) What is the source of resources? The Table individuates, for each of these common issues: the way in which that issue has been considered in the RBT literature, the elements of interest of that issue, and its relevance for marketing studies, as follows:

Links RBT-marketing **RBT issue**	**RBT literature / perspective**	**Elements of the issue**	**Marketing relevance**
(a) Where is value determined?	Determination of resource value is exogenous in respect to the organizational boundaries. It occurs within the firm's environment	Consequently, resources value is subject to changes in actors external to the firm interests and priorities. It is also subject to multiple sources of external change	Value creation for customers is at the core of marketing, which is externally focused by definition
(b) What is the source of value?	Resource value flows out from them depending on specific attributes of resources: rarity, inimitability, non-substitutability, and organization of the resources within production processes (VRIN/O model)	Direct *relations* between a resource at least valuable and the value they give rise to for specific stakeholders needs to be quantified, traced, and made visible	Marketing attempts to determine value expected by customers, the amount of value they perceive, experience and understand in the services and products offered
(c) How is value created?	In the past, the process of transforming resources into value for customers has not been a focal point in RBV	Value flows out from specific sets of resources. Firms must pay attention to resources they own or control. Furthermore, they need to harness their potential by organizing their exploitation and defense in order to produce results	Value creation represents one of the most important topic within marketing
(d) When is value identified?	RBT studies tend to analyze the importance of both tangible and intangible resources whose value is hypothesized. RBT studies tend to adopt a reactive orientation.	Defining strategies requires both reactive and pro-active orientation. If resource value is only identified *a posteriori* or with regard especially to tangible resources then a firm's strategy has only a reactive value and is circumscribed	Marketing recognizes the need to determine customer needs and then locating resources which can or cannot create the value expected
(e) What is the source of resources?	The issue of "where resources come from?" is a relatively under-explored field of research in the RBT literature	The acquisition of new productive resources represents a fundamental aspect for strategy planning, development, and execution	Marketing studies generate multiple forms of resources external to firms' boundaries, (e.g. customers' perceptions, brand experience, etc) that can be leveraged in the process of customer value creation

Table 2.1. Existing links between marketing and RBT issue.

(Source: adapted from Srivastava *et al.*, 2001)

These five links connecting RBT and marketing represent a valid contribution for scholars who seek to analyze productive resources for value creation purposes. The first of these, especially,

regarding the exogenous attribution of value, seems to represent a natural bridge between the RBT and Marketing. This thesis investigates the role of a specific resource that can be acquired by firms in the intermediate market.

Box 2.1. states a possible common marketing commitment.

In the past two decades, RBT potentialities for marketing purposes remained relatively under deployed. Consequently, this framework did not contribute by advancing theories and analyzing core challenges in marketing practice.

Box 2.1. A possible common RBT and B2B marketing commitment.

2.1.2. Business-to-Business Market (Landscape) key features

In the field of studies on relationships between companies and their market environment, the debate concerning the relative importance and role that is played by 'internal factors' (e.g., Galbraith and Kazanjian, 1986; Peters and Waterman, 1982; Prahalad and Hamel, 1990) versus 'environmental factors' (e.g., Hannan and Freeman, 1977; Pfeffer and Salancik, 1978; Porter, 1980, 1991) is well known. These 'polarized' visions and the debate that followed, created the premises for other contributors who have suggested that in fact both internal and external productive factors are crucial to a firm's development and competitive success (Gummesson, 2008; Grandinetti, 1993; Fiegenbaum, Hart, and Schendel, 1996; Gronroos, 1994; Hansen and Wernerfelt, 1989; Barney, 1991; Wernerfelt, 1984). Progressing down this path, it has been suggested that many of the resources on which competitive advantage depends are actually external to the firm (Håkansson, 1989; Prahalad, 1993; and Ford *et al*., 2011; Ford et al., 1998).

The relationship between a company and its market environment cannot be understood without a description of this latter element that is represented by business (or Business-to-Business / B2B) market. Various definitions exist as to what a B2B market is. Considering the B2B market from a general standpoint, it can be defined as being a 'market in which both sellers and buyers are organizations' (Fiocca, Tunisini and Snehota, 2009 p. 4). In general terms, there are three 'basic' characteristics that distinguish B2B and Business-to-Consumer (or B2C) markets. The first is that

customers are represented by organizations rather than by individuals. These organizations may have interests in trading products (e.g. food, beverages, books, etc.) and services (e.g. accommodation services, transport services, etc.), which can be purchased by both intermediate and final customers indifferently, while others may have interests in trading products (e.g. productive plants, traffic lights, planes, etc.) or services (e.g. marketing consultancy services) which can be purchased only by other firms. In the past, these overlaps in goods traded by B2B and B2C markets created ambiguities as to what the B2B market really was (King, 2007). Consequently, the second basic characteristic distinguishing B2B and B2C markets is that the former needs to be described mainly in terms of buyers and sellers, rather than being considered only in terms of products and services.

The third distinguishing characteristic of B2B markets stems from the two above mentioned, and is its 'rationality'. The B2B market is characterized, above all, by high levels of rationality in the buying-purchasing processes (Håkansson, 1982; Möller and Wilson, 1995; Iacobucci, 1996; Ford, 1990; Naudé and Turnbull, 1998; Reid and Plank, 2000; Håkansson and Snehota, 2000; Ford and Saren, 2001; Håkansson *et al.*, 2004). This need for rationality is due to the different (organizational) nature of both buyers and sellers, to the organized nature of production processes, and to the consequential difficulties of simply suspending buying-selling processes among organizations.

Other basic characteristics that distinguish the B2B market from the B2C one include market structure, buying behavior, and differences in marketing practices (Chisnall, 1989; Dwyer and Tanner, 2002; Ford *et al.*, 2002; Lilien, 1987; Simkin, 2000; Webster, 1991; Williamson, 2000; and Wilson and Woodside, 2001). These last three basic characteristics, together with those briefly cited above, stress the importance of data capable of describing the B2B market. The importance of considering the point of view of both buyers and sellers has also been underlined (Fiocca *et al.*, 2009). However, it should be noted that results based on the extent of the economic inter-industry relations are not available in any database other than the input-output one. Consequently, input-

output tables may represent a useful resource for defining the B2B market from a uniquely empirical viewpoint.

A first empirical definition of the B2B market obtainable from Eurostat's definition of intermediate consumption, duly modified for the purposes of horizontal analysis (Eurostat, 2008a,b) may be the following. The business-to-business market is 'the value of the goods and services sold by an industry to its clients or to other industries to serve as input in their production processes, excluding fixed assets whose use is recorded as consumption of fixed capital; the goods or services may be either transformed or used up by the production process' (Droli *et al.*, 2013b, currently in publication).

Following the same empirical viewpoint, it becomes possible to define the intermediate market from both sides (buying and selling) by generalizing the concept of the B2B market and extending it to the intermediate uses, typical of the supply driven-model. Thus, it is possible to describe this market as the intermediate competitive environment whose structure is composed by the set of organizations described by data on purchases and sales, whose standard of quality and uniformity are certified by international statistical institutes, and whose accessibility is guaranteed (Droli *et al.*, 2013). This definition can be fit for the purposes of both this study and for the RBT.

As is commonly acknowledged, a market in which both suppliers and clients are organizations has other 'specific' characteristics compared to another market whose clients are final consumers (Håkansson and Waluszewski, 2005; Reid and Plank, 2000; Naudé and Turnbull, 1998; Iacobucci, 1996; Möller and Wilson, 1995; Håkansson, 1982). Those characteristics are: (a) Heterogeneity; (b) Concentration; (c) Stability; and (d) Continuity. These are discussed in the following pages.

(a) Heterogeneity

The heterogeneity of the environment where firms operate is the first important element to be considered, because it can affect the way resources are used, and can be influenced by them in turn (Combs *et al.*, 2012; Amit and Shoemaker, 1993). Two dimensions of B2B market heterogeneity

exist with respect to a specific business: 'internal' and 'external'. Internal B2B market heterogeneity refers to the industry in which a specific business operates. External B2B market heterogeneity refers to all the other industries which are different from the one in which a specific business operates.

Different observation levels of B2B market heterogeneity exist. The distinction of agriculture, manufacturing, and service B2B markets has been suggested (Hadjimatheou and Sarantis, 1998; Julius and Butler, 1998). Another distinction between manufacturing organizations which creates heterogeneity in the B2B market is that between Original Equipment Manufacturers (OEMs) and others, where the former are manufacturing business that buy component parts from other firms to incorporate into a final product that is then sold to other clients (intermediate or final) under their own brand name (Brennan *et al.*, 2011).

In order to measure B2B market heterogeneity, this thesis takes another, less explored, approach. This approach consists of subdividing markets into direct and indirect (hidden or "ghost") markets (Droli *et al.*, 2013a). While the former buy goods (products and / or services) directly from firms active in a specific industry, the latter do so through other industries and firms, and remain hidden from the producing industry or firm.

B2B market heterogeneity may represent both an opportunity and a threat. When it comes to the need to create quality or safety standard for food products, for example, it may represent an opportunity for firms who desire to increase their visibility, expand their client portfolio, and grow profitability levels within the B2B market. Alternatively, it may represent a threat due to the growing risk for potential quality scandal among poorly regulated supply chains (for a risk-analysis in the field of dairy products see: Jia *et al.*, 2012). *All things being equal*, higher levels of B2B market heterogeneity mean wider product ranges, competences, and knowledge required to maintain transactions and consequent relationships. Finally, market heterogeneity may lead to the heterogeneity resources', and may represent an important premise for resources' valuability

(Peteraff, 1993; Barney, 1991). On these conceptual foundations, we quantify B2B market heterogeneity as the position achieved by each market in terms of market-share.

(b) Concentration

B2B market concentration represents the second specific key feature of the B2B market. For the last thirty years, the significance of this has been recognized in key industries, such as the Food, Beverage, and Tobacco industry (Connor, 1985, p. 70). This distinction should be underlined, as the B2B market tends to be clustered (Chisnall, 1989; Dwyer and Tanner, 2002; Ford *et al.*, 2002; Lilien, 1987; Simkin, 2000; Webster, 1991; Wiliamson, 1999, 2000a; Wilson and Woodside, 2001).

Economic research has previously highlighted the issue of highly concentrated industries, and the impact this has in increasing prices and reducing innovation (Eatwell *et al.*, 1987). Other studies suggest that increased concentration in industries whose initial concentration levels are low and which operate in highly competitive environments may, conversely, produce benefits to the final consumer (Lopez *et al.*, 2013). From the sale-side (marketing) perspective, market share may represent a measure of potential profitability for the firm due to the effect of brand loyalty and switching costs for the customers.

Furthermore, market concentration may lead to the concentration of resources, a characteristic that is important within the RBT logic. In fact, valuable entrepreneurial resources concentrated within either an individual or a small number of firms, may help firms when they wish to acquire sustained competitive advantage (Barney, 2001).

This thesis considers the effect of market concentration created by the sale of products offered by specific industries and firms within the same industry, as well as in other industries and firms. It attempts to quantify B2B market concentration in the following three ways: (i) by analyzing Lorenz's concentration curves for direct, indirect, and total sales; (ii) by calculating both Lorenz's concentration indexes and Gini's concentration indexes for each of these types of sales; and (iii) by using concentration indexes which are well-known in Industrial Organization. In order to verify the degree of market concentration, these latter indexes represent the sum of sale (direct and indirect)

coefficients for the first main 2 clients (ΣC2), the first 3 main clients (ΣC3), or the first 5 main clients (ΣC5), for the considered sectors that exceed the valuability threshold of 1/(n x 59).

(c) Continuity

Without cash flow, no firm has the possibility to survive. B2B market continuity represents the third B2B market key feature. Indeed, organizations active in the B2B markets need continuous productive inputs to bring on their production processes and create outputs. Furthermore, they need to bring those outputs to the market in order to gain cash flow and "have the possibility to keep on their own existence" (Brennan *et al.*, 2011). In other words, firms have less freedom to stop buying things than final consumers. For this reason, some studies argue that B2B markets tend to be less elastic compared to the final customer ones (Chisnall, 1989; Dwyer and Tanner, 2002; Ford *et al.*, 2002; Lilien, 1987; Simkin, 2000; Webster, 1991; Wiliamson, 1999, 2000a; Wilson and Woodside, 2001).

From the viewpoint of the buyer, one of the most important functional areas for businesses where B2B market continuity manifests its importance is purchasing (vanWeele, 2002). From the viewpoint of the seller, B2B sellers include more informational cues and less commercial cues in communications to their buyers than B2C sellers (Swani *et al.*, 2014).

B2B market continuity brings positive effects to marketing, including the possibility of benefiting from B2B social media information and communication campaigns (Brown et al., 2012), obtaining expected results from dyadic research programs (Medlin, 2013), or taking advantage of interaction between social formal (contract) and informal control in order to lower transaction costs (Rhee, 2014).

For the purpose of this thesis, the B2B market in the E.U. 27 countries has been studied over an eight year long period (2000-2007). B2B market continuity has been quantified in three ways: (i) by calculating the continuity of market share distribution between direct and indirect markets; (ii) by quantifying continuity of cash-flows produced from traditional (first ten) intermediate markets; and (iii) by analyzing continuity of concentration indexes which have been registered.

(d) Continuous change

As is generally accepted, the demand for intermediate goods is drawn by the demand for final goods; ultimately it therefore derives from the final-market (Hill, Alexander and Cross, 1975). Phenomena such as changes in individual tastes of the final customer, changes in the client's willingness to pay, variations in productive locations, the emergence of productive alliances, growing mergers, acquisitions, or innovations in information technology, may lead specific B2B markets to grow and boom or downsize and disappear in a relatively short space of time. B2B market structures may change when those changes concentrate in specific industries and firms.

Those changes have important implications on B2B marketing and management decision taking processes. This thesis considers changes which are 'structural' within the B2B European Countries 27 countries market by adopting the following observation levels: (i) by considering both large markets which are emerging and decreasing small markets; (ii) by individuating new markets entering within the best ten markets shortlist, and (iii) by individuating traditional markets which are disappearing from that list.

Box 2.2. states the importance of having some mean value against which to compare B2B markets considering their distinguishing and structural key features.

Part of the productive resources on which competitive advantage depends are external with respect to the firm, and lie within the B2B market. Nevertheless, the degree of business market heterogeneity, concentration, continuity, and structural change varies from one market to another, with important implications for resource development management. Thus, it is important to have some mean value to establish just how highly heterogeneous, concentrated, continuous, and changing B2B markets are. In brief, there is the need to create the critical data-amount needed in order to quantify these B2B market distinguishing key features, to increase the rationality of decision making processes, and to analyze B2B interactions based on economic transactions.

Box 2.2. The importance and role of B2B markets structural analysis.

2.1.3. Searching for new and productive approaches in B2B market studies

The existence of a market possessing such particular characteristics has deeply influenced Business-to-Business marketing studies since its beginnings. Traditional approaches to B2B marketing started by considering the possibility of applying the traditional "4P's" (product, place, price, promotion) structure under the following assumptions: (a) the market and customers operate separately and in conflict; (b) the marketer and the customer are active and passive, respectively; and (c) the process of marketing traditionally starts by researching the buyer's behavior. Starting from two decades ago, however, the increased negotiating power of the final customer is changing the rules of the game.

(a) Market and customers operate separately and in conflict

The purchase process requires buyers and sellers who have different roles and positions. The first purchase, the second sells goods. Consequently, their interests are mainly in conflict. In principle, each of them is looking to maximize their own benefit. Despite this, changes in the final market environment, mainly due to the economic downturn and a decrease in consumption, particularly in mass-markets, have increased the sensitivities of both to what is happening in the final market, and focused their attention on the needs of the final customer. Looking positively at those changes is helping B2B entrepreneurs from both sides to discover their common goal: creating value for their (common) final client. In this way, mutual commitment is starting to moderate the effects of the individualism of the past.

(b) The marketer and the customer are active and passive, respectively

The traditional B2B marketing approach emphasizes the active role played by B2B sellers in promoting their goods towards more passive purchasers. On the contrary, this view underlines the role of the passive recipient played by B2B purchasers. In the last decades, some external factors, such as the increasing experience of final customers, the increasing demand for high value added goods, and the customer partnering process, has changed the role played by B2B purchasers who

have become more active in the value creation processes. The new more active buyer has counterbalanced the activity of the B2B seller.

(c) The process of marketing traditionally starts with research on buyer's behavior

Buyers have traditionally attempted to influence the behavior of purchasers in favor of their goods. The needs of purchasers have been studied, often deeply and extensively, through traditional research by seller companies. This research, and the need of sellers to push their goods towards the intermediate customer directed marketers to create goods able to match the needs of the intermediate customer. In the last decades, uncertainty about the needs of the final customer, their complexity and, most importantly, the rapidity of change, have shortened product lifecycles. Consequently, purchaser companies' forecasts concerning the characteristics of required products have become even less reliable.

Uncertainty, the rapid evolution of final customer needs, the increasing complexity of product requirements, and a heightened need for personalization in both products and services are all changing the intermediate market scenario. Traditional B2B marketing is being called on to became less prescriptive and ideological, and more able to support flexible productive processes which have the 'just-in-time' philosophy as their main thread. Continuing down this path, it has been suggested that the traditional B2B marketing approach based on the 4P's lacks relevance in terms of influencing the way in which businesses work (Brownlie and Saren, 1992; Arndt, 1979)

The need to meet the growing uncertainty, complexity, and desire for innovation of final customers is bringing B2B marketing to revisit and, sometimes, significantly reconstruct its traditional assumptions. An even more 'empathetic' B2B marketing, directed at providing solutions to the problems of others is attracting a growing interest. Starting from a seminal work (Håkansson, 1976) successful B2B marketing requires the development of knowledge, the creation of human resources, and the generation of other resources able to reduce 'environmental uncertainties'. B2B customer uncertainties to address include the following: (a) Uncertainty about the type of goods

required; (b) Uncertainties about the volume of goods required; (c) Uncertainties about the value of the goods (Brennan *et al*., 2010, p. 62). Let us discuss briefly these uncertainties.

(a) Uncertainty about the type of goods required

Uncertainties in the final markets mean uncertainties in the intermediate markets. These uncertainties are caused by a large amount of products and services that have similar characteristics, but often have different prices, in both markets. The degree of difficulty of a final and intermediate consumer choice varies directly with the increase in differentiation, number, and kind, for available products and services on the market. In the attempt to reduce uncertainty as to the type of goods required, B2B companies may try to increase their knowledge of the products and services that are offered by competitors, and that are required in the final market. Nevertheless, the increasing number of competitors in the global scenario requires constant injection of new knowledge, which is expensive and highly time consuming. Business strategies that fix medium term objectives are unlikely to handle this short-term uncertainty successfully. Finally, there is the uncertainty based on the possibility of opportunistic behavior by buyers, which may be encouraged by cost-effective opportunities provided by other suppliers, despite their commitment in an initial transaction.

(b) Uncertainties about volume of goods required

The previously discussed uncertainties create difficulties in knowing how much to buy from B2B companies. The willingness by final customers to change their suppliers may cause uncertainty, for both B2C and B2B suppliers, as to how much output units they need and, consequently, may reduce their certainties in regard to the amount of resources they require for carrying out production processes. This lack of knowledge about what B2C company purchasers need may create a consequent lack of internal knowledge regarding purchases to activate, financial resources needed, transport and logistics required, etc. Potential damages deriving from the lack of internal knowledge becomes even higher when a B2B companies' equipment demand minimum levels of production, in order to keep their maintenance costs low.

(c) Uncertainties about the value of goods

Both of the uncertainties discussed above may lead to a lack of knowledge in regards to both the final price for goods delivered and the time of payments. The possibility of changes in prices for specific products and services in the final market may condition the willingness of B2B purchasers to conclude transactions for resources required to produce them. In order to close the B2B purchase agreement, the importance of other last-minute-conditions may emerge, such as those regarding the time and place of delivery, assistance services to include in the purchase agreement, the possibility to be refunded in case of purchase delay, etc. These uncertainties tends to grow when products or services have been sold and purchased through verbal agreement based on local uses, causing a lack of knowledge as to the manner in which to handle possible delays and buyer-seller conflicts.

The uncertainty in the final market is heavily and deeply conditioning buyer-seller practices, and requires greatly increased B2B marketing efforts to be able to effectively support 'just-in-time' production processes. The issue of *how* to evolve B2B marketing toward a more influential position has been answered through studies on empowering B2B relationships that make B2B transactions possible.

Box 2.3. exhibits the impact of uncertainties on B2B marketing current practice.

Uncertainties in the final market regarding the kind of goods required, the quantity of goods which are needed, and the customers' willingness to pay for them, is deeply affecting the buyer-seller practices of the past, and requires a much more capable B2B marketing to effectively support 'just-in-time' production processes.

Box 2.3. The possible impact of B2B market uncertainties on B2B marketing current practice.

2.1.4. Business-to-Business Relationships

In an attempt to mitigate the uncertainties discussed above, client-supplier relations have become an integral part of B2B marketing theory (Ford, 2001, 1997, 1990; Håkansson, 1982; Turnbull and Valla, 1986; Fiocca *et al.*, 2009). At the same time, there are only a few marketing

studies that don't address the importance of relationship (for an overview: Weitz, Wensley, 2002; Sheth, Parvatiyar, 2000; Håkansson *et al.*, 2004).

Nowadays, it is generally acknowledged that B2B relationships may affect performed activities as much as other and more frequently investigated resources (Håkansson and Waluszewski, 2002; Johansson and Mattsson, 1994; Håkansson and Snehota, 1989; Hägg and Johanson, 1982; Penrose, 1959; Alderson, 1957). In part, this has caused the emergence of the following phenomenon (a) the increase in demand for high added value goods by the end-user market; (b) the raising of the required expertise level in the production process; and (c) the increased outsourcing of production processes in manufacturing sectors with high added value (Bocconcelli and Tunisini, 2007).

A relationship is a 'quasi organization' (Blois, 1972) consisting of people, routines, and expectations, which has a real independent existence built up through interactions that affect the technical, administrative, and social characteristics of the organizations involved (Ford *et al.*, 2011, p. 21). Consequently, the literature on management, and especially that on marketing and strategy, has long considered this element as a resource (Håkansson and Snehota, 1995; Reicheld, 1996; Dyer and Singh, 1998; Johnson, 1999; Lorenzoni and Lipparini, 1999).

More recently, the concept of productive resources has been adopted to explain the reasons why firms are 'not complete' (they need to buy resources and skills in order to operate), are 'not independent' (they are not able to develop and implement their own strategy based on their own resources), are 'reactive and not active' (they are affected by the wishes and behavior of the companies that surround them) and are 'networked' (they are embedded in a specific 'business landscape') (Ford *et al.*, 2011, p. 2-5).

At the same time, B2B relationships have been described as: 'a device' that can be adopted in order to increase the firm's efficiency, achieve innovation, and influence other organizations; as 'an asset' to be managed in order to optimize value creation processes over time; and as 'a problem' to be taken into account (Ford, 2011, p. 21-40). In any case, relationships and interfirm agreements

are perhaps the primary strategic resource for a companies' development (Mouzas and Ford, 2006a,b).

Without relationships neither business marketers nor their customers could continue to trade. Equipment, real estate, technology have little value without relationships' (Ford, Håkansson, 2006b, p. 250). Focus to B2C relationships has been transferred to B2B relationships, thanks to the work of authors including Håkansson and Snehota (1995), Reicheld (1996), Dyer and Singh (1998), Johnson (1999), and Lorenzoni and Lipparini (1999). These studies have highlighted the structural role played by B2B relationships as being as fundamental as organization themselves (Ford and Håkansson, 2006a,b).

B2B relationships have been studied for their widespread potential benefits. Economical, technical, service, and social benefits have been spotlighted (Anderson *et al.*, 1992). In particular, their impact on the value creation process has been studied. B2B relationships may generate value in several dimensions, including the economic, behavioral, and strategic (Jantrania and Wilson, 1999). Furthermore, it has been suggested that their value extends much further beyond the important financial dimension and includes knowledge transfer, reputational gains, and network access (Ford and McDowell, 1999).

In more detail, the benefits obtained from a B2B relationship have also been identified (Sweeney and Webb, 2002). These potential benefits include the following seven: collaboration and information-exchange between the organizations, or 'symbiotic' benefits; increase of confidence and trust, or 'psychological' benefits; improvement of production processes, or 'operational' benefits; extending the business benefits to the social context, or 'social' benefits; cost reduction and uncreated businesses, or 'economic' benefits; improvement of competitive advantage, or 'strategic' benefits; and overcoming barriers of customization, or 'customization' benefits.

Most importantly for the purpose of this thesis, managing B2B relationships allows firms to create value for the end customer through the supply network (Normann and Ramirez, 1993; Christopher, 1998; Hines *et al.*, 2000; Normann, 2002; and Tunisini, 2003). Furthermore, they may

allow the optimization of the management of outsourcing processes for some types of companies characterized by high levels of know-how (Bocconcelli, Tunisini, 2007; Ford *et al.*, 2003; Ciborra, 1993; Castells, 1996; and Storper and Scott, 1995). Finally, the longevity of B2B relationships is directly linked to a firms' profitability in the long-term (Kumar, 2002).

Despite the fact that the benefits of B2B relationships are significant, disadvantages also exist. Some features: such as their intangible nature, make it difficult to measure them objectively. Some B2B relationships inevitably terminate. As a result, B2B relationships remain an 'uncertain' field for both research and management.

Box 2.4. states both the importance and complexity of B2B relationships as a subject for research.

B2B relationships are one of the primary strategic resources for a companies' development and bring many advantages. Nevertheless, they represent a relatively wide and complex field of research, resulting in their intangibility. This thesis focuses on a specific kind of B2B relationship that can act as a 'conceptual and empirical gate' in B2B relationships studies.

Box 2.4. The importance and complexity of B2B relationships as a subject for research.

2.1.5. B2B economic transactions-based relationships

Fortunately, part of B2B relationships continue beyond dialogue and negotiation, and include the exchange of product and services in order to reduce high transaction costs (Ford *et al.*, 2011). In other words, B2B economic transactions-based relationships represent 'the tip of the iceberg' of a set of wider B2B relationships, resulting in their measurability. Figure 2.1. places B2B economic transactions-based relationships within the context of B2B marketing study objectives. Furthermore, it shows the 'bridging role' played by B2B economic transactions-based relationships within the study of B2B interactions.

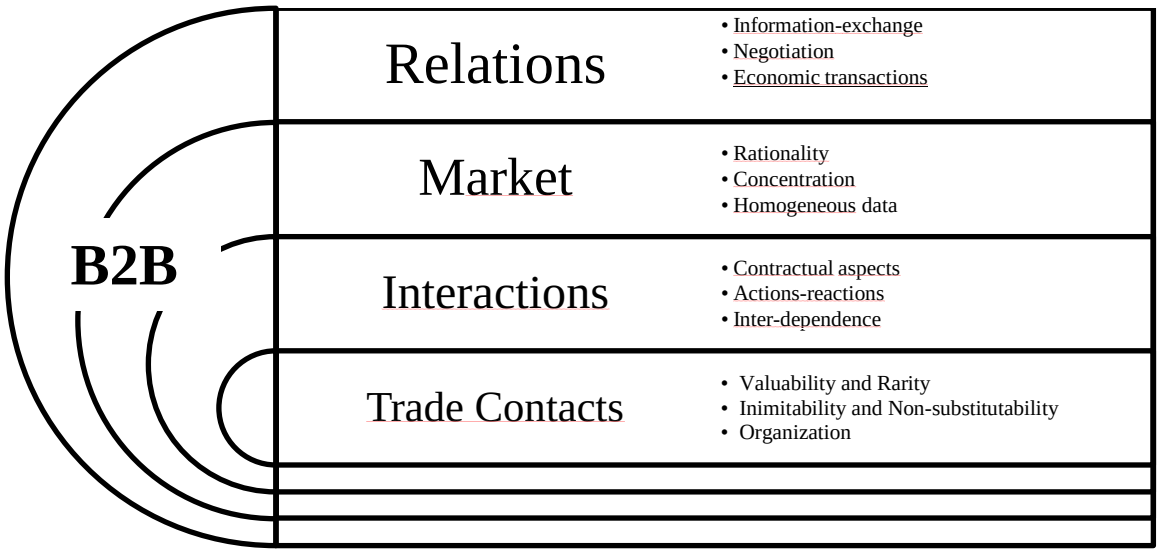

Figure 2.1. B2B marketing fields of study and the position of the subject of this thesis. (Source: adapted from Ford, 2011)

As illustrated by Ford and McDowell (1999), the value of business relationships depends on the perception of participants. This thesis focuses on B2B relationships whose value is economically determined through buyers-sellers relationships, and objectively measurable. For the purpose of this thesis, we may define B2B economic transactions-based relationships as those that imply coordinated exchange of goods, product, and/or services, and coordinated economic transactions.

Adopting a B2B relationship-based perspective is of particular importance when it comes to the need to define firms' strategies and planning initiatives in the medium term (Fiocca *et al.*, 2009; Håkansson, Gadde, 2002; van Weele, 2002). However, accepting the relational perspective requires firms to define business strategies that enhance existing economic relationships, enable new relationships to be built on them, and improve the ability of buyers and sellers to work together to create (co-create) value for the end customer. Expanding B2B economic relationships requires managers and scholars to focus their attention on the potential for cooperation between buyers and sellers. In brief, B2B economic transactions-based relationships may play a bridging role for B2B interactions study purposes. This research carefully considers this hypothesis.

Box 2.5. states the bridging role played by interactions among organizations based on coordinated economic transactions and exchanges of goods.

A specific kind of B2B relationship is the one based on economic transactions among organizations. Measurability of economic aspects of those B2B relationships give us the possibility to explore the interactions embedded in them, and obtain useful insights into the underlying B2B interactions.

Table 2.5. The bridging role played by interactions among organizations based on coordinated economic transactions and exchanges of goods.

2.1.6. B2B Interactions

Undoubtedly, B2B interactions represent only one of the various results a B2B relationship can produce. On one hand, not all B2B relationships give rise to economic transactions and exchanges of goods. On the other, buyer-supplier coordination is not possible without first creating B2B interactions. In this thesis, B2B interactions represent the 'linking pin' (Likert, 1967) that connects B2B relationships and economic transaction-based activities.

The role of interactions between human individuals, or social interactions, has been acknowledged in different sciences, including sociology (Waters 1994; Simmel 1950). Furthermore, social interactions may contain economic and technical components as well (Håkansson and Snehota, 1995; Håkansson, 1982).

The real-world importance of social interactions with technical components is self-evident. In fact, this importance is growing due to the fact that millions of economic B2B and B2C transactions are occurring simultaneously every day, and require the connection of products with delivery services. Those in the B2B world must be synchronized with others in the B2B and B2C environments. Millions of productive processes take place in different countries, and need to be coordinated with resources, products, and delivery services. In order to achieve such coordination, millions of people working for B2B companies, non-profit associations, and public entities are involved in numerous meetings, real or virtual, in the effort to attain this level of coordination.

On this basis, B2B interactions may be defined as being "the result of actions or proposals and responses between counterparts, which occur in series and in parallel and are made in the light of each party's perceptions of the views and likely reactions of the other, whether known or anticipated". (Ford and Håkansson, 2005, p. 252)

Their potentialities in terms of current theory and practice was discovered during the late 1960s and early 1970s (Johanson and Mattsson, 1994), when seminal research suggested that B2B interactions influence what is exchanged, the marketing and purchasing activities involved, and the actors who participate in them. Moreover, it has been suggested that those interaction have as much effect on the performance of the activities as the other productive resources that are used (Alderson, 1957; Hägg and Johanson, 1982; Håkansson and Snehota, 1989; Håkansson and Waluszewski, 2002; Penrose, 1959). Those findings created the premises for the development of an original industrial marketing and purchasing research approach, called the 'IMP network approach', which is still employed now. The aim of this approach is "to catch the content and impact of business interaction through the analysis of their technological and organizational aspects" (Håkansson *et al.*, 2009; Håkansson, 1982, 1989). The ones that focus on the creation, utilization, and adaptation of objects and ideas constitute one of the most important issues for research on industrial marketing and purchasing. A business interaction can be described as: «a confrontation process that occurs between companies and which changes and transforms aspects of the resources and activities of the involved companies and of the companies themselves.» (Ford et al, 2009, p. 3)

Despite the fact that the role they play is fundamental for the advancement of both theory and current practice, incredibly, "the importance of business interaction has not been accepted in the marketing or in other business literature, in the same way that other topics have" (Ford and Håkansson, 2006b, p. 253), which perhaps explains the interdisciplinarity of the approach required, with the consequent risk of increasing complexity, for studies focusing on them.

The degree of interdisciplinariety and complexity may vary depending on typological differences between B2B interactions. From a general viewpoint, the complexity may stem from the

number, and the different hierarchical levels, of the people responsible for coordinating these interactions. On one extreme, relatively 'simple' B2B interactions may involve two or a few people tasked with directly coordinating the buying-selling activities. Often those people occupy the same hierarchical level, and are given direct responsibilities regarding the coordination of routine activities. On the other extreme, relatively 'complex' B2B interactions may occur in which several people related to both seller and buyer companies, occupying different hierarchical levels (specialists, executives, managers), coordinate extraordinary buying-selling activities. Particularly in the latter case, the activities may require strong coordination when it comes to the need to face emergencies in product standard requirements, deal with the logistics involved, and find innovative solutions to problems that may arise maintaining duration and stability in dealings at the same time (Turnbull et al, 1996).

Other theoretically grounded classification schemes for B2B interactions include the resource-based differentiation model suggested by Cantillon and Håkansson (2009) and Håkansson and Prenkert (2004), and presented in Håkansson and Waluszewski (2002). This model subdivides B2B interactions into six types, with increasing levels of complexity forming a Guttman scale. Each of these types can be expected to produce some specific effects on six B2B marketing and purchase activities, such as the products exchanged, service facilities exchanged, business units, and business relationships. The type of interactions affecting these marketing and purchasing elements are: (a) 'Pure' exchange; (b) Exchange with some social elements; (c) Buying and selling; (d) Producing and using; (e) Cooperation; and (f) Networking.

(a) Pure Exchange

This type of B2B interactions affects only the participants involved in the exchange and their specific relationships, and do not have an impact on the goods involved. This form of B2B interaction most often supports standardized goods exchanges or routine activities, and may represent the first stage in creating more complex interactions. Considering that this type of interaction has no impact on goods, activities, and people, their switching costs are generally low.

Consequently, they are characterized by a high degree of freedom for buyers and sellers to switch, without any effect for either of them. Due to this high degree of freedom, they are defined as a 'thin interactions' by Swedberg (1994).

(b) Exchange with some social elements

As social exchange theory recognizes, interactions without any social consequences represent an exception (Blau, 1964; Granovetter, 1985; Homans, 1961). Social exchange theory assumes that interactions of people and mutual knowledge can affect the ethical and moral values of participants. These interactions are relatively more complex than the previous type, and may facilitate a shared understanding of the existing opportunities on both sides of the interface. Their social effects can take different forms, including creating interactions in terms of social media (Uzzi, 1997; Freeman and Soete, 1982). Furthermore, they can be used as a base on which to engender more complex kinds of interactions. On the other side of the coin, the knowledge they create may be used in order to defend the individual interests of participants against the wider interests of the business community at large. As a result of this knowledge and impact on individual sentiments, they can increase both the mutual involvement and the efficiency of industrial marketing and purchasing activities.

(c) Buying and selling

In this type of exchange the final characteristics of products or services are not fixed. Rather, they may be modified, and represent one of the results of buyer-seller interactions. In economic literature, the process by which the offer, as well as costs, for carrying out production processes are not a given but are subject to alteration, has been analyzed by transaction costs scholars (Heide, 1994; Williamson, 1975, 1979, 1985; Williamson and Masten, 1999). Despite their name, buyer-seller activities are based on the distinguishing key features of the product and/or service that is the subject of the transaction. These activities are characterized by an action-reaction process, during which two adaptation phases take place: a first problem-solving phase concerning the way in which to shape the final characteristics of the product or service, and a second phase concerning the price

negotiation for these adaptations. Although these exchanges can bring participants to develop products or services that are sometimes radically new and capable of opening new markets, they require great economic and organizational efforts to be carried out.

(d) Producing and using

The fourth type of B2B interaction that has been classified concerns interactions through which the final characteristics of products or services are altered through adaptations to the productive resources used to produce them. Unlike the interactions previously described, producing and using B2B ones requires changes to be made in the allocation structure of economic and financial resources. Sometimes these changes take place over a long period of time, require long-term production agreements, and lead to further adaptations in the production processes. Their resource-based nature has been considered in economic literature, particularly due to their capacity to affect participants by changing the structure of their production processes, and for the possibilities to form common specialized units (Barney, 2002; Dubois, 1998). Those processes may co-evolve by sharing the use of facilities and by planning common investments. As a result of this characteristic they tend to involve increased switching costs, and create barriers to exit the interactions for participants.

(e) Cooperation

B2B cooperation interactions include adaptations to both the characteristics of the final goods, and of the resources used to produce them. Their role and importance for the indirect effects they have on participants have been discussed in strategic alliances literature (Doz, 1996; Hamel, 1991) and relationship marketing literature (Gummesson, 2008; Hunt and Morgan, 1995), while the indirect effects they have on firms not specifically involved in B2B interactions have been studied within the IMP network approach (Håkansson *et al.*, 2009). Cooperative interactions can create the relational environments required to adapt products or facilities and resources, and to increase the innovativeness of the involved counterparts' solutions. Furthermore, they are important to augment the impact of these solutions on direct and indirect related counterparts. The mutual trust that

characterizes cooperative interactions mitigates the effects of the unbalanced ratio between investments and rewards among directly and indirectly counterparts. Furthermore, it creates premises for the most complex patterns of interaction.

(f) Networking

Differently from the previous types, B2B networking interactions influence the characteristics of the final product or facility and the use of productive resources *systematically* by structuring the cooperative interactions that have been created. The creation of consortiums and associations of firms for the purposes of transaction cost reduction, product innovation, product marketing, or giving assistance to common clients, are all examples of B2B networking interactions. This type of B2B interaction has been studied most recently within the field of industrial marketing and purchasing situations (Hoholm and Olsen, 2011; Ingemansson and Waluszewski, 2009; Waluszewski, Baraldi, Linne, and Shih, 2009; Baraldi and Waluszewski, 2007; Bengtson and Håkansson, 2007; Strömsten and Håkansson, 2007; and Håkansson and Waluszewski, 2002). As described above in regards to cooperative B2B interactions, B2B networking patterns also have both direct and indirect effects. In contrast to 'pure exchange' interactions, networking patterns represent 'thick' interactions. As it has been suggested, "the thicker the interaction and, consequently, the 'thicker' the relationship, the larger the potential network effects can be." Whilst this thesis does not aim to extensively discuss the limits and potentialities of each of the above-mentioned types of marketing and purchasing interaction patterns, it can be said in regards to networking patterns, for example, that although networks often represent an achievement target for companies, public entities, and non-profit associations, they do not guarantee that the ratio of risks/rewards amongst their constitutive elements is well-balanced (Utterback and Abernathy, 1975).

Instead, this study aims to investigate the relationship between a specific type of B2B interaction and sales performances in the B2B market. As one may note, as an example, the intermediate market for food companies and the intermediate market for waste management

organizations are structurally different. Within the former, buying and selling concerns a heterogeneous set of products, while in the latter buying-selling processes concern highly standardized products. Consequently, interaction patterns also differ. The marketing and purchasing interaction pattern dominant in the food industry may be closer to the 'co-operation' or 'networking' types, while those dominant in the waste management industry may be closer to the 'interaction with some social elements' or 'buying and selling' types. For the purpose of this thesis, it is important to note that different industries are characterized by economic transactions of different value, and likely different dominant interaction patterns. Consequently, the 'thickness' of B2B interactions represents an important variable for the purpose of this thesis. 'Thin' (Swedberg, 1994) or 'thick' B2B interactions may create different degrees of stability or, may differently affect firm's performances. This may be especially true in the case of long-term B2B interactions, where other financial, physical, and technological resources are accumulated over time by participants in *that* B2B interaction. It has been suggested that "the 'thicker' the interaction and, consequently, the 'thicker' the relationship, the larger the potential network effects will be." (Håkansson, Waluszewski 2013, p. 446). B2B interactions based on relatively higher economic entity may have a greater thickness than B2B interactions based on relatively low economic entity, and *vice versa*. The former B2B interactions may require a formal agreement to help participants clarify the terms of the exchange, and these tend to generate clearer interactions. On the other hand, in the case of the latter, although the value of the economic transactions is low (footholds), the value of the interactions may be important in facilitating access to alternative B2B markets (Upson *et al.*, 2012).

Ceteris paribus, B2B interactions of different types and thickness may produce results (outcomes) that can be measured just as any other productive process can be. These results can be represented by the development of innovations and/or increased efficiency in products, services, and processes, which can be measured in terms of profit figures at a company level, as well as in terms of trade, growth, and GNP figures on a national level. Thus, the interactions have definite

consequences for individual companies and nations, as well as for international development (Håkansson, Ford, Gadde, Snehota, and Waluszewski, 2009).

Through strict and coordinated relationships, the total value delivered can exceed the sum of the value created by each individual organization involved (Boris, Jemison, 1998; Thorelli, 1986). This result may be defined as 'productive' whether or not the efficiency and/or the effectiveness of the resources used by all the organizations involved in *that* relation is greater than the efficiency and/or the effectiveness of the resources achieved by the same subjects individually. In closing, we can say that B2B interactions between suppliers and buyers may create specific and partly integrated patterns (Håkansson *et al.*, 2009).

Box 2.6. states the main considerations of this section.

The importance and role played by day-to-day B2B interactions based on economic transactions in value creation processes has been recognized, partly due to the advent of the Internet era and increasing globalization. Various studies on B2B interactions suggest their relative 'thickness' may represent a useful dimension for the purpose of their exploration. This thesis focuses on B2B interactions in terms of their different economic value in the B2B market.

Box 2.6. The suggested importance of B2B interaction thickness in value creation processes.

2.2. The importance to analyze B2B interactions within the B2B market

Firms may manage the knowledge acquired through economic transactions-based B2B interactions, and develop it through decision-making processes in functional areas such as relationship management, open innovation management, or customer portfolio management. The basic concept underlying the current practice in Customer Portfolio Management (CPM) is that managing B2B interactions and relationships is fundamental to achieving success in the globalized and interconnected economy (Grönroos, 1994b; Morgan and Hunt, 1994). CPM represents one of the ways through which productive resources that have been acquired by firms, such as specific knowledge on B2B interactions, can be developed in order to create additional value and rents for

the firm who possesses or controls it. Furthermore, it represents a dynamic aspect of the RBT that has been examined for the purpose of this thesis.

There are few existing definitions of CPM. In general terms, it has been described as ‘a process of creating value across a company’s customer relationships, from arm’s length transactions to strategic partnerships, with an emphasis on balancing closer relationships with weaker ones’ (Jonson and Selnes, 2004; 2005, p. 11). This definition of CPM in the broad terms of managerial philosophy needs to be specified through a more practical delineation.

From a particular viewpoint, CPM is “the business activity which consists of analyzing the current and future value of actual customers in order to effectively allocate existing resources among different customers or customer groups” (Terho and Halinen 2007; p. 722). Its importance is most evident in processes with high rates of externalization, particularly for the most complex productive processes. CPM aims to help organizations achieve a well-balanced customer portfolio (Terho, 2009), and to target investments in customers within the B2B environment in the most efficient and effective way possible (Campbell and Cunningham, 1983; Krapfel *et al.*, 1991; Möller and Halinen, 2000; Terho and Halinen, 2007). Achieving such results requires managers who are able to deal with the external environment, and acquire knowledge on both direct and indirect results that have been produced through B2B interactions.

At the core of CPM is customer analysis. This analysis phase encompasses interrelated stages including a customer 'analysis stage' and 'responsiveness' stage' (Terho, 2009; Johnson and Selnes, 2004). Those phases are of crucial importance, in order to rank the value of B2B customers efficiently according to both their 'actual' (current) and future (potential) value, and to benefit from CPM initiatives in the medium-term (Sanchez and Sanchez 2005; Dhar and Glazer 2003; Johnson and Selnes 2005; Homburg *et al.*, 2008; Homburg *et al.*, 2009).

Ranking the value of B2B customers may constitute one of the main premises for the allocation of a firm’s resources in a more efficient and effective way that is consistent with a medium-term strategic approach (rather than a short-term reactive one). This thesis explores the

possibility of acquiring knowledge regarding the value of specific B2B buyer-seller interactions in order to rank both their actual value (based on economic transactions) and their future value (based on the B2B interactions' impact on sales multipliers).

Box 2.7. states the importance of quantifying in detail the actual and, especially, future value of customers and customers relationship, for the purpose of customer portfolio management.

Managing B2B interactions and relationships is fundamental to success in the globalized and interconnected economy. CPM aims to help organizations achieve a well-balanced business customer portfolio, and to allocate resources of physical capital, human capital, and organizational capital in the most efficient and effective way possible. Particularly in the medium-term, successful CPM management depends on the possibility of efficiently ranking the value of B2B customers according to both their 'actual' and future' value. This study is concerned with the value of economic transactions, and that of the B2B interactions based on them.

Box 2.7. The importance of quantifying the actual and future value of customers and customers relationship for the purposes of CPM.

2.3. Analyzing the value of B2B interactions: the resource-based theory approach

Business customers may represent sources of competitive advantages, as exhaustively explained in the following paragraph.

> "The most productive firms' resources are those of others. The others, that is, other players in the market and/or relational network, have resources which can be made available to the firm, not infrequently at very limited direct cost.
>
> Of course it is the duty of the company to identify, attract, and insert these new resources in the set of resources already available to it. Business relationships are the 'means of transport' that enables a firm to attract productive resources from other firms. From this perspective, the firm's ability to attract productive resources from other organizations, and to include them into the assets of intangible resources may generate a

distinctive competence of really high level. This competence maybe often superior to any other distinctive competence in the firm." (Fiocca, 2014, p. 58)

In order to observe the value of a new kind of business-to-business interaction as a productive resource, the resource-based theory approach has been adopted. The principal development of this approach occurred between the mid-1980s and the mid-1990s, starting from Wernerfelt's (1984) initial article. Following this, other contributions were made by different influential scholars such as Rumelt (1987, 1984), Barney (1986a, 1986b, 1991a), Dierickx and Cool (1989), Conner (1991; Conner and Prahalad, 1996), Helfat (Castanias and Helfat, 1991; Helfat and Lieberman, 2002), Kogut and Zander (1992), Amit and Schoemaker (1993), Peteraf (1993), and Teece *et al.*, (1997). Section 2.1. discusses both the key features of the RBT, specifically in regards to Edith Penrose's seminal work contribution, and the SWOT model adopted for developing RBT models of resource analysis. The discussion that follows regards the resource heterogeneity that represents one of the main RBT assumptions, along with a description of different resource typologies.

2.3.1. Historical premises

Sometimes, assumptions regarding the importance of a specific element exist for decades before they give rise to new theories based on *that* element. This is particularly true in regards to firm's resources and the Resource-Based Theory (RBT). Without any doubt, the larger part of RBT key elements can be attributed to studies edited by Edith Penrose (1959), Birger Wernerfelt (1984), and Jay Barney (1991). In their turn, these studies took inspiration from pioneering researches dedicated to the importance of resources. Among these, the studies edited by Ronald Coase (1937), George Stigler (1961), Oliver Williamson (1975), and Philip Selznick (1957), are only a few of the most influential.

As is widely acknowledged, the above-cited contribution by Edith Penrose was considered extremely innovative at the time of its publication. By looking at firms as representing bundles of resources, Penrose created a new and, in some respects, controversial approach to the issue of a

firm's development process. Furthermore, she consciously opened a wide field of research for the decades that followed, although it is unlikely that she was aware at the time that she was laying the foundations for one of the most popular and influential theoretical approaches to managerial science in the process.

Despite the fact that the innovativeness of Penrose's study was recognized, it was not immediately considered to be influential. Twenty-five years later, Wernerfelt's study followed that of Penrose, giving the approach both a name and a strong scientific character. Nevertheless, its lack of an empirical model that could work as a common platform for resource-based studies seriously limited its potential for empirical applications. This was the main rationale behind, and achievement of, Jay Barney's (1991) contribution that followed seven years after Wernerfelt's seminal study.

In Wernerfelt's view (1984, p. 171), 'for the firm, resources and products are two sides of the same coin'. Following this principle, the majority of RBT studies that have been produced since have focused on the relationships that exist between a firm's productive resources and its performance (e.g. Conner, 1991; Rumelt, 1984; Mahoney and Pandian, 1992; Rugman and Verbeke, 2002). This attempt to integrate the advantages obtained by the traditional management approach (Parter, 1980, 1985) developed, and has lead to various mainstreams and theoretical spill-overs.

This thesis attempts to reduce the divide that exists between the resource-based theory and the traditional management approach, by considering the business-to-business market as being a strategic factor market for resource-based firms.

Box 2.8. states the position of this thesis with respect to existing complementarities between the traditional management approach and the resource-based theory.

This thesis represents an attempt to partially reduce the divide between the resource-based theory and the traditional management approach. It applies Wernerfelt's statement to the strong complementarities existing between the product-based and the resource-based approaches, in order to facilitate the development of an integrated - resource *and* product based - approach to studies of firm's development.

Box 2.8. The position of the thesis in respect to theoretical complementarities.

2.3.2. Edith Penrose's seminal contribution

Summarizing Penrose's major ideas on firm's resources is not an easy task. However, for the purpose of this thesis, it is important to recapitulate her contributions as follows.

(a) From the publication of her seminal resource-based study, Edith Penrose (1959) underlined that a firm's success in the long term depends mainly on the availability of a well-established set of resources. More specifically, Penrose suggested that a firm is "a collection of productive resources (human and non-human) under administrative coordination and authoritative communication, that produces goods and services for sale in the market for a profit" (Penrose, 1959, 1985, 1995. Bibliography in Penrose, 2009).

(b) *This* firm is separated from the market environment by its administrative coordination and 'authoritative communication', which constitutes its boundaries. Thus, a firm's economic activities in the market and in the firm differ only in terms of environments, external and internal, where activities are carried out. In this sense, the main causes of growth may be both internal and external in respect to the firm's boundaries. Penrose individuates various conditions among other external factors, for example the need to raise capital, and suggests that understanding the nature of the firm in terms of these factors is a natural precondition for understanding the external causes of its growth.

(c) On this conceptual basis, the execution of any productive plan or production process becomes feasible whether or not other resources exceed those strictly required for the execution of *that* plan or process. Penrose underlined the presence of 'ubiquitous and unused resources', owing

to which a firm could produce the services required by its customers on a vast scale, based on resources availability. These 'unused resources' always exist, and are created through experience and knowledge accumulation.

(d) The same resources may be used in different ways within the same production process. *In fact*, "most productive services are capable of being used in many ways and for many different purposes. Hence, a firm which is acquiring a resource for a specific purpose as, for example, the purpose to supply a specific service, also acquires a range of potential services, most of which remain unused" (1955, p. 534). The heterogeneity of services stemming from the same available resources gives firms a 'unique character', which may further increase its innovativeness by combining different resources.

(e) Human and, specifically, managerial resources are of major importance. Significantly, a plan-execution may become feasible and remunerative especially as "the service that the firm's management is capable of rendering will tend to increase within the time when the plan is made and the time when the plan's execution is completed" (1955, p. 533).

(f) Knowledge becomes considerably important in this context, especially the knowledge acquired by managers and executives. As Penrose suggested, "the presence of experienced executives who work for the same firm for a long time acquire firm-tied knowledge that, on one hand, may limit firm's expansion plans and, on the other, permits continuous extension of firm's plans over time" (1955, p. 534-535).

(g) The continuous execution of firm's plans determines the continuous release of new resources. This happens due to the fact that "all of the personnel in the firm will acquire additional information and experience as the time passes" (1955, p. 538). Considering this continuous and systematic resource generation process, unknown, unused, and under-exploited resources always exist within the firm and beyond its boundaries. These resources may facilitate the realization of existing initiatives, allow management to innovate products and services, can contribute to increase the firm's 'uniqueness', and may represent sources of competitive

advantage. In other words, "they are a selective force in determining the direction of the firm's expansion" (1959/2009, p. 77).

(h) Given the above, a "firm's growth depends on the dynamic interaction between existing market opportunities and productive resources owned and/or controlled by firms" (1960, p. 1). In other words, market and demand conditions cannot limit a firm's expansion. Consequently, firms should be defined in terms of the resources they put in relation to the market. In fact, "while product demand may exert a predominant short-term influence, over the long-term, any distinction between 'supply' and 'demand' determinants of growth becomes arbitrary" (1960, p.1).

(i) Consequently, considering traditional management diseconomies of scale, *all things being equal*, there are no limits to the size of the firm, but only to its rate of growth. If the interaction between productive resources and market demand is not dynamic but static, available resources may limit a firm's expansion and growth. Under this condition, "unknown, unused, underexploited resources may play a strategic role in stimulating firm's expansion, indicating its direction, and accelerating its rate of growth" (1960, p. 1). In the long run, a firm's growth, survival, and profitability depend on the possibility "to establish a relatively impregnable basis" (1959/2009, p. 121) on which to build, to adapt, and to expand a firm's operations in an ever more unstable and competitive word.

(j) Finally, and importantly for the purpose of this thesis, whilst focused on resources within the internal firm's environment, Penrose did not underestimate the importance of resources existing in the external environment, rather she suggested that "a firm is not an island in the sea of market transactions, but is itself a part of a network. Furthermore, firms and markets, in their different ways, are both networks of activity, but the difference between them is crucial to understand the nature of the economy as a whole" (1996, p. 1717). Consequently, considering the point of view of management, market environment is an intangible concept that needs to be portrayed in order to become tangible in their eyes.

The Box 2.9. attempts to synthesize Penrose's contribution to the main purpose of this thesis.

Penrose's (1959) contribution mainly focuses on the internal environment, in contrast to what is suggested by the traditional management approach. Despite this, the importance of the external environment for firm's development has been recognized, especially in the short-term. This thesis focuses on the external environment as a strategic factor market for resource acquisition.

Box 2.9. Penrose's contribution to the main objective of this thesis.

2.3.3. The traditional management approach and the RBT as two sides of the same coin

Several authors have focused on the need to select the strategies to further increase the effectiveness and efficiency of companies. Some of these authors have focused on the need to identify a theoretical platform as a base for defining a firm's strategy. One of the most widely known theoretically grounded conceptual platforms focusing on internal and external competitive factors that must be evaluated prior to strategy definition is that of the SWOT analysis - Strengths, Weaknesses, Opportunities, and Threats. Strength and weakness factors are internal in respect to the firm's boundaries (Hofer and Schendel, 1978; Penrose, 1958; Stinchcombe, 1965). Other authors (Porter, 1980, 1985) highlighted the need to identify opportunities and threats existing in the firm's environment as key factors to be evaluated. This occurs, in traditional management theory, when strategies exploit opportunities and neutralize threats in the firm's environment. The RBT adopts and expands the traditional SWOT framework. It affirms that a firm obtains a durable competitive advantage "when it implements strategies that exploit its internal strengths through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses" (Barney, 1991, p. 99). However, the RBT focuses mainly on two environmental models of competitive advantage considered by the SWOT framework, namely opportunities and threats (Barney, 1991), and suggests the possibility of extending the SWOT model. More specifically, the RBT framework identifies two important simplifications within (and hidden by) the SWOT model. The first simplification is that firms within an industry and/or a group are 'homogeneous' (identical) in terms of strategically relevant resources owned and strategies pursued (Porter, 1981, Rumelt,

1984; Scherer and Ross, 1990). Secondly, this environmental model of competitive advantage assumes that the heterogeneity of resources existing within an industry and/or sector should be very short lived due to the high mobility of resources implementing firm's strategies (Barney, 1986, Hirschleifer, 1980). Having stated these simplifications, the RBT affirms the possibility that firms within the same industry/group may be heterogeneous in terms of resources they control, and suggests that these resources may not be perfectly mobile across all firms. Furthermore, it points out that heterogeneity may be long lasting, and individuates the limits of the SWOT framework. Finally, the RBT proposes a new empirical model aimed at analyzing the sources of sustained competitive advantage based on the concept of the heterogeneity of resources.

Box 2.10. states one of the most important links existing between the traditional management approach SWOT analysis and the RBT resources' analysis framework.

The RBT suggests the possibility that firms within the same industry/group may be heterogeneous in terms of the resources they control, and suggests that these resources may not be perfectly mobile across all firms. Moreover, it adopts an environmental model of competitive advantage.

Box 2.10. The SWOT analysis as the basis for the development of a RBT analysis model.

2.3.4. The concept of productive resource

This thesis investigates the degree of valuability of a specific productive resource. This element cannot be investigated without first discussing what a productive resource is within the RBT framework. This is based on the traditional strategic management approach, following which productive resources are "strengths that firms can leverage in order to adapt, define, and implement their strategies" (Learned, Christensen, Andrews and Guth, 1969; Porter, 1981). The RBT framework suggests the possibility that firms operating in the same industry, branch, or group may be heterogeneous in terms of the productive resources they control or possess, and that this heterogeneity may represent one of their structural characteristics. Furthermore, resource imperfect

mobility may influence a firm's capacity to deal with opportunities and threats existing in the environment (Barney, 1991). Productive factors, in order to become valuable, should allow firms to increase their efficiency and effectiveness, considering both the internal environment (strengths and weaknesses) and the external environment (opportunities and threats). Different definitions of productive resources have been given by RBT scholars. For the purpose of this study, the definition of firm's resources introduced in Edith Penrose's seminal work (1959), has been adopted. This states that a firm's resources are those "attributes that may enable firms to conceive of and implement value-creating strategies" (Hitt and Ireland, 1986; Thompson and Strickland, 1983; Barney, 1991: 101).

Productive resources have been categorized building on this conceptual basis, and three wide categories have been suggested (Barney, 1991): 'physical capital resources' (Williamson, 1975), 'human capital resources' (Becker, 1975) and 'organizational capital resources' (Tomer, 1987). Physical capital resources include a firm's geographical location, infrastructures and structures available, spatial proximity to suppliers and buyers, the equipment and technologies it possesses, etc. Human capital resources include information, experiences, skills, capacities, intelligence, the judgments and insights of management, and its executives and workers considered individually. Finally and most importantly for the purpose of this thesis, organizational capital resources include the formal and informal relations amongst groups of people within the firm, and those between the firm and its environment. Formal relations between groups within the same firm may include a firm's formal results control systems, reports, and plans. Conversely, informal relations within the firm may include peer-to-peer (e.g. executive-executive) relations, and hierarchical (e.g. management-executive) relations. Finally, relations between firms and their environment include relationships with suppliers and buyers that can be classified as 'formal', whether they are based on written contracts or verbal agreements. This thesis identifies and explores a specific kind of organizational capital firm's formal resource. One of the key features of the RBT is that the majority of a firm's resources tend to be difficult to examine, and consequently remain undiscovered by

scholars and managers (Barney, 2001; Lev, 2007). Starting from Penrose's work (1959), the RBT indicates that value creation processes require the development of both 'tangible' (material) and 'intangible' (immaterial) resources (Arend, 2006; Barney and Mackey, 2005; Allee, 2008; Molloy, Chadwick, Ployhart, and Golden, 2011). This division of productive resources helps the recognition of the importance of intangible productive resources such as, for example, know-how. Nevertheless, it may underestimate the dynamic nature of specific kinds of resources which may change their status, passing, for example, from intangible to tangible or *vice versa*.

A further distinction between 'tradable' and 'non-tradable' resources (Wan *et al.*, 2011; Brauer, 2006) assumes importance in respect to the issue of a resource's low imitability, and considers the possibility for a productive resource to be supplied in different places compared to the one in which it originated. The rational for subdividing productive resources into tradable and non-tradable ones lies in the possibility of imitating any resource which depends mainly on the nature of the process by which it has been acquired and accumulated (Dierickx and Cool, 1989). This insight offers the possibility to reflect on the topic of a resource's imitation and its limitations. The importance of tradable resources is ranked low within the RBT. Nevertheless, the distinction between tradable and non-tradable resources suggests the possibility that tradable resources contain non-tradable ones. This thesis moves in that direction.

Beyond a doubt, the problem of distinguishing between 'unobservable' and 'observable' resources represents one of the most important topics in the RBT (Godfrey and Hill, 1995). As is widely recognized, human science requires empirical validation of studied phenomenon in order to formulate theories. In other fields of research, such as astronomy and biology, the advent of innovations such as the telescope, quantum physics, and the electronic microscope, allowed scholars 'to observe the unobservable', and gave them the possibility to measure it with growing degrees of certainty. Consequently, theories concerned with both observable and unobservable elements "should not be judged on the basis of their correspondence to reality but instead on their instrumental value as tools for generating predictions about the behavior of physical, natural, and

social systems", according to those scholars (Godfrey and Hill, 1995, p. 520). This thesis represents an attempt to observe firm's unobservable resources.

Box 2.11. individuates the category of the productive resource that is the subject of this thesis, according to the RBT categorization of resources.

Following the RBT, only productive resources which can be leveraged to overcome weaknesses, enable firms to neutralize threats, and allow them to capture opportunities in the external environment can be considered as 'resources' *in a strict sense*. This thesis represents an attempt to observe and quantify a resource that is both intangible and unobservable, through the analysis of economic transactions.

Box 2.11. Positioning this thesis in respect to the concept of productive resources.

2.3.5. Resource and organizational heterogeneity

Although homogeneous resources may be brought into production as well, the heterogeneity of resources represents one of the most important RBT assumptions. In fact, the RBT represents an attempt to give an exhaustive answer to the issue of 'why' some firms 'over' (or 'under') perform compared to others. It is widely appreciated that most firms and industries are characterized by a certain level of resource heterogeneity and mobility. At the same time, both highly homogeneous-mobile and highly heterogeneous-immobile situations constitute only theoretical extreme conditions (Barney and Hoskisson, 1989; Barney, 1991; Peteraf, 1993; Maritan and Peteraf, 2011). While the traditional management approach is based on similarities and homogeneities, the RBT framework focuses on differences among firms (see Nelson, 1991 and Williamson 1992 for discussion on why firms differ. Bibliography in Peteraf, 1993). Most closely, the RBT framework assumes that the existence of differences and heterogeneities among firms in an industry and in the whole competitive system may be due to the presence of productive resources which are: (a) limited in supply compared to the demand from organizations; and (b) difficult to expand, in the sense that they cannot be improved rapidly by the interested organizations (Wernerfelt, 1984). This heterogeneity-based competitive structure is well known and represents the Ricardian argument

(Ricardo, 1817; Rumelt, 1987). This argument underlines the possibility that firms that possess and/or control such 'superior' productive factors have lower average costs than others, and tend to behave as 'low cost' firms. The specificity of these 'low-cost firms' lies in their supply curves, which tend to be inelastic as it is difficult for them to expand their output rapidly when the price of their product rises, and *vice versa*. On the other hand, high or low prices may induce other firms to enter or exit the industry, accordingly. Other firms may tend to enter the industry as long as the price of their product overcomes its marginal costs. *All things being equal*, productive factors that are limited in supply tend to increase a firm's efficiency and augment their possibility for survival.

Heterogeneity in organizations and their resources represents one of the distinguishing key features of competitive systems according to different theoretical perspectives, the RBT included. Box 2.12. states the need to recognize heterogeneity in a firm's resources as one of the most important conceptual starting-points for the purpose of this thesis.

The heterogeneity of resources represents one of the most important RBT assumptions. Although homogeneous resources may be brought into production as well, productive factors that are limited in supply may increase a firm's efficiency and augment their survival possibilities. In other words, the RBT framework assumes that existing differences in firms and the performance of industries may be especially due to the presence of productive resources that are difficult to expand, in the sense that they cannot be improved rapidly by the interested organizations.

Box. 2.12. The link existing between the heterogeneity of productive resources and firms and the performance of industries.

Following the traditional management approach, firms may also obtain higher returns as a result of artificially restricting supply or stimulating demand. *All things being equal*, the RBT approach assumes that firms can achieve the same result by leveraging well-targeted resources that they own and/or control.

Table 2.2. synthesizes different theoretical approaches to heterogeneity in organizations and/or resources.

Theoretical approach	Key assumptions regarding organizational/resource heterogeneity
Structural contingency (Burns and Stalker, 1961)	Organizations interact with the environment by exchanging resources. An organization's survival is ensured by those exchanges, through strategic decision-making, and by a continuous process of adaptation to different environmental conditions that give access to the available resources.
Neoclassical (Caves and Porter, 1977)	Organizational heterogeneity derives from alignment between firms and the environment. Competitive advantage is created by management from environmental analysis, the development of action strategies, and the adaption of the organization to the differing environment conditions.
Organizational ecology (Hannan and Freeman, 1977)	Organizational heterogeneity results from differences in environmental niches in which organizations operate, in which their heterogeneity represents a natural response to differences existing in the environment. Competing populations (e.g. of firms) with the same organizational form struggle to acquire available resources in their own niche. Competitive survival is a result achieved by the population best adapted to their niche, considering that available resources are finite and the competition is not restricted. Nevertheless, in the long run, the population of organizations competing for the same available resources tend to assume homogeneous characteristics (competitive isomorphism).
Resource dependency (Pfeffer and Salancik, 1978)	Organizational heterogeneity is produced by managers who seek to explore organizational environments and decide how to develop available resources. Organizational differentiation and competitive advantage is acquired through political actions aimed at influencing actors operating in the firm's environment.
Structural dependency (Mintzberg, 2003)	Organizations can have different structural configurations depending on their product process preferences and considering their customer portfolio. Heterogeneity lies in different firms structure, delineated by environmental and internal forces. Competitive advantage is achieved by continuously optimizing a firms' structural coherence with respect to external factors and organizational priorities.
Resource and capability-based theories (Wernerfelt, 1984).	Firms are heterogeneous mainly in terms of resources they possess. This difference generates other differences in the possibilities to exploit opportunities, neutralize threats, and achieve different performance levels for firms. Consequently, competitive advantage is maintained through defending resource position barriers (Wernerfelt, 1984).

Table 2.2. Heterogeneity in organizations considered from the perspective of different theoretical approaches.

2.3.6. Main organization's resources

Over time, RBT scholars have produced conceptual spill-overs to underline the importance of specific types of resources. These spill-overs include the 'Natural Resource-Based View' – NRBV (Hart, 1995; Hart, Dowell, 2011), the 'Knowledge-Based View' – KBV (Grant, 1996), and

'Dynamic Capabilities' – DC (Teece, Pisano, and Shuen, 1997) that recognizes the importance of natural knowledge and specific human-resources, respectively.

Different studies have examined the management of productive factors in the fields of the human resource (Wright *et al.*, 2001), economic (Lockett, and Thompson, 2001), entrepreneurial (Alvarez and Busenitz, 2001), international business (Peng, 2001) and, most importantly for the purpose of this thesis, marketing (Srivastava *et al.*, 2001; Barney *et al.*, 2011).

Specific categories of organizational processes for resources are: i) the informal relations within the firm, and between the firm and other actors in its environment; ii) the firm's formal and informal reporting structure and planning; iii) the firm's coordinating systems (Tomer, 1987). Particular emphasis for resource-based firms has been put on the purchase of scarce resources (Makadok and Barney, 2001), and on footholds (Upson *et al.*, 2012).

Building upon the above-mentioned core ideas, RBT scholars have explored numerous resources in the attempt to understand their importance and role in achieving a sustained competitive advantage. Productive resources that have been explored for RBT purposes include the following:

- brand reputation (Herbig, 1995)
- 'footholds' (Upson *et al*., 2012)
- the social network system called 'guanxi', which facilitates business in Chinese communities (Tsang, 1998)
- human resources (Lado and Wilson, 1994; Wright and Mc-Mahan, 1992)
- information technology (Mata, Fuerst, and Barney, 1995; Powell and Dent-Mitcallef, 1997)
- organizational alignment (Powell, 1992a)
- organizational culture (Fiol, 1991; Oliver, 1997; Barney, 1986a)
- strategic planning (Michalisin *et al.*, 1997; Powell, 1992b; Foss, 1997)
- strategic factor markets (Barney, 1986b)

- top management skills (Castanias and Helfat, 1991)
- trust (Barney and Hansen, 1994).

Various seminal studies from the early stage of the RBT suggested lists of productive resources able to improve a firm's strategies for effectiveness and efficiency, such as those of Hitt and Ireland (1986), and Thompson and Strickland (1990).

Particular emphasis, for information-based firms and for the purpose of this thesis, has been put on the acquisition of 'scarce' resources (Makadok and Barney, 2001), and on 'footholds' (Upson *et al.*, 2012). The latter represent small market shares achieved by firms in markets in which they are not yet competitive, but which may be leveraged by them in order to obtain a more competitive position.

Although the lists of productive resources are wide and their number is increasing, it has been suggested that firms' current stocks of resources are creating asymmetries in competition for new resources, and that firms should therefore expand their resource portfolios by building on their existing resources (Combs *et al.*, 2012; Barney, Ketchen, Wright, 2011; Wernerfelt, 2011; Maritan and Peteraf, 2011; Hitt, *et al.*, 2011; Sun *et al.*, 2010; Zahra *et al.*, 2009; Ahuja, Katila, 2004; Alvarez, Barney, 2004; Barney *et al.*, 2001; Coff, 1999). Consequently there is the need to locate and evaluate the attractiveness of the strategic productive resources next (close) to the existing ones.

Despite the fact that, within the RBT scientific environment, trade contacts have been individuated as being one of the most important resources that can bring a firm higher long-term returns (Wernerfelt, 1984, p. 172), to the best of my knowledge, their importance and role has so-far remained under-investigated.

Box 2.13. states the need to expand the list of productive resources explored within the RBT framework.

Starting from the development of the KBV, RBT scholars have considered knowledge as one of the most important resources allowing firms to achieve both competitive survival and a defensible competitive advantage. Particular emphasis has been placed on the need to locate and evaluate scarce resources that can be acquired by firms, such as trade contacts. Despite the importance of that productive resource being recognized since the early period of the RBT, its importance and role have remained incredibly under-explored. This thesis represents an attempt to evaluate this new but historically rooted next-to-core-strategic resource in those terms.

Box.2.13. The need to expand the list of productive resources explored for the purposes of the RBT.

2.3.7. RBT two cores: 'competitive surviving' and 'sustained' competitive advantage

According to the traditional management approach, a company has a competitive advantage when it reaches "systematically above the average returns" (Shoemaker, 1990, p. 1179). As one may note, this approach is inclusive of the concepts of resource higher return to scale, and performance stability. Alternatively, the RBT framework recognizes the importance of possessing and/or controlling resources that allow firms to implement value creation strategies not simultaneously being implemented by any current or potential competitor so as to achieve competitive advantage and a (temporary) competitive survival position (Barney, 1991, 2001). Following this assumption, it has been noted that the RBT emphasizes the role of efficiency and effectiveness in duplicating resources of current and potential competitors (Barney, 1991, p.101). This is done in order to include external environment within the RBT scheme.

This view is also highly inclusive, and indicates how the continuous search for resources affecting the firm's competitive advantage falls within management activities. Nevertheless, firms achieving a competitive parity should be interested in defending their positions or, differently said, achieving a 'sustained' competitive advantage. Following the RBT framework, a competitor we will call (A) has a 'sustained' competitive advantage when it has adopted a value creation strategy that is not simultaneously followed by other firms (B) or potential entrants (C) *and* when these subjects (B and C) are unable to duplicate the benefits of the strategy of (A). (Barney, 1991, p. 102)

In *general* terms, it can be observed that the definition of sustained competitive advantage does not focus on the position occupied by actual competitors. Rather, according to Baumol *et al.* (1982), it considers both current and potential competitors who might enter an industry in the future. In *dynamic* terms, the concept of *sustained* competitive advantage adopted by the RBT does not refer to the period of time during which the firm maintains a sustained competitive advantage (Jacobson, 1988; Porter, 1985).

Although the concept of time can be useful for understanding the importance of this specific kind of competitive advantage, the RBT framework favors the concept of 'defensibility' over that of 'duration' (Barney, 1991; Wernerfelt, 1984; Penrose, 1959). According to Lippman and Rumelt (1982) and Rumelt (1984), this theory states that a competitive advantage is sustained "only if this condition continues to exist despite the attempts to duplicate that advantage made by competitors" (Barney, 1991, p. 102).

Finally, if we consider the concept of sustained competitive advantage in *particular* terms, it can be noted that it derives from the absence of results produced by the attempts to duplicate a specific strategy. This is because the results that are obtainable from specific resources are themselves one of the main resources within the RBT. Thus, the issue considered in this thesis regards the analysis of valuable resources as a source of sustained competitive advantage and, most importantly, as a possible source of competitive survival. Nevertheless, while the former purpose has been considered as the most attractive one within the RBT framework, some challenges in the external environment such as even more selective markets, increases in competition levels, and consequent higher risks of exiting from the market for an increasing number of, especially, medium and small size firms suggest the importance of the latter.

Box 2.14. synthesizes the concepts of competitive survival and the sustainability of competitive advantage. Furthermore, it suggests the importance of competitive survival within the context of an even more selective race for competition.

Traditionally, 'competitive parity' represented a secondary option for RBT scholars. Nevertheless, some challenges in the external environment with respect to firms' boundaries, such as the increase in competition levels and consequent higher risks of exiting from the market for an increasing number of, especially, medium and small size firms suggest its importance. This thesis stems from the simple assumption that a firm that does not exist does not have the need to defend its own competitive advantage. Furthermore, it aims to counter-balance the studies focused on sustained competitive advantage within the RBT.

Box 2.14. The need to counterbalance studies on competitive advantage within the RBT.

Doing this requires the adoption of a formal model for analyzing the link between productive resources and a firm's performance.

2.3.8. Resources' analysis model: the VRIN-O model

Not all of the above mentioned resources may become sources of both temporary competitive advantage and sustained competitive advantage (Barney, 1991; Petraf, 1993; Adner and Zemsky, 2006; Moliterno and Wiersema, 2007). On the contrary, resources that do not interact dynamically and positively (becoming valuable) with a firm's environment may create obstacles for managers who need to implement their firm's strategies (Penrose, 1959; Barney, 1986). In this way, the use of those resources may reduce a firm's efficiency and effectiveness. For the purpose of the RBT, only resources that dynamically and 'positively' interact with a firm's environment allow a firm to become more efficient and effective, thus they are 'valuable'. More narrowly, productive resources that enable a firm to exploit opportunities and neutralize threats in the environment have the potentiality to become sources of at least competitive advantage, and can be considered 'resources' (Wernerfelt, 1984).

What determines the 'value' of a resource constitutes a fundamental theoretical and practical issue at the heart of the research in different fields, include marketing (Glazer, 1991), industrial organization (Conner, 1991), strategy (Grant, 1991), organizational economics (Barney and Ouchi,

1986) and finance (Fama and Miller, 1972; Stein, 1989). Going back to the work of Penrose (1959), a firm's success in the long-term depends on the availability of a well-established set of resources. According to the RBT framework, not all of a firm's resource may become a source of sustained competitive advantage. Only resources that are (a) 'Valuable', (b) Rrare', (c) 'Inimitable', and (d) 'Non-substitutable' may enable the firm to achieve both results (Barney, 1991). The VRIO model is easier to use (user-friendly) and dynamic than the VRIN one. It assumes that valuable, rare, and non-imitable resources should be (e) Organized within production processes in order to become sources of SCA. The following pages discussing the primary requisites of resources have been considered in terms of the integrated VRIN-O model.

(a) Resource's 'valuability' and competitive parity

The first attribute that a resource should have in order to become a source of sustained competitive advantage is 'valuability' (1991, p. 106). As underlined by the SWOT analysis framework (Porter, 1980, 1985; Hofer, Shendel, 1978; Stinchcombe, 1965; Penrose, 1958), a firm can achieve a competitive advantage by leveraging its strengths. Building on this fundamental theoretical assumption, in the RBT, "a firm's resource becomes valuable when it represents a strength *and* if it allows firms that possess or control it to capture opportunities and neutralize threats in their own competitive environment" (1991, p. 105). In this way, productive factors become valuable and can be defined as 'resources'. In other terms, the RBT framework suggests that productive factors must possess two additional requisites in order to be considered resources *in a strict sense*.

This assumption brings us to appreciate the existing complementarities between the traditional management approach and the firm's resource-based competitive model. Indeed, the concept of 'resource's valuability': (a) is based on the SWOT analysis conceptual scheme; (b) evolves the concept of strength; (c) links the traditional management approach and the RBT approach; and (d) represents a cornerstone of competitive advantage (Peteraf, 1993). Consequently, its importance is recognizable as adopting both the traditional management and the RBT

approaches. Despite the potential role played by valuable resources in bridging the gap between the traditional management approach and the RBT, only a few attempts to harness this potential seem to have been made within the RBT.

The acquisition of valuable resources "allows the company which controls or possess them to define strategies that increase its effectiveness and efficiency" (1991, p. 106). Firms that are developing them *in advance* of their competitors tend to have 'first mover advantage'. Despite this advantage, these firms may encounter different level of difficulties in defending (preserving) the resource's initial heterogeneity. Intuitively, a firm achieves a competitive advantage if its value creation process is not implemented (imitated) by a large number of competitors. For this reason, it is unlikely that these resources can become either sources of competitive advantage or sources of *sustained* competitive advantage. Instead, they represent sources of 'competitive parity' (Barney, 1991).

The role played by the concept of resources' valuability within the RBT framework has been acknowledged. As it has been suggested, "by underlying the importance of valuable and rare resources to achieve a competitive advantage, this does not mean that valuable and not rare resources are unimportant. Instead, valuable and common resources can ensure a firm's survival when they are exploited and may create competitive parity in an industry" (1991, p. 106).

The possibility that two firms, (A) and (B), operating in the same industry and serving the same markets may simultaneously disappear and grow represents the dilemma at the base of the RBT framework. Generally speaking, the condition of competitive disadvantage, competitive parity, and economic survival, which are historically important within the traditional management approach (McKelvey, 1982; Porter, 1980), remain of relatively marginal importance in the RBT framework. Consequently, valuable resources have been considering as a sort of 'relatively-easy-to-achieve-resource', and remain under-investigated. This may be due to the particular focus of the RBT, which lies in the firm's growth in the long-term, and on the imperative for a 'sustained' competitive advantage to achieve this purpose.

This thesis considers competitive disadvantage, competitive parity, and competitive survival as important achievements especially for micro, small, and medium dimension firms acting in the global market.

Box 2.15 states the meaning of the concept of valuability in the RBT and within this thesis.

In the RBT framework, valuable resources allow firms to increase their efficiency and effectiveness, thus they are important productive factors. Nevertheless, the RBT framework postulates that firms 'need to grow' both in the short and in the long-term. For this reason the RBT ranks the importance of valuable resources as 'low'. The possibility that firms that are adopting the RBT framework (a) want to grow only in the short-term; (b) do not want to grow, but simply want to survive; or (c) are struggling to survive or do not survive, remains an under-explored field of research. This thesis considers micro, small and medium size firms (SME) active in poorly regulated productive fields, such as Hotels, Restaurants, Recreational activities, which are often struggling to face the challenges posed by the global market and competitors, and are often more interested in 'competitive survival' (CS) than SCA. The analysis of productive resources' valuability is entirely based on the SWOT analysis framework, and represents the linking-pin connecting the traditional management approach and the RBT. *All things being equal*, this thesis may contribute to bridge the existing disconnections between both of these approaches.

Box. 2.15. The linking-pin between the traditional management theory and the RBT: resources' valuability.

(b) Resources' rarity and temporary competitive advantage

Rarity represents the first additional resource attribute that is fundamental to *activate* valuable resources (Barney, 1991, p. 107). Resources that are valuable but widespread among competitors may raise the chances of economic survival for organizations that possess or control them (Porter, 1980), but they cannot support the creation of a 'sustained' competitive advantage for the benefit of a specific organization or small group of organizations (1991, p. 106). In general terms, only resources possessed or controlled by a number of firms smaller than the number of firms required to generate perfect competition dynamics may generate a competitive advantage (Barney, 1991, p.

107; Peteraf, 1993; Chang and Iseppi, 2011; Droli, 2007). On this both practical and theoretical basis, valuable resources that are rare or extremely rare within a competitive environment can generate competitive advantage and have the potentiality to become sources of sustained competitive advantage.

One of the most intriguing issues existing within the RBT framework is in determining 'how rare should a valuable resource be in order to generate a competitive advantage' (1991, p. 107). This thesis investigates the existing relations between the above-mentioned resource's attributes (valuability and rarity) and a firm's performance. Furthermore, it can lead to further research that focuses on the link between Inimitable and Non-substitutable (IN) resources and proxies of competitive advantage.

Box 2.16. fixes the first condition individuated by the RBT in order to activate a valuable resource.

Valuable resources, if concentrated among competitors, are sources of competitive advantage and have the potentiality to become sources of sustained competitive advantage. This thesis is an attempt to individuate at least one industry/market in which valuable and rare resources are linked to a firm's performance by direct and strong relations.

Box. 2.16. The first resources' attribute needed by the RBT in order to activate valuability.

(c) Resources' 'inimitability'

Resources that are valuable and rare, but are obtainable from the most current or potential competitors are sources of temporary (short-time) competitive advantage (Barney, 1991, pg. 107). The VRIN-O model assumes that competitors who lack resources important to realize a strategy (thus strategically important), "will try to acquire them within the resources' market" (1991, p. 107). Following that model, valuable and rare resources may become sources of sustained competitive advantage only if organizations that do not possess or control them cannot obtain them. Achieving such a result requires that the resources concerned, the innovations to which they give

rise, and/or the production process have some characteristic that makes *those resources* 'difficult to be imitated'.

The RBT framework individuates different mechanisms that may impede resources' imitation. They include the 'firm's history' (Ansoff, 1965; Learned *et al.*, 1969; Stinchcombe, 1965), 'social complexity' (Dierickx and Cool, 1989), 'causal ambiguity' (Lippman, Rumelt, 1982), 'switching costs' (Montgomery and Wernerfelt, 1988), and 'unique historical conditions' (Porter, 1981; Shrerer, 1980).

As an application of this approach, in the RBT framework Information Technologies (IT) are seen as being imitable resources. Notoriously, IT represents 'media' neutral elements. They are easy to be imitated, and cannot become sources of sustained competitive advantage. Differently, IT 'capabilities' may require socially complex relationships, allowing a competitor to become competitive in the way it uses those capabilities.

The Box 2.17 highlights that resources' inimitability depends partially on historically rooted resources that may be analyzed.

The RBT considers the possibility that competitors may try to take possession of valuable resources. Consequently it highlights the importance of both time and time-based resources such as, for example, historically rooted productive resources in creating imperfectly imitable resources. This thesis applies this assumption to an organizational capital resource whose importance is historically recognized.

Box. 2.17. The RBT's main concern regarding resources' inimitability: the availability of historically rooted bundles of resources.

(d) Resources' 'non-substitutability'

The fourth attribute a resource must possesses in order to became a source of sustained advantage is non-substitutability. Valuable, rare, and inimitable resources that allow competitors to implement the same value creation strategy using different resources are not sources of SCA (1991, p. 111).

Two valuable firm's resources are said to be strategically equivalent when they can be exploited separately to implement the same value creation strategy (1991, p. 111). Different degrees of resources' substitutability exist depending on the resource's substitution effects and costs. Resources' substitutability may depend on time, money, and other resources required to complete its substitution. Considering resources' substitutability from a theoretical viewpoint, it can take one of two forms: (a) the existence of possibilities to substitute resources; or (b) the absence of possibilities to substitute resources. The situation (a) occurs if alternative resources do not exist that would replicate the original resources' key performances, and (b) management decides to exploit the resource within the production process. Situation (b) happens if substitute resources exist. Theoretical substitutability requires the evaluation of substitution costs and effects in order to evaluate the real possibilities of its substitution. It follows that if competitors have strategically equivalent resources that mean that substitution is economically feasible, the firm cannot achieve a sustained competitive advantage through the exploitation of *that* resource.

Box. 2.18 summarizes the benefits a firm can obtain from the presence of non-substitutable resources, and by organizing those resources within the production processes.

Non-substitutable resources allow firms to achieve a sustained competitive advantage through the exploitation of such resources and other homogeneously distributed and perfectly imitable resources.

2.18. The main benefit obtainable from non-substitutable resources.

(e) Resources' organization process

All things being equal, a firm should support the development of at least valuable resources it possesses or control within its acquisition processes, production processes and/or distribution processes. As previously said, the RBT framework assumes that a firm's resources may be heterogeneously distributed amongst firms. This heterogeneity has two dimensions. The first dimension has been mentioned above, and regards categories and kinds of resources. The second dimension of resources' heterogeneity pertains to their potentiality to become sources of sustained competitive advantage (Barney, 1991, p. 105). Resource development processes should originate

starting from those ranked V or VRIN for firms oriented to achieve competitive survival or sustained competitive advantage respectively.

Valuable and rare resources should be developed by managers who aim to achieve competitive parity and short-term (temporary) competitive advantage, respectively. Managers who own or possess valuable resources should decide the way in which to increase their firm's efficiency and effectiveness by supporting their exploitation, for example by individuating channels, defining initiatives, developing plans, and allocating other resources aimed at this objective. Following the RBT framework, the existence of only one or a few of the necessary resources may not allow a firm to develop its competitive strategy. It is important to control or possess the whole 'bundle' or resources (Wernerfelt, 1984), for example talented web-marketing managers, highly-skilled front-office personnel, etc., in order to set-up a valid competitive strategy, especially for firms active in poorly regulated industries, as are the greater part of those considered by this thesis. Only the presence of rare resources allows firms that possess or control them to diversify their short-term plans. Differently, the absence of strategically important resources that compose the required resource's bundle do not allow firms to achieve the level of diversification they need. Consequently, supporting the development of rare (concentrated among competitors) resources allows firms to overcome one of the most important limits to their growth. Supporting the development of both valuable and rare resources may bring firms to achieve a short-term competitive advantage. As a further step, managers of organizations aiming to achieve a sustainable competitive advantage (who are able to survive and who already gain a short-term competitive advantage) should support the exploitation of valuable, rare, and inimitable resources. Following the VRIN-O model, VRI resources have the potentiality to became sources of sustained competitive advantage and allow organizations that possess or control them to exploit other available valuable resources. This quasi-optimal condition allows management to obtain short-term maximum results from the same resource-bundle. As a conclusive step, management should support the development of VRIN resources through suitable decisions.

Box 2.19. synthesizes the need to organize the development of V/R/I/N resources.

The RBT framework suggests two precise orders of priority to follow in order to achieve CS or SCA. This order ranks V or VRIN resources first, respectively. Indeed, management priorities may considerably differ depending on, for example, a firms' management priority. Short-term oriented firms may rank the need to achieve a competitive survival first, or could be more interested in developing valuable resources first in order to increase their efficiency and effectiveness in the short-term, and *vice versa*.

Box. 2.19. The need for supporting V/R/I/N resources within a firm's production processes.

2.3.9. From VRIN resources to the 'sustained' competitive advantage: key mechanisms

This section aims to briefly discuss the mechanisms through which resources heterogeneous in their potentialities may became sources of sustained competitive advantage. There are essentially three such mechanisms: (a) first mover advantage; (b) entry barriers; and (c) mobility barriers.

(a) First mover advantage

As previously discussed, valuable (V) resources allow firms that possess or control them to create or to implement strategies that neutralize threats and exploit opportunities in the environment. The 'first mover advantage' (Lieberman and Montgomery, 1988) represents one of the most important and well-known mechanisms that may help firms to do both. It is generally acknowledged that the first firm leveraging a valuable resources within an industrial market: (a) can obtain insights about the opportunities not yet possessed by any other firm already existing or potentially entering a market; and (b) may implement its strategy before any other competing firm.

For firms acting in one of the fields of research which have been considered (e.g. Hotels and Restaurants), this can happen, for example, if the firm is located in a favorable position in respect to infrastructures of specific interest for their customers (e.g. airport terminals), structures (e.g. convention centers, exhibition centers, theaters, etc.), or other physical capital resources which are important for customers, but located externally in respect to the firm's boundaries. As in these cases, the first mover advantage may occur by design, or simply due to luck (Lieberman and

Montgomery, 1988). Other ways for firms to obtain advantages by activating first mover advantage are buyer switching costs, homogeneity of technological leadership, and preemption of assets (*ibidem*).

The RBT framework suggests that firms should develop their valuable resource before competitors in order *to defend* their condition of first mover in the short-term. This requires firms to analyze the valuable resources they possess or control. This thesis considers valuable resources as sources of first mover advantage, and investigates whether *this* advantage bring firms to achieve above normal results in the business-to-business market.

(b) Entry barriers

Entry barriers represent a further key mechanism that allow a firm to achieve a competitive advantage. In order to maintain the first mover advantage over time for the period required, 'entry barriers' (Bain, 1956) are necessary. These impede the movement of competitors from one sector to another. The RBT framework suggests that heterogeneity in the resources firms control needs time to produce competitive advantage. On the contrary, a firm cannot experience a durable first mover advantage if its resources are perfectly homogeneous and/or perfectly mobile. In accordance with Barney and Hoskisson (1989), resources controlled and/or owned by firms operating in different market environments achieve different heterogeneity and mobility levels. The firm seeking to obtain a sustainable competitive advantage must verify whether at least owned or controlled valuable resources are distributed heterogeneously among competitors, and whether there are high barriers to entry in the market for the acquisition of *those* resources. Thus, the RBT framework suggests the importance of quantifying the stability of heterogeneity in order to model the degree of competition in the resource-market (Wernerfelt, 2011)

(c) Mobility barriers

Firms that seek to defend their first-mover advantage or competitive advantage must verify whether the valuable resources controlled and/or possessed are not highly mobile or at any extent are immobile even *within* the same industry in which they operate. The RBT framework emphasizes

the importance of the concept of 'mobility barriers' (Caves and Porter, 1977), which regulate competition within the same industry.

The way in which mobility barriers may help firms in creating and defending the heterogeneity required to achieve competitive advantage and generate above-normal economic performance is partially intuitive. By definition, firms that own or control highly mobile resources in the same industry tend to find more difficulty in preventing competitors who are trying to acquire and develop *that* resource. On the contrary, the presence of mobility barriers can limit resources' mobility and facilitate businesses seeking to reduce their competitive disadvantage, achieve competitive parity, and even obtain competitive advantage and defend it against competitors active in the same industry (Barney, 1991, p. 104). Relatively high mobility barriers maintain the *status quo* in initial resources heterogeneity, and allow first movers to continue developing at least valuable resources that they possess and/or control that are relatively immobile (Barney, McWilliams *et al.*, 1989). In this way, the combined effect of valuable resources' high heterogeneity and their low mobility consolidate the first mover advantage discussed above.

The presence of low mobility barriers or their absence facilitates firms that seek to achieve a competitive parity position (Barney, 1989) and increases the possibility to reach a position of economic survival for those firms (Porter, 1980). *All things being equal*, organizational limits existing in productive processes may reduce the efficiency of first mover advantage and mobility barrier mechanisms. For example, productive resources may not be sufficiently consistent to satisfy the increasing demand for goods produced thanks to specific resources. This can happen because production processes may be not flexible enough to adapt the firm's product-portfolio as rapidly as its customers require.

Table 2.20. states the conditions that give first-mover advantage endurance over time.

First mover advantage may endure over time if both entry barriers and mobility barriers in the acquisition market for a *specific* resource are constantly high. Again, this thesis focuses on a specific kind of organizational capital resource that is based on good exchanges and economic transactions but which is separate from those transactions. Thus, the possibility to defend first mover advantage by developing *this* kind of resource does not depend strictly on the possibility to limit the acquisition of this resource, but on the possibility to limit its development.

Box 2.20. Mechanisms that reduce the imitability of productive resources.

2.3.10. The mainstream: resources acquisition and development processes

Since the year in which the name 'resource-based view' was suggested (Wernerfelt, 1984), different theoretical mainstreams have been generated. These mainstreams and their main contributions include the following: the 'links between the RBT and other theories' (Conner, 1991; Mahoney, 2001; Combs and Ketchen, 1999; Oliver, 1997), RBT 'micro foundations' (Kraaijenbrink *et al.*, 2010; Foss, 2011; Coff and Kryscynski, 2011; Baron and Ensley, 2006; Ucbasaran, Westhead, and Wright, 2009); 'RBT, sustainability and social corporate responsibility' (Hart, 1995; Webb, Kistruck, Ireland, and Ketchen, 2010; McWilliams and Siegel, 2011), and 'method and measurement issues' (Barney *et al.*, 2001; Godfrey and Hill, 1995; Molloy, Chadwick, Ployhart, and Golden, 2011; Hitt, Beamish, Jackson, and Mathieu, 2007; Foss, 2011).

Only recently, the issues of 'where firm's resources come from' and their development have begun to attract the attention of RBT scholars (Ahuia and Katila, 2004; Hult and Ketchen, 2001; Hult, Ketchen and Nichols, 2002; Godfrey and Hill, 1995). This was mainly due to the need to focus attention on empirical and theoretical connections between the presence of firm's resources and the development of a sustained competitive advantage that emerged during the previous RBT development phases.

Outlining the results obtained from years of RBT research in a specific mainstream is not an easy task. Nevertheless, this paragraph tries to synthesize the most useful contributions in order to enable the reader to rapidly comprehend their importance for the purpose of this thesis. Those

contributions have been subdivided into two steps, being (a) resource's acquisition and (b) development of *extra value and profit appropriation.*

(a) Firms resource's acquisition

The advantages existing in observing firms from the resource point of view rather than from the product point of view is at the core of the RBT (Penrose, 1959; Wernerfelt, 1984). No one firm starts from "ground zero" in terms of existing resources (Penrose, 1959). Nevertheless, it has been argued (Wernerfelt, 2011) that the use of resources by firms creates asymmetries in resources and generates competition for new resources acquisition. Furthermore, it is possible to acquire new resources by the exploration of the most important (VRIN) existing ones, through widening firm's resource-portfolios, and by building value on existing resources. *All things being equal*, the combined effect of different firms acquiring different new resources in the same industry will tend to amplify initial heterogeneity, and can increase competition for new resources acquisition. This competition poses the following two issues: 'where' to look for new resources to acquire and 'how' to locate them. In regards to the first issue, the RBT is mainly concerned with the internal (firm) environment. Nevertheless, the importance of ways in which *this* environment is interconnected with the external one has been acknowledged since Penrose's seminal study (1959). It has, for example, been suggested that the heterogeneity of the firm's environment can influence its resources, and can be influenced by existing firm's resources (Combs et al, 2012; Amit and Shoemaker, 1993). Following these assumptions, both internal and external environments (in respect to firm's boundaries) can be eligible for new resource's acquisition. Regarding the second issue, especially intangible resources tend to remain hidden to the eyes of scholars and entrepreneurs. For this reason there is the need to develop firm concepts and definitions that allow scholars and managers to quantify ('operationalize') resources (Black and Boal, 1994; Peteraf, 1993). Resource's operationalization processes and 'resources' position' (Ahuia and Katila, 2004) represent issues of crucial importance in terms of both their acquisition and development. In this context, the process of 'resource accumulation' (Dierickx and Cool, 1989) represents one of the

most important results obtainable from resource acquisition, and may play a strategic role between resource's acquisition and their development (Maritan and Peteraf, 2011). Bridging the gap between these two elements is of main importance in the RBT. Indeed, there is the possibility that firm's resources, once acquired, are not developed by firms that possess or control them. This may be due to the possibility that the competition mentioned above can be limited by the imitation of resources and by the diseconomies existing in firms. This issue requires the exploration and management of 'asset-stocks' (Cool, Dierickx and Costa, 2012) in even more productive ways, in order to prevent such diseconomies and imitations among firms.

(b) Resource's development

Resources that have been acquired and accumulated need to be developed in order to allow firms to achieve a sustained competitive advantage. This requires a scientific management of resources. One of the most important issues in managing resources' development processes is the measurement of resources' performance. Among the approaches that have been suggested to do this, the direct measurement of resources' performance applied by Miller and Shamsie (1996) has attracted the attention of many RBT scholars and managers. In spite of much conceptual work, the resource-based only in a few cases has been operationalized and tested especially in relation to its micro-foundations (Foss, 2011; Barney et al, 2011). In their 1996 study, Miller and Shamsie demonstrated the strict relations existing between different resources and their performance in a single industry over the course of a thirty years period, from 1936 to 1965. Their study, duly recognized by the Management Academy Review, suggested the possibility of tracking a resource's performance in an objective way, and comparing it over time. Furthermore, it argued the importance and urgency of monitoring a resource's performance in order to keep entrepreneurs informed and to motivate them to develop resources they own or control in order to maintain their competitive advantage. The purpose of the resources development process is of main importance within the wider resources development process and includes the aggressive use of resources. The possibility to limit 'moves and countermoves' of rivals and incumbents through a correct use of

resources in order to impede imitating attempts has been proposed (Ketchen, Snow, and Hoover, 2004). Limiting our considerations of the 'way' to develop resources, the potentialities of both internal and external mechanisms of governance for the purposes of resources development have been noted. Among the emergent internal governance mechanisms is the role that is played by board composition and executive compensation to speed up processes (Barney, Wright and Ketchen, 2001). Last, but not least, is the suggested importance of external mechanisms such as 'resources orchestration' (Sirmon, Hitt, Ireland and Gilbert, 2011) in creating firm's alliances aimed at acquiring and developing resources.

(c) Resources extra value and profit appropriation

The issue of resources' extra value and rents appropriation has so far remained under-explored (Alvarez and Barney, 2004; Coff, 1999). Indeed, the output produced by resources governance processes are also critical, considering that a large part of the extra value and profits produced by resource development depends on this. In order to obtain value and extra profits from resources a framework was required. The conditions under which the value of resources may be obtained, and complementarity or substitution effects have been recently specified (Zahra, Filatotchev and Wright, 2009). As is known, the process of resource value appropriation takes place both internally and externally with respect to a firm's boundaries. Internally, a sort of cultural reluctance of managers to invest in what they do not know, and their cultural inclination to invest on what they do know, independently from the actual results produced by the latter, tends to generate a sort of 'endowment effect' (Garbuio, King and Lovallo, 2011) and may both represent obstacles to overcome for resources value appropriation processes. As a consequence, the bargaining process through which extra profits produced by a firm's resources have been appropriated by managers has remained under-explored for a long time, or where it has been examined, it is especially with respect to specific contexts such as, for example, the Far East and multinational companies (Sun, Wright, and Mellahi, 2010). Table 2.3. shows a synoptic framework illustrates the way in which this thesis implements knowledge on resources' acquisition and development processes

Author(s) and Date	Managerial Strategic Guidelines	Findings expected
Ahuia and Katila, 2004; Hult and Ketchen, 2001; Hult, Ketchen and Nichols, 2002; Godfrey and Hill, 1995	To examine the origins of different resource positions	Using input-output tables to find tangible direct ITCs and applying Gosh's model to detect intangible indirect ones
Combs, Ketchen, Ireland and Webb, 2011; Amit and Shoemaker, 1993	Firm context heterogeneity is important since it can influence or be influenced by specific resource use	In 2007, EU-27 economy inter-firm sales accounted for €11 trillion; 2000-07 compound annual growth rate increase of 4.76%; Recreational 2.89%. Development Process Heterogeneity also among countries
Wernerfelt, 2011	Resource-stocks create asymmetries in the ability of competitors to acquire new resources	Detection of main clients and sale asymmetry through sale concentration indexes
Black and Boal, 1994 Peteraf, 1993 Miller and Shamsie, 1996 Evans, 1952	Notion of firm resource must be operationalized Monitored resource performance and stressed the importance of advance knowledge for the entrepreneurs Most stable and predictable patterns are crucial in developing intermediate firm marketing strategies	Valuable and rare B2B sale contacts have been quantified, and functional relationships between them and sale multiplier have been found for Recreational organizations. This structural relationship allows to predict Recreational client attractiveness
Wernerfelt, 2011	Firm resource-portfolios have to be widened, building value on existing resources	The decision to specialize or diversify the resource Recreational portfolio should be based on calculated asset flows (frequency of valuable B2B sales)

Table 2.3. A synoptic reference framework for the resource acquisition and development process and the findings expected by this thesis.

Many of the issues existing in this mainstream have not been unveiled yet. Despite this, existing contributions reveal the following elements: (i) the external environment is a 'spot' for resources acquisition; (ii) a process through which resources become measurable is required to achieve both competitive survival and sustained competitive advantage; (iii) the resource stocks and flows represents one of the main results to achieve; (iv) there is the need to analyze the acquisition and the development of resources as being two phases of a unique process, and to measure the performance of resources directly through methods which allow the comparison of results over time; (v) cultural obstacles may reduce the resources' extra value and the profits appropriated by managers; and, conversely, (vi) the bargaining process, through which extra profits produced by

firm's resources have been appropriated by managers, is of main importance. This thesis represents an attempt to build up new knowledge in these aspects.

Box 2.21. summarizes the challenge for RBT scholars with respect to this mainstream.

Natural reluctance of managers to invest in what they do not know requires the measurement of unobservable resources by directly quantifying resources' performance. This thesis represents an attempt to overcome that endowment effect in the business-to-business marketing field of research.

Box 2.21. A challenge for RBT scholars dealing with the issue of resources acquisition and development processes.

2.3.11. Conceptual spill-over: Knowledge-Based View

In the knowledge era, knowledge represents perhaps one of the most powerful resources, and has become central for the purpose of different topics within firm's strategies. Those strategic topics include product development (e.g. Hargadon and Sutton, 1997; Hansen, 1999), capabilities transfer (e.g. Zander and Kogut, 1995; Szulanski, 1996), alliances (e.g. Mowery *et al.*, 1996; Simonin, 1999), and acquisitions (e.g. Ranft and Lord, 1998; Zollo and Singh, 1999). Several other benefits come from knowledge, including learning improvement and decision-making (Davenport and Prusak, 1998; Al-Busaidi *et al.*, 2010). Beyond these main benefits, knowledge represents an important source for firm's and individual's adaptation and problem solving. It allows organizations to create or restructure core competencies and improve their position for the future (Machlup, 1980). Nevertheless, it needs to be managed as a competitive resource, as is the case for any other organizational resource.

During the period between its introduction and its actual stage, the RBT of the firm has provoked the emergence of influential spin-offs, such as the 'natural-resource-based view' (Hart, 1995), and 'dynamic capabilities' (Teece, Pisano, and Shuen, 1997). Due to the role played by knowledge aspects in helping organizations to achieve and defend their competitive advantage, its importance in the RBT framework has given rise to a specific spillover (Grant, 1996), namely the Knowledge-Based View (KBV). This spill-over does not constitute an entirely new and specific

theory within the RBT, but represents an attempt "to create a confluence of long established interests in uncertainty and information with several streams of newer thinking about the firm" (p. 110).

In his 1996 article, Grant was the first to suggest the characteristics of knowledge that have critical implications for the management of value creation processes. So doing, he creates the rationale for knowledge-based firms. Those characteristics are 'transferability', 'capacity for aggregation', 'appropriability', and 'specialization in knowledge acquisition'. Regarding the first knowledge characteristic, it has been suggested that tacit knowledge - 'knowing how' - and explicit knowledge - 'knowing about' - achieve different degrees of transferability (p. 111). This difference produces distinctions in both the time and cost of knowledge transfer (Kogut and Zander, 1992). The transfer of tacit knowledge and explicit knowledge require time and costs that tend to be higher and lower, respectively, according to the differences outlined above.

Capacity for aggregation is the second characteristic of firms that is of crucial importance for the KBV. Regarding this issue, it has been suggested that the knowledge capacity to be acquired and developed depends on 'resources additivity' (p. 111). This term indicates a specific characteristic of existing knowledge, being "its capacity to absorb other (acquired) knowledge" (p. 111). Despite this, 'idiosyncratic knowledge' (p. 111) can act as a barrier, arresting new knowledge absorption. Furthermore, 'specific circumstances' (Hayek, 1945; Jensen and Heckling, 1992) may be required in order to allow existing knowledge to become absorptive. By so doing, Grant suggests a new key function for knowledge-based management of firms, which is 'knowledge transferring and aggregation' (p. 111). The third key feature for the knowledge-based approach is appropriability. This refers to the ability of the firm that owns or possesses a specific resource "to earn a return which is equal to the value created by that resource" (p. 111). As one may observe, this issue is particularly important if the resource in question is knowledge, and mostly affects explicit knowledge compared to tacit knowledge, for the above-mentioned reasons. Because of difficulties to defend explicit knowledge through property rights (except in specific cases), the

appropriability of this form of knowledge is ranked low by Grant, and *vice versa*. By saying this, the KBV implicitly ranks the importance of firm-specific tacit knowledge highly, and underlines its importance in defending a firm's competitive advantage. Specialization in knowledge acquisition represents the last, but not least, key feature of firms within the KBV approach. As has been argued, (p. 112), Simon's 'bounded rationality' concept (1991) implies that a firm's management is tasked with selecting the strategic field of knowledge it can reasonably acquire, store, and develop from among the knowledge existing. On one hand, this process allows a firm to become specialists in one specific area of knowledge. On the other hand, it may limit its capacity to acquire and develop new knowledge in areas outside the boundaries of their specific knowledge area. In this way, for example, despite the fact that in the knowledge era, the human resource "is the most important asset" (Fang *et al.*, 2005; Alvesson, 1993; Davenport and Volpel, 2001), new knowledge acquisition in the field of human management may encounter obstacles simply because this field is external to the area of firm's specialization.

Further developments of the KBV have only partially integrated Grant's original approach, and many areas of inquiry remain open in the KBV. Nevertheless the existing approach gives us the possibility to focus on the way in which the resource explored by this thesis may be acquired and developed. Furthermore, it enlightens potential obstacles and locates traps-to-be-avoided in knowledge acquisition and development. It has been noted that: (1) limited or, conversely, high absorptive capacities in existing knowledge may create obstacles or incentives for knowledge acquisition, respectively. From this assumption comes the need to firstly verify the way in which a new knowledge impacts on the existing one. (2) Explicit knowledge, given its tradable nature (except in the case of trademarks and a few other forms of explicit knowledge), are unlikely to become a source of sustained competitive advantage. This suggestion indicates the possibility of limiting the form of knowledge to acquire for firms. (3) In contrast, tacit knowledge, given its immaterial nature, can represent a source of sustained competitive advantage. Finally, (4) strategic knowledge acquired by firms outside its area of knowledge specialization has a low possibility for

development. The need to analyze different knowledge areas of specialization *before* acquiring new knowledge thus emerges. New knowledge acquisition processes must match knowledge areas of specialization of firms in order to optimize knowledge development processes.

Box 2.22. states the position of this thesis with specific regard to these issues.

> In the knowledge era, especially explicit knowledge transferability, aggregation, appropriability, and acquisition, and the sustainable management of tacit knowledge, all represent key functions for firms struggling to achieve competitive survival or sustained competitive advantage. Limited or differently high absorptive capacities may reduce or increase a firm's efficiency, respectively. In order to increase a firms' efficiency, knowledge management processes must match the knowledge areas of specific interest for firms. This thesis focuses on knowledge acquirable in the sales area by salesman, executives, and management.

Box 2.22. The position of this thesis with regards to the KBV.

2.3.12. The main critiques which need to be assessed by RBT studies

Briefly and synthetically discussing critiques of the RBT and the way in which these have been assessed by RBT scholars does not represent an easy task. Despite this, critiques on an subject give the occasion to increase the possibilities for quality improvement of *that* subject. The wide and rapid diffusion of the RBT framework indicates the general popularity of that theory. Despite its popularity, during the last three decades there have been critiques of the RBT framework. Especially during its early period, the impetus of this so-called (at the time) 'would be theory' (Williamson, 1999, p. 1093) gave rise to a relatively wide debate on the way in which to assess these critiques. Far from being a 'no-limits theory', as any other theory, the RBT may increase its theoretical and managerial impact only by assessing those critiques. As has been written above, this thesis aims to investigate the relations between a specific productive resource and competitive advantage proxies. Consequently, the critiques discussed here in a synthetic way are the only ones strictly needed for the purpose of this study. For the wider debate on RBT critiques and the way in

which they have been assessed see: Kraaijenbrink, Spender and Groen (2010); Barney (2001), Barney *et al.*, (2001).

The principal RBT critiques outstanding in the literature may be synthesized by subdividing them into the eight categories suggested by the Kraaijenbrink *et al.* (2010) study. They are as follows: (a) The RBV has no managerial implications; (b) The RBV implies infinite regression; (c) The RBV's applicability is too limited; (d) Sustained Competitive Advantage (SCA) is not achievable; (e) The RBV is not a theory of the firm; (f) VRIN-O is neither necessary nor sufficient for SCA; (g) The value of a resource is too indeterminate to provide for a useful theory; and (h) The definition of resources is unworkable. Kraaijenbrink et al. (*ibidem*) conclude that the RBV's framework core message can withstand criticism from the first five of these, while the last three critiques cannot be readily dismissed and call for further theorizing and research. Let us briefly examine those critiques.

(a) ***Low or no managerial implications***

It has been suggested that the RBV has no managerial implications (Priem and Butler, 2001a) or, differently said, this framework suffers tensions between descriptive and prescriptive contributions (Lado, Boyd, Wright, and Kroll, 2006). Regarding this issue, the RBT framework main purpose is to provide managerial prescriptions by explaining the link between the specific attributes of a firm's resources and sustained competitive advantage (Barney, 2005; Nelson, 1991; Rumelt, 1984). Furthermore, through its wide dissemination, the RBV has evident impact (Kraaijenbrink *et al.*, 2010, p. 360). Nevertheless, this RBT official position seems not to be exhaustive.

Part of the existing RBT studies that have been carried out within the area of resources' acquisition and development processes focus only on resources acquisition and leave the management aside, in the attempt to grasp the way in which acquired resources are developed (Connor, 2002; Miller, 2003). This thesis tries to assess both phases of resources acquisition and development in knowledge acquisition and development processes.

(b) ***RBT infinite regression***

A second critique is that an issue of infinite regression may reduce the RBT reliability (Collis, 1994; Priem and Butler, 2001a). Following Collis (1994, p. 148), "if a firm which has superior resources (e.g. knowledge) to better innovate products can surpass another firm that had the same resource in the past, the latter firm ought to develop a second-order resource to come back in its early position". As suggested by critiques, this process can be extended *ad infinitum*, leading firms to acquire and develop an ever-higher order of knowledge. As one may note, the process is true in an abstract and practical sense, nevertheless, this critique does not damage the RBT framework. As pointed out (Lado et al, 2006), this problem is mainly a theoretical one. It would impact more on management theorists and especially on theorists who consider management or economic science to represent a positivistic quest for certainty in the attempt to achieve a sustained competitive advantage. On the contrary, it would tend to support a strategic management approach to indeterminacy and openness in the competitive race in a global context.

This thesis assesses this critique in three ways: firstly, by confirming the need to continuously improve knowledge in areas of specialization for firms; secondly, by developing an empirical analysis approach which could allow management to quantify different levels of existing resources among firms, useful for benchmark purposes; and thirdly by applying the concept of *kaizen* (infinite improvement) of this protocol adopted in just-in-time firms.

(c) ***Too limited applicability***

Another critique, which has been expressed in the mid 2000s, is that the applicability of the RBT is too limited. This critique has taken three different forms. Following the subdivision proposed by Kraaijenbrink, Spender, and Groen (2010), those forms are: the 'non-generalizability of uniqueness', the 'low RBT applicability to small firms', and the implicit 'path dependency' in the RBT. Regarding the first of these critiques, it has been argued that resource attributes such as heterogeneity, immobility, and uniqueness may reduce the possibility to generalize contributions obtained by a theory based on them (Gibbert, 2006a,b). Secondly, it has been argued that the RBT

applies only to firms wishing to achieve a sustainable competitive advantage (Connor, 2002). In other words, "firms which are satisfied with their competitive position are not expected to obtain powerful insights from the RBT" (Kraaijenbrink *et al.*, 2010, p. 354). The third aspect regarding supposed low applicability of the RBT is that of 'path dependency' highlighted by Miller (2003). Following this author, VRIN resources are the most difficult to acquire in the first place. Consequently, only firms who possess or control VRIN resources can acquire and Organize (O) further resources. This is the deterministic vision of the RBT, following which firm's past steps determine its present and future performances. Wernerfelt (2011) suggests that this hypothesis is realistic, and suggest a coherent, resource-based, way to look at the concept of competitive advantage position. The RBT scholars did not refuse to consider these three last critiques seriously. On the contrary, they underlined the existence of important limits in the RBT applicability. The applicability of the RBT requires two preconditions, which are the existence of relatively fixed 'rules of the game' in an industry, and the existence of relatively predictable environments and resources value that do not drastically change over time due, for example, to the emergence of new technologies and/or new markets. Environments different from the one mentioned above need to go beyond the RBT in order to explain sustained competitive advantage.

This thesis adopts the RBT framework in the attempt to test its capacity in exploring the existing relations between valuable resources and a firm's sales performance.

(d) ***Non-achievability of SCA***

This critique deals with the difficulties of achieving a 'sustained' competitive advantage, due to the possibility that changing environments and technologies lead firms to a continuously changing temporary advantage (Fiol, 2001). Quite differently, Eisenhardt and Martin (2000) and D'Aveni (1994) suggest the possibility that firms can achieve a sustained competitive advantage only at the 'dynamic level', through the development of internal resources that can enable them to adapt better and faster than competitors. Resource's inimitability may be partially compromised through production processes, and by bringing products and services to the markets, due to the loss

of information about them once sold. These studies reveal the possibility that firms actively defend the sustainability of their competitive advantage, for example by creating mobility barriers and thus re-integrating the loss of inimitability. As is suggested by the traditional management theory, firms must keep up with their innovation efforts, considering the constant eruption of new competitors, new technologies, or substitute products (Porter, 1980). Finally, "a concept of SCA which will last forever is unacceptable. Despite this, that concept positively orients managers toward an even more defensible competitive advantage" (Kraaijenbrink *et al.*, 2010).

This thesis tries to verify existing systematic relations between specific resources and firms' performances for the purpose of competitive survival.

(e) ***The RBV is not a theory of the firm***

This critique has low relevance for the purposes of this thesis. Nevertheless, it seems useful to discuss it in order to illustrate the existing theoretical complementarities between the traditional management approach and the RBT. Although the need to strive for a new theory of the firm has been highlighted by Wernerfelt (1984) and Barney (1991), the possibility that the RBT could represent a new and complete theory of the firm was actually suggested by Conner (1991), and Kogut and Zander (1992). Since then, it has been argued that the RBT is not a theory of the firm, considering its deficiencies in explaining, for example, why firms exist, the reason why firm's boundaries and internal organizations have specific characteristics, and why firms are better at rent creation than marketing (Foss, 1996a,b; Mahoney, 2001; Priem and Butler, 2001a,b).

RBT scholars agree whit this critique, following which the RBT is seen not to be a theory of the firm, as it doesn't seek to explain the existence of a firm's boundaries, but 'only' to explain rents, competitive survival, and sustained competitive advantage (Barney, 2005; Barney and Clark, 2007; Peteraf and Barney, 2003). Consequently, "there are no reasons to require the RBT to match the criteria for being considered as a theory of the firm" (Kraaijenbrink *et al.*, 2010, p. 355). This thesis moves in that same direction.

(f) ***VRIN-O is neither necessary nor sufficient for the purpose of SCA (the 'sufficiency critique')***

The critique that the VRIN-O model is neither necessary nor sufficient for SCA has a great importance for the purpose of this thesis. Furthermore, differently from the five previously discussed critiques that have been rapidly assessed by RBT scholars, this critique together with the following two, poses problems for RBT scholars which are relatively more difficult to assess.

As has been suggested since the RBT seminal works, a SCA can be achieved by developing resources that are VRIN (Barney, 1991). Indeed, this basic assumption has been only poorly supported by empirical research. This lack of empirical support leaves the door open on the existence of other resource attributes that ought to be considered in order to achieve both CS and SCA (Armstrong and Shimizu, 2007; Newbert, 2007). Moving along this line, other studies suggested the importance of resources' attributes such as uncertainty and immobility (Foss and Knudsen, 2003), or value uncertainty, resource specificity, and firm-level innovation (Becerra, 2008). The last sufficiency critique that needs to be discussed is similar to the previous one. As has been indicated, what matters for the purposes of SCA seems to be the value of a single resource, and, most importantly, of resource bundles (Penrose, 1959), interdependencies amongst resources (Kor and Leblebici, 2005), asset co-specializations and complementarities (Teece, 2007), and resource orchestration (Sirmon *et al.*, 2011). This thesis focuses on the resources' bundle constituted by two original kinds of resources.

(g) ***The value of a resource is too indeterminate to provide for a useful theory (tautology)***

This critique, as the previous and the following ones, are of main importance for the purposes of this thesis. In relation to this point, it has been argued that RBT analytic statements are tautological, that is, true by definition and not able to be tested (Lockett *et al.*, 2009; Priem and Butler 2001a,b). To support this hypothesis, a concept of the resource as proposed by Barney (1991) has often been cited. In his article, Barney explains the concept of resource value as follows: "resources are valuable when they enable a firm to conceive of or implement strategies that improve

its efficiency or effectiveness" (p. 105). This explanation of a firm's resource value has been criticized because of a supposed tautological character, or the possibility 'to see value and uniqueness in both '*explanans* and *explanandum*' (Kraaijenbrink et al, 2010, p. 357). As underlined, the main problem here may lie in the RBT's indefinite notion of resource value (Priem and Butler, 2001b). This tautological appearance attracted attention from critiques in the early period of the RBT. In order to overcome this critique, three kinds of value were suggested (Bowman and Ambrosini, 2000): 'perceived use' value (the customer's perception of value), 'total monetary' value (the amount of money a customer is able to pay), and 'exchange value' (what customer's are actually paying). In dynamic terms, Bowman and Ambrosini suggested the practical importance and the role that is played by 'value creation', 'value capturing', and 'value assessment processes' in achieving SCA, and assessed this critique in so doing.

Finally, it has been argued that it is unlikely that resource's value can appear *ex-ante*, allowing management to assess its value at the moment of resources selection. Differently, the value of some resources (e.g. tacit knowledge) tends to appear only *ex-post*, after other resources have been deployed (Makadok, 2001b).

This thesis assumes the possibility of quantifying intangible resources (B2B interactions) by analyzing observable ones (intermediate sales), in the attempt to test RBT assumptions on a wide scale.

(h) ***The definition of resource is unworkable (over-inclusivity of productive resource concept)***

The last but not least critique of the RBT concerns the so-called over-inclusivity of the concept of firm's resource (Priem and Butler, 2001a). Resource concept definitions represent the core of the RBT framework. Over-inclusive resource concept definitions offered by Wernerfelt (1984, p. 172), Amit and Schoemaker (1993, p. 35), and Barney (1991a, p. 101; 2002, p. 155), are discussed in section 1.1.4. of this thesis. There is no unanimous consensus on the way to interpret these critiques. While some authors, especially Barney (2001), indicate that all-inclusiveness is needed so as to not restrict the field of application of the RBT to the already known resources, and

so actually represents a strength for the RBT framework, others suggest that this all-inclusiveness may represent a weak point of the RBT framework which can give spurs to further critiques. Following the latter group of scholars, other firm's resources such as trust, cost leadership, economies of scale, learning curve economies, and the concept of SCA might also be considered as resources (Barney and Clark, 2007; Barney and Hansen, 1994; Kraaijenbrink *et al.*, 2010). Following those studies, this all-inclusivity represents a threat because of the problems it may create to distinguish between resources, *in a strict sense*, and the capabilities required to develop those resources. Distinctions between the concepts of productive resources and capabilities have been offered as well (Makadok 2001a,b, Amit and Schoemaker, 1993; Barney *et al.*, 2001; Peteraf, 1993). Although these authors distinguish resources from capabilities, all-inclusive definitions include both of them, and may create misunderstandings on what a productive resource really is. Although most of these studies have served to increase the existing knowledge on resources, the tautological critique continues to affect RBT studies.

Box 2.23. synthesizes the most important critiques of the RBT for the purposes of this thesis in order to further increase the potential impact of the entire study.

Especially the sufficiency critique, tautology, and over-inclusivity of productive resource concept critiques need to be continuously assessed by RBT studies. For the purposes of this thesis, a clear definition of productive resources has been suggested.

Box 2.23. The need to assess three particular critiques of the RBT.

2.3.13. Prescriptions for this research

Discussing the RBT critical examinations is one of the best ways to constantly improve quality standards of both its theoretical and managerial potential contributions. The critiques discussed above have been considered in positive terms in order to obtain prescriptions for research. These prescriptions have been subdivided considering the structure of the thesis as follows: (a)

Concepts and framework; (b) Methods and models; and (c) Findings and implications. The following pages aim to discuss these groups of prescriptions individually.

(a) Concepts and framework

The first group of prescriptions includes the following: (i) 'Avoiding all-inclusive, pleonastic and contradictory definitions'; and (ii) 'Using terminology connected with the past (traditional management studies) tradition'.

(i) Avoiding all-inclusive, pleonastic and contradictory definitions

It has been suggested that the use of non-homogeneous terms such as resources, assets, capabilities, or competences in the same piece of work may create confusion and can reduce the empirical generalization possibilities of the results (Priem and Butler, 2001a; Williamson, 1999), during the early period of impetuous growth of the RBT. The risk of adopting an all-inclusive definition of firm's resource has already been discussed in the course of this thesis. This risk increases the possibility that low importance resources have been included and explored for RBT purposes. This thesis focuses on only one concept that is at the core of the RBT, being that of the "productive resource". Furthermore, it avoids using other concepts which can interfere with the one expressed above. Resources that have been explored by this study are a specific kind of business-to-business interaction that has been called 'intermediate market trade contacts' (Droli *et al.*, 2014). Business-to-business interactions represent under-explored resources studied within the business-to-business marketing field (Håkansson and Waluszewsky, 2013). As underlined by those authors, "there is a strong need to include and consider the business-to-business interactions as the key engine for dynamics (and their role in developing material structures as well as ideas) in any theoretical study of economic development" (p. 443).

(ii) Using terminology connected with the past (traditional management studies) tradition

The misuse of terms without formally specifying the underlying original concepts by RBT scholars has been highlighted by Priem and Butler (2001a). Consequently, "the attempts to further

define basic RBT constructs or specify causal relations have been sparse" (p. 24). This thesis tries to define RBT concepts starting from their original/traditional meaning, wherever possible.

(b) Key concepts, units of analysis, and methods

The second group of prescriptions regard methods and measurement issues, and includes the following: (i) Concentrate the whole research on a relevant unit of analysis; (ii) Quantify observables that shed light on underlying unobservable resources; (iii) Consider complementarities between quantitative and qualitative analysis; and (iv) Consider the need for longitudinal empirical analysis.

(i) Concentrate the whole research on relevant units of analysis

Regarding the first aspect, 'the resource-based theory identifies a large amount of heterogeneous resources as units of analysis (Williamson, 1999). These resources, including isolating mechanisms, core competences, and routines (p. 1095), represent a heterogeneous field of research. As previously discussed in regards to the all-inclusive main resources, an operating definition of the explored resource, the intermediate market trade contacts, has been given. Similarly, another issue is the choice of too narrow a unit of analysis (Foss, 1997). Following that author, this narrowness may indicate the RBT scholar's dangerous tendency towards analytical atomism. This thesis considers intermediate market trade contacts as a 'real world-based' unit of analysis. Furthermore, that resource has been defined by adopting the atomistic, dynamic-relational and holistic point of views in order to allow explorations in three different directions.

(ii) Quantifying observables that shed light on underlying unobservable resources

In the RBT framework, especially intangible resources play an important role in achieving a SCA. These resources, by definition, are difficult to observe and causally ambiguous. The intangible nature of unobservable (non-physical) resources makes them hard to quantify. Consequently they pose serious diagnosis problems for managers and scholars (Barney *et al.*, 2001, p.637). Considering the need to test the importance and role played by intangible resources as potential sources of SCA is a primarily methodological problem. In this condition, identifying

observables that reveal underlying unobservable resources, and defining proxies that pose low problems of construct validity, may represent the two components of a uniquely useful approach (Godfrey and Hill, 1995).

This thesis identifies economic transactions based on good exchanges in the intermediate market in order to explore unobservables represented by business-to-business interactions. Furthermore, it investigates the relations between the frequency (number) of above-normal B2B interactions and well-assessed business-to-business market efficiency and effectiveness proxies.

(iii) Considering complementarities between quantitative and qualitative analysis

Starting from the end of the 1990s, the rise of qualitative analysis based on case studies has opened a debate on existing complementarities between them and the wide-scale quantitative studies generally used to test RBT assumptions. Following the qualitative approach, quantitative methods traditionally adopted to carry out strategic research are second-best choices for the purpose of exploring sources of sustainable competitive advantage (Rouse and Daellenbach, 1999). As these authors suggested, "RBV research must be done not only on organizations, but also in organizations" (p.487). This should be done through a four-step process that consists of industry selection, clustering strategic groups, comparing groups' performance indices, and identifying high versus low performers.

On the contrary, according to the quantitative approach, qualitative (intrusive) methods of research are unable to isolate sources of competitive advantage (Levitas and Chi, 2002). In other words, it is important not to over-estimate the ability of the researcher to describe what managers have problems articulating, specifically regarding intangible resources. Secondly, the authors point to the fact that Rouse and Daellenbach (1999) overlooked the role of observable outcomes as adoptable lenses to be able to individuate and describe unobservable and intangible sources of SCA such as culture, reputation, and learning.

The issue of managing observables to investigate unobservable (Barney, 2001; Godfrey and Hill, 1995), is of main importance for the purposes of this thesis. A final observation of the

supporters of a quantitative analysis approach regards the biases that qualitative analysis and case studies may introduce into the research process. As they note, by requesting researchers to grasp champions and above-normal performances, it is unlikely that moderate and low performers can be isolated (Levitas and Chi, 2002). Finally, assumptions stress the importance of complementarities between intrusive research methods and large-scale qualitative studies (Rouse and Daellenbach, 2002).

(iv) Considering the need for longitudinal empirical analysis

A further issue can be attributed to the practical limitations of RBV research. The existing interest in a concept of long-term (sustained) competitive advantage requires scholars to carry out longitudinal empirical analysis. These analyses should be both quantitative and qualitative in order to compensate for the advantages and disadvantages of each of them. This issue, apparently minor and not so important for the RBT research agenda, needs work and capital injections over a prolonged period of time and requires the involvement of senior researchers (Barney *et al.*, 2001, p. 637). This thesis partially assesses this issue by exploiting existing reliable, up-to-date, and homogeneous databases available at a regional, national, and international level.

(c) Findings and implications

Prescriptions in this section regard the following: (i) Shed light on dynamic aspects of resources creation; (ii) Explore interactions between internal and external environments; and (iii) Consider the need to develop mathematic representations of the RBT.

(i) Shed light on dynamic aspects of resources creation

Early resource-based studies (Dierickx *et al.*, 1989; Wernerfelt, 1984) gave a strong impetus towards the creation of a conceptual model that incorporates new resource creation into the RBT. As argued by Foss (1997), the process by which firms create new resources within them has often remained under-explored. Unfortunately, dynamic aspects remained under-explored during the early period of the RBT, but they should be developed now (Barney, 2001). Consequently, these important contributions are only at their first steps. This ‘lack of dynamism’ in the RBT (Priem and

Butler, 2001a), has its own exceptions (e.g. in Wernefelt, 2011), but represents a symptom of a general difficulty of dealing with the challenging aspects of resource creation and development. It has been suggested that "this lack of attention may be due both to the numerous existing theoretical spill-overs and could be originated from the large amount of studies which do not explore dynamic factors together with others that do that" (Truijens, 2003, p. 9). Indeed, the RBT spill-over of the knowledge-based view adopted by this thesis facilitates discussion on a specific resource which has been created through business-to-business interactions. Thus, it is of main importance for the purposes of this study. Similarly, the natural resources-based view (Hart, 1995) increases (not reduces) possibilities for further (also dynamic) investigations on the way in which natural resources are acquired, accumulated, and developed by firms.

(ii) Exploring the importance of interactions between internal and external environments

Although resource's value is exogenously determined in respect to firm boundaries, the RBT primarily focused on value and rent creation processes that take place within the firm's environment. This orientation gave spurs to a supposed deficiency regarding the neglected importance of a firm's external environment (Foss, 1997) in the RBT. Indeed, since the seminal Barney (1991) study, the RBT framework has evaluated the importance of the SWOT analysis framework as a tool to investigate the role that is played by resources in capturing opportunities and neutralizing threats.

The fact that the RBT does not use the 'opportunities' and 'threats' parts of the SWOT analysis tool to best position firms in a product market does not mean that the RBT underestimates the importance of external environment. On the contrary, it recognizes its importance since that resources' value can only be known within the product market. Finally, this critique had been assessed by affirming that the RBT restates the observation that 'value' is exogenously determined by the traditional management approach (Barney, 2001a; Barney *et al.*, 2001). Following this author, the RBV complements Porter's industry analysis framework and requires a full integration in order to unveil the black box of value. Indeed, the importance and role of external (market)

environment for a firm's resources acquisition have remained largely under-explored in the RBT framework. This thesis moves in this direction.

(iii) Considering the need to develop mathematic representations of RBT

Providing solutions to some of the critiques discussed above would require the formalization of the RBV statements by developing their mathematical representations (Priem, 2001a). Previous studies have formally expressed the relation between competitive advantage and sustained superior performance in formal logic and managerial philosophy (Powell, 2001). Durand (2002) criticized Powell's way of using managerial philosophy as a tool of conviction, and argued that "philosophy could be useful for opening discussions and considering perspectives, rather than as an instrument for conviction" (p.867). Furthermore, he proposed alternative approaches to investigate links between firm's superior performances and competitive advantage.

Other, more recent, contributions have moved along this line, including Powell's (2002) reactions to Duran (2001). Discussions amongst scholars in this field are relatively recent, and suggest that mathematical modeling of the RBT might represent a new area of investigation to develop in order to increase the theoretical and managerial impact of the RBT.

This thesis discusses resources' acquisition and development processes at the same time in order to assess the critique of a too static RBT. Box 2.24. states the main assumption on the method for assessing critiques to the RBT adopted by this study.

This study tries to assess critiques to the RBT framework by testing some of its assumptions through well-assessed databases, methods, and tools, at a continental and extra-continental scale.

Box 2.24. The method for assessing critiques to the RBT adopted by this study.

The next section (1.2) deals with the way in which a resource can create value within firms through current practice in business-to-business marketing and business customer portfolio management.

2.3.14. Current importance of B2B interactions for B2B marketing studies

"Firms all need resources of others in order to realize goods and create value toward clients. So none of them is complete" (Ford *et al.*, 2011, p. 4). Any hotel manager, for example, who provides their guests with accommodation services uses structures which have been built by construction enterprises using concrete bought from chemical companies; it needs furniture that contract companies have created by using wood bought from forestry firms; and may buy vegetables, wine, or other food that have been provided by wholesalers who acquired them from food processors, wine producers, or regional farmers. In brief, interactions among firms allow them to acquire the input needed to produce their products (output) and bring them to the markets. Without those business interactions, no one firm can exist. Thus they represent a fundamental part of a modern economy.

Despite its growing complexity, due mainly to externalization processes and specialization (and thus interdependence) among firms, the process through which productive resources may create value for both intermediate and final customers has remained relatively under-explored for RBT purposes. Consequently, the potentialities of RBT for business marketing purposes remains largely unexpressed. This section of Chapter 2 discusses the debate on business interactions within the wider business-to-business marketing field of research.

Box 2.25. synthesizes RBT potentialities for B2B marketing purposes.

Formal autonomy and firm interdependencies create the premises to study business-to-business marketing and interactions through the RBT framework.

Box 2.25. Potentialities of the RBT framework for the purpose of B2B interaction studies.

Chapter 2 - Conclusion

This chapter portrayed *the distinguishing key features of the Resource-Based Theory* which aims to explain superior performances, rents, competitive survival, and sustainable competitive advantage. Wernerfelt's assumptions on the existing complementarities between the traditional management theory and the RBT, and between the SWOT analysis model and the VRIN-O model, represent an axiom within this thesis. Currently, traditional management approach research and RBT research is moving ahead in parallel, with only a few points of conjunction between them. Chapter 2 highlighted the potentialities for an integrated approach, especially with regard to studies on the issue of competitive survival.

The RBT framework assumes that existing differences in firms and industry performances may be due especially to the presence of productive resources that are difficult to expand, in the sense that they cannot be improved rapidly by the interested organizations. The main theme faced by this thesis is the discovery of an even newer type of productive resource adoptable for competitive survival and sustained competitive advantage purposes within the external environment represented by the B2B market, in accordance with Penrose's suggestions. It is unlikely that these resources are distributed homogeneously across firms active in different industries.

This work is related to contemporary literature in mainly two ways. Firstly, despite the fact that conceptual validity of the RBT approach has been demonstrated by citations and the growing interest in this framework by academics and managers, little has been done to test some of the RBT assumptions on a wide scale through homogeneous databases. Secondly, studies that have been carried out into the resources' acquisition and development processes more often consider only the first step of the process, while leaving managers wondering what the best way is to organize valuable, rare, lowly imitable and difficult-to-imitate resources. This thesis represents an attempt to test the RBT on a wide scale, and offer suggestions on the way in which to create value for the final clients through customer portfolio management.

In doing so, critiques to the RBT framework have been considered in order to increase the potential impact of the whole study. The use of misleading concepts such as assets and capabilities has been avoided, while the concept of the productive resource has been adopted. A specific knowledge-based view mainstream has been chosen in order to position the study within the RBT framework. Further adaptations have been made in order to consider some of the unaddressed critiques.

Regarding the overall significance of this work, this thesis deals with the need for managers to systematically both acquire and develop new resources, especially those able to increase their possibility to survive within an ever more uncertain competitive environment as the B2B market.

Furthermore, 'competitive parity' represented a secondary option for RBT scholars. Nevertheless, some challenges in the external environment in respect to firms' boundaries such as the increase in competition levels and consequently the growing risks of exiting from the market for an increasing number of, especially medium and small, firms suggest its importance. This thesis represents an attempt to re-balance those studies by investigating resources adoptable for competitive survival within RBT studies, and verify the usability of original productive resources for this purpose.

For these reasons, the main concepts of two fields of research, namely the RBT and B2B marketing, have been discussed. Finally, the lack of knowledge in B2B interaction management has been highlighted.

CHAPTER 3 - RESEARCH DESIGN

CHAPTER 3 - RESEARCH DESIGN

Key questions addressed:

- *What matters and what does not in order to fulfill both the general and specific research aims?*
- *What are those early assumptions?*
- *What should be measured in order to verify them?*
- *What are the alternative methods available to achieve the purpose of this research?*
- *What is the rationale behind the decision to adopt the research method that has been chosen?*
- *What is the way in which the method has been applied and why?*
- *What are the crucial experiments to carry out in order to verify the early assumptions?*
- *What are the research limitations, the continuous adaptations that are required, and the quality improvements that have been made?*

The benefits obtainable by reading this chapter

Knowledge of:

- *The way in which the framework has been used in order to generate early assumptions*
- *Propositions made as a starting point for further investigations on known facts*
- *Alternative methods available and reasons for selecting the method that has been used*
- *Method, databases, models, research approach, and continuous design improvements*

Chapter 3 - Introduction

It was suggested in Chapter 2 that exploring B2B interactions could lead to advancements in both the RBT framework and in the B2B marketing fields of study. This chapter aims to describe the *way* in which this integration could take place.

Section 3.1. "The existing interconnections between RBT and B2B interactions studies" discusses common issues that have emerged.

Section 3.2. "The subjects of this study" portrays both the concepts of Intermediate market Trade Contact (ICT) and Indirect Intermediate market Trade Contact (IITC) as independent variables constituting, among others, B2B interactions resource bundles.

Section 3.3. "Selecting the research method" discusses inter-industry linkage analysis as a possible research method, and individuates significant problems requiring solutions in order to investigate ITC and IITC through them.

Section 3.4. "Research fields description" briefly describes activities encompassed by the three activity fields that have been chosen.

Section 3.5. "Research models and tools" discusses Input-Output tables as research methods aimed at investigating structural characteristics of both B2B markets and B2B interactions based on inter-industry transactions. It describes differences between the (vertical) model of Leontief, which is the most often adopted one, and Ghosh's (horizontal) model, which is the outsider. Furthermore, it states the advantages and disadvantages of each of them for the purposes of this thesis. In order to reduce the concept of B2B interaction thickness, the height of the valuability thresholds which have been chosen for both IITC and ITC analysis have been further explained within this section, as well as the concept of the sale multiplier for productive use as a firms' effectiveness and competitive advantage proxy.

Finally, **Section 3.6.** "Research design improvements and limits" discusses the RBT critiques in order to discover the pitfalls to be avoided in RBT research, identify useful adaptations to the

original (2012) research method, and increase the potential impact of this thesis on both the RBT and B2B interaction studies.

3.1. The existing interconnections between RBT and B2B interaction studies

Thanks to the previous chapter, the most attractive (linking) points regarding both the RBT framework analysis and B2B interaction studies emerge. The points relating to RBT framework analysis are the following: (a) The complementarities between the traditional management theory and the resource-based theory, and the possibilities to develop an integrated approach for firms' competitive survival studies; (b) The importance of external environment as strategic factor markets for firms' resource acquisition; (c) The heterogeneity and low mobility of resources controlled or possessed by firms; (d) The need for productive resources that can be leveraged in order to overcome weaknesses, enable firms to neutralize threats, and allow them to capture opportunities in the external environment; (e) The presence of both intangible and unobservable resources; (f) The importance of productive factors that are limited in supply that may increase a firm's efficiency and effectiveness; (g) The differences in firms' and industry performances, due especially to the presence of productive resources that are difficult to be expanded in the sense that they cannot be improved rapidly by the interested organizations; (h) The great importance of knowledge as one of the most important resources within the RBT, and the relevance of 'trade contacts' within the RBT framework as an underexplored field of research; (i) The systematic need to expand the list of productive resources that have been explored for RBT purposes; (j) The simple assumption that a firm that does not exist does not have the need to defend its own competitive advantage, and the consequent need to counter-balance studies focused on sustained competitive advantage within the RBT by accelerating studies on the issue of competitive survival; (k) The potential role that is played by valuable resources in facilitating firms to increase their efficiency and effectiveness, especially in micro, small, and medium-sized (SME) firms in both highly and weekly regulated industries; (l) The possibility that valuable and rare resources are linked to a firms' performance by

direct and strong relations in at least one industry/market; (m) The importance of time and time-based resources such as, for example, historically rooted productive resources in creating imperfectly imitable and non-substitutable resources; (n) The interest, especially of SMEs, in the issue of competitive survival and in the possibility of using valuable resources to increase their efficiency and effectiveness in the short-term; (o) The presence of organizational capital resources that are based on trade contacts, which are knowledge-based, difficult to observe, intangible, and cannot be traded; (p) The natural reluctance of managers to invest in what they do not know (endowment effect), the need to measure unobservables through directly quantifying resources' performances, and the possibility of quantifying unobservables, analyzing them economically, and the most observable aspects such as goods exchanges; (q) The potential role of tacit knowledge in achieving competitive survival and sustained competitive advantage; (r) The issue of heterogeneous knowledge absorptive firm's capacities, and the need to acquire knowledge in functional areas of main interest for firms; (s) The need to consider critiques of any theoretical framework, and consequently of the RBT framework as well, in order to improve the theoretical and managerial impact of studies based on them; (t) The role of individual resources and, most importantly for RBT purposes, the potential role that is played by 'resource bundles'; and (u) The relatively fast conceptual development of the RBT, and its relatively slow empirical development.

Regarding the Business-to-Business interactions field of study, further elements emerged thanks to the framework analysis. They include the following: (a) The non-substitutability of buyers-suppliers interactions for firm's existence; (b) The role of uncertainty in the B2B market environment, the problem-opportunity of B2B interactions, their potentialities as firm's resources, and the possibility to develop studies on business-to-business interactions through the adoption of the RBT framework; (c) The possibility that productive resources on which competitive advantage depends are external in respect to the firm; (d) The general lack of data on B2B markets, and the need to establish just how highly heterogeneous, concentrated, continuous, and changing they are; (e) The need to create the critical amount of data that is required to quantify and explore B2B

interactions from a general viewpoint; (f) The complexity of B2B relationships as a field of research, due to their intangibility and the possibility to adopt a ‘conceptual and empirical gate’ in B2B relationships studies, constituted by B2B economic transactions-based interactions; (g) The acknowledged importance of day-to-day B2B interactions due to the advent of the Internet era and the growth of globalization processes; (h) The possibility that the ‘thickness’ of B2B interactions may represent an explicative dimension to be explored for both RBT and B2B marketing purposes; (i) The potentialities of Customer Portfolio Management as a tool adoptable to develop B2B interactions as a firm’s resource in an ever more interconnected economy; (j) The importance of ranking both B2B clients and B2B interactions, considering both their 'actual' and future' value for a successful CPM management, especially in the medium-term; (k) The need to observe and quantify the value of economic transactions in order to study and investigate B2B interactions based on them. These elements allowed the formulation of specific research subject.

Box 3.1. briefly affirms interconnections existing between B2B market, B2B interactions and trade contacts.

A highly standardized market share analysis may represent the ‘gate’ to cross in order to quantify un-measurable and relatively more complex firm’s resources.

Box 3.1. The bridging role played by market share analysis in B2B interactions and trade contacts analysis.

3.2. The subjects of this study

The B2B marketing framework reveals the importance of B2B interactions as an emerging and strategic field of study. Intermediate market trade contacts are ‘the tip of the iceberg’, below which other B2B interactions are hidden to the eyes. For the purpose of shedding light on some of those hidden interactions, the concept of ‘indirect intermediate market trade contacts’ has been suggested. The following pages aim to describe both the ‘intermediate market trade contacts’ and ‘indirect intermediate market trade contacts’ concepts.

Box 3.2. states the distinguishing key features of the resource-bundle, which represents the subject of this thesis.

The subject of this thesis is the resource's bundle formed by direct and indirect B2B valuable interactions.

Box 3.2. The resource bundle that represents the subject of this thesis.

3.2.1. Intermediate market trade contacts

For the purpose of this thesis, Intermediate market Trade Contacts have been described considering the following issues: (a) their historical roots; (b) their theoretical origins; (c) the concept definition; and (d) the ITC determination of valuability and rarity.

(a) Historical roots

For centuries, the relevance of trade contacts for improving innovation and orientating cultural development has been acknowledged by different studies (Williams-Thorpe and Thorpe, 1993; Frayn, 1993). Some of the most notably examples include the following. Trade contacts between Italy and the whole Mediterranean area, established in the period between the VII and the IV century AD, facilitated both the creation and the expansion of the Roman Empire (Panella, 1993; Ruggini, 1993; Concina, 2002).

Ancient maritime trade contacts between India and other countries within the Mediterranean Sea, Persian Gulf, and Red Sea Coast (Tripati *et al.*, 2010), together with those established between Rome and India through Arabia (Jasim, 2006), represented one of the first forms of globalization. Other researches (Vehik, 2002) demonstrated the political function of trade contacts within the Southern Planes during the late prehistoric period. Therefore through history, trade contacts have been a resource to exploit, but they also produce feedback effects both at micro and at macro level. Thus, trade contacts represent a "lost and found" resource.

(b) Theoretical origins

The relevance of the concept of trade contacts for the purpose of RBT theory has been recognized by Wernerfelt (1984, p. 172), who defined them as one of the most important resources that can bring higher returns to a firm over the long-term. The enunciation of the trade contact concept by Wernerfelt offers the possibility to restrict observations to those B2B interactions that originate from goods-exchanges and coordinated economic transactions. In the B2B marketing field of study, business contacts are resources of particular importance when it comes to the need to define company strategies (Håkansson and Gadde, 2002; van Weele, 2002; Fiocca, Tunisini and Snehota, 2009). The "strong and urgent need to include and consider B2B interactions as a possible engine for dynamics, and to observe their role in developing material structures as well as ideas in any theoretical study of economic development" (Håkansson and Waluszewsky, 2013, p. 443) provides further motivation to move in that direction.

(c) ITC general definition

For the purpose of understanding *if*, *where*, and *when* B2B interactions become sources of competitive advantage, the concept of *Intermediate market Trade Contacts* (ITC) has been devised (Droli *et al*., 2014). In general terms, they are 'transactional capital resources measured by business-to-business purchases or sales' (p.757).

(d) ITC determination, valuability and rarity (and inimitability)

According to the Resource-Based Theory, and specifically the VRIN-O model (Barney, 1991, 2001), a firm's resources should possess the five attributes previously discussed in order to become assets. Consequently, this thesis tests ITCs' valuability, which is the first attribute a resource must possess in order to increase firm's efficiency and effectiveness. The RBT indicates that "in order to know whether a firm's returns are above-average, an average must be calculated" (Barney, 2001, p. 47). This study takes into account only those horizontal B2B market sale coefficients that exceed a specific threshold value (in the EU and USA B2B market analysis case 1 / 2n), where n is the number of industry intermediate markets. In the 27 EU member states, until 2007 there were 59

such industries according to the Eurostat NACE Rev. 1.1 classification system (Eurostat, 1996), and 65 after the introduction of the NACE Rev. 1.2 system. The presence, or otherwise the absence, of a sale coefficient above that threshold indicates the existence or absence respectively of one ITC. In other words, the number of ITCs has been considered as a proxy of the degree of market diversification. It seems to us that this last is an appropriate measure of ITC on the sale side. Business-to-Business (B2B) trade contacts (ITC) determination is based on the Eurostat definition of intermediate consumption: "the value of the goods and services consumed as inputs by a process of production, excluding fixed assets; the goods or services may be either transformed or used up by the production process" (Eurostat, 2008a, p. 261).

The second attribute an ITC must possess in order to increase firm's efficiency and effectiveness and become at least a source of competitive advantage is rarity. Entrepreneurial resources that are valuable and concentrated within a single or a few firms (rare) can assist the firm if they need to acquire a sustained competitive advantage (Barney, 2001).

The concentration analysis, computing the well-known direct concentration indices ∑C2-∑C3-∑C5 and ∑C7 indicating the total values achieved by the first two, three, five, and seven market-buyers respectively, is aimed at identifying the relationship between buyers' direct concentration indices and the level of diversification of valuable B2B sales in the considered countries. All things being equal, productive resources become rare when they have a relatively low frequency, or correspond to a unique case amongst the same type of firms that operate in other countries (Chang and Iseppi, 2012). This may happen because of, for example, the formation of entry barriers (Bain, 1956). The last two RBT assumptions regarding advantages brought to the firms that possess or control 'inimitable' and 'non-substitutable' resources have not been tested through this study. For the purpose of this thesis it must be noted that: (a) both intermediate market trade contacts and indirect intermediate market trade contacts represent socially complex, intangible, informal knowledge-based and, consequently, 'difficult-to-imitate' resources; and (b) the non-substitutability of buyers-suppliers interactions for a firm's existence represents a fact. The

absence of firms able to survive in the market without creating buyers-sellers interactions suggests that both of the resources that have been individuated are indispensable, and thus represent 'non-substitutable' resources.

Box 3.3. states the general definition of the intermediate market trade contact concept.

ITCs are transactional capital resources measured by business-to-business purchases or sales. The presence or otherwise the absence of a sale coefficient above that threshold indicates the existence or absence respectively of one ITC.

Box 3.3. The general definition of the intermediate market trade contact concept.

The ITC concept does not separate direct and indirect sales. Consequently there is the need to focus on this second element by developing the concept of indirect intermediate market trade contacts..

3.2.2. Indirect Intermediate market Trade Contacts

The RBT emphasizes the role of efficiency and effectiveness in exploiting resources (Barney, 1991, p. 101). This view suggests that the continuous research of resources both directly and indirectly related to a firm's performance should fall within the scope of managers and scholars activities. Moving down this line, and taking into account the above-mentioned ITC concept characteristics, the original concept of indirect and hidden ('ghost') client, has been devised (Droli, 2013a). These are 'the portion of intermediate market trade contacts stemming from indirect customers of an industry or company' (p. …). Consequently, Indirect Intermediate market Trade Contacts (IITC) may be defined as 'transactional capital resources measured by indirect business-to-business purchases or sales'.

Together with intermediate market trade contacts, the IITCs constitute a resource bundle of unobservable, but empirically measurable, resources that encompasses other resources including trust, commitment, and mutual understanding. The main and specific aims of this study do not

encompass the exploration of these additional resources, which will be explored through further studies.

Box.3.4. states the definition of hidden intermediate clients within the intermediate market and indirect intermediate market trade contacts.

Indirect intermediate (hidden or 'ghost') clients are 'the portion of intermediate market trade contacts stemming from the indirect customers of an industry or company'. Consequently, indirect intermediate market trade contacts represent 'transactional capital resources measured by indirect business-to-business purchases or sales'.

Box 3.4. The definition of Indirect intermediate market hidden clients and trade contacts.

3.3. Selecting the research method

This section discusses the only alternative research method that could be used in order to answer the research questions, and test the research hypotheses that have been formulated.

Within the RBT mainstream, focused on resources' acquisition and development processes, different studies attempt to directly measure the performance of resources. Those attempts demonstrated the strict relations existing between different firm's resources and their performance in a few firms or single industry over a long period of time. Despite their influential achievements, some issues such as the small-scale approach often adopted, the well-known 'one firm' or 'one-sector' effect, heterogeneous methods, and a general 'construct validity' issue, have reduced the possibility to extend the results obtained by each of these researches to other firms and sectors. Nowadays there is the need to compare findings over time and across space, both by adopting existing approaches and/or by developing original ones. For the purposes of this thesis, the existing methodologies adoptable to measure the valuability of B2B interactions and compare them over long periods of time for managerial reasons, have been detected. The 'inter-linkages analysis' has been identified as the most suitable alternative. Introduced by Hirschman (1958), inter-industry linkages represent a widely accepted key concept of the input-output model-based analysis

approach in the unbalanced growth theory of economic development. This thesis observes inter-industry linkages analysis for ITC and IITC analysis purposes from the following levels of observation: (a) the starting point; (b) the main concern; (c) the subject analyzed; (d) the observation level; (e) the research aims; and (f) the inter-linkage analysis critical aspects.

(a) The starting point

As seen above, the concept of B2B interactions is relatively recent. Those of intermediate market trade contacts and indirect intermediate market trade contacts are historically well rooted, but they have not yet been directed towards the resource-based theory and input-output models adopted by inter-industry linkage analysis. Consequently, the starting points adopted by the inter-industry linkage analysis and the intermediate market trade contact analyses are different. Fortunately, as it is known, sector statistics are built on representative sample economic units (firms and enterprises), collected in ad hoc surveys (Chang, 1991). For this reason, it is correct to use sector and cross-sector data, such as input-output tables.

(b) The main object

One of the concerns of inter-industry linkages analysis is the identification of key sectors. On the other hand, both the ITC and IITC analysis may assume the identification of key producers and key products as a primary concern. Input-output tables are made available in two forms: product-by-product and industry-by-industry. The former can be utilized to find key products, while the latter can be utilized to find key industries. As a consequence, the main object of this work differs from that of inter-industry linkage analysis, which considers industry-by-industry rather than product-by-product I-O tables.

(c) The subject analyzed

Furthermore, the inter-industry linkage analysis is focused on the inter-group of products Forward Linkages (FL), represented by sales in the intermediate market (intermediate consumptions), and not on Backward Linkages (BL), on which the Hirschman process of unbalanced growth is engendered. The scope of this thesis also includes analyzing the relationships

between firms acting within the industries considered and those in the rest of the economy, to determine sales coefficients, their key clients, and the number of the above-threshold sales coefficients (I/ITC) totaled by each of them. In this context, the valuability of both I/ITC and the rarity of such a resource will be verified, consistently with the RBT model (Barney, 1991).

(d) The observation level

The level of observation adopted by the inter-industry linkage analysis is coherently macroeconomic, while RBT assumptions lead to the adoption of a micro-rooted and aggregated firm level.

(e) Research aims

The aims of the two types of analyses differ too. Regarding, for example, the Hotels & Restaurants field of study, some authors (Cai et al., 2006) analyzed the tourism sector in an inter-industry framework in order to: a) obtain information on industry linkages with the rest of the economy; b) ascertain the tourism footprint on destination economies; c) examine the points of strength of the intersectoral forward (FL) and backward (BL) links between the tourism sector and non-tourism industries; d) ascertain whether the policies designed to strengthen linkages between tourism and agriculture have succeeded, for example regarding fisheries (Cai et al., 2005).

On the contrary, the I/ITC analysis aims to: i) measure the attributes of important resources from the perspective of the RBT; ii) estimate the possibility of neutralizing threats and exploiting opportunities through them; iii) establish strategies designed to improve the sustained competitive advantage of firms; iv) verify the results obtained through such strategies; and v) test the RBT on a broad basis.

(f) Inter-linkage analysis critical aspects

As it is known, there is no general agreement about the best way to measure inter-industry linkages (Jones, 1976; Hewings, 1982; Cella, 1984; Sonis et al., 1995; Miller and Lahr, 2001; Cai and Leung, 2004; Cai et al., 2006). The present analysis of I/ITC makes use of highly accessible EU I-O data, made available by international organizations such as Eurostat (2012 and various years) in

European Countries through traditional processing methods and, if required, through the adoption of well-assessed input-output methodologies.

Box 3.5. states the three main factors that justify the choice of I/ITC analysis.

The rationale to diversify methodologies lies in differences which exceed similarities, especially in regards to the starting point, the subject analyzed, and research aims.

Box 3.5. Three main factors that justify the choice of I/ITC analysis.

3.4. Research fields description

The following pages describe industrial markets which have been considered by this thesis: 3.5.1. 'Hotels and Restaurants'; 3.5.2. 'Recreational, cultural and sporting activities'; and 3.5.3. The whole twenty-seven E.U. countries B2B market.

3.4.1. Hotels and Restaurants Structure

Organizations which comprise the 'Hotels and Restaurants' (hereafter 'HotRest') sector (Eurostat input-output table, NACE Rev. 1.1, Code no. 55) have been subdivided into two main subsectors: (1) Accommodation services; and (2) Restaurants, bars, and catering (see table in Appendix: 1). The sector-industry encompasses the provision of lodging and/or prepared meals, snacks, and beverages for immediate consumption, and includes both accommodation and food services, which are often combined in one facility.

Lodging units provide lodgings or short-term accommodation to travelers, vacationers, and others; they include restaurant activities and supply full meals fit for immediate consumption, that is, traditional and self-service restaurants, take-away restaurants, permanent or temporary fish and chips stands, and the like, with or without a seating area.

The sector (or industry) also includes camping sites and other forms of short-stay accommodation, like holiday camps, chalets, and flats, camping spaces and facilities; and other short-stay lodging facilities such as guest-houses, farmhouses, etc.

Box 3.7. states the role played by organizations encompassed by this industry, within the wider tourism sector.

The activities encompassed by HotRest industry represents the core of tourism as an industrial sector.

Box 3.7. The role played by HotRest activities within the wider tourism sector.

3.4.2. Recreational, cultural and sporting activities

Organizations composing the 'Recreational, cultural, and sporting activities' (hereafter 'Recreation') sector (Eurostat input-output table, NACE Rev. 1.1, Code No. 92) have been subdivided by Eurostat into seven subsectors: (1) Motion picture and video activities; (2) Radio and television activities; (3) Other entertainment activities; (4) News agency activities; (5) Library, archives, museums, and other cultural activities; 6) Sporting activities; and (7) Other recreational activities such as Gambling and betting activities (Appendix: 2).

The industry encompasses the provision to customers of Recreational services, such as cultural and sporting activities. Cultural units provide artistic and literary activities, fairs and amusement parks, museums, and the preservation of historical sites and buildings services, as well as botanical and zoological gardens and nature reserves activities. Sporting activities encompass services offered by sports arenas and stadiums, sporting clubs, operators of facilities for indoor or outdoor sports events, renters of sports equipment, parks, beach activities, and activities related to the promotion and production of sporting events. The industry also includes activities of individual own-account operators (e.g. sportsmen and athletes, judges, timekeepers, instructors, teachers, coaches, etc.), activities of sport and game schools, racing stables, kennels and garages, activities of riding academies, marinas, and other activities related to sport or recreational fishing & hunting.

Box 3.6. states the role played by Recreational activities within the tourism supply chain.

A wide series of organizations included in this industry such as, for example sporting activities, entertainment activities, museums, and radio and television activities, are integral parts of the tourism supply chain.

Box 3.6. The role played by Recreational activities within the tourism supply chain.

3.4.3. Selected areas as fields of research: E.U. twenty-seven countries

As mentioned above, elaborations have been extended to all of the economic sectors encompassed by the European Union intermediate market, in order to avoid the so-called 'one industry' and 'one-supply-chain' effects.

The European Union intermediate market has been subdivided into seventeen top-sectors: (a) 'Agriculture, hunting and forestry'; (b) 'Fishing'; (c) 'Mining and quarrying'; (d) 'Manufacturing'; (e) 'Electricity, gas and water supply'; (f) 'Construction'; (g) 'Wholesale and retail trade', repair of motor vehicles, motorcycles, and personal and household goods'; (h) 'Hotels and restaurants'; (i) 'Transport, storage, and communication'; (j) 'Financial intermediation'; (k) 'Real estate, renting and business activities'; (l) 'Public administration, defense, and compulsory social security'; (m) 'Education'; (n) 'Health and social work'; (o) 'Other community, social, and personal service activities'; (p) 'Activities of households'; and (q) 'Extra-territorial organizations and bodies' (Appendix: 3).

Box 3.7. states the main distinguishing key-feature characterizing the NACE Rev. 1.1. classification system.

NACE Rev.1.1. classification system represents a detailed, homogeneous and dynamic classification system of economic, non-profit and public activities.

Box 3.7. Key-features characterizing the NACE Rev.1.1. classification system.

3.5. Research models and tools

This section assesses the question of the way in which I applied the method, and why I followed that route. For the purposes of this research, in Europe, the Eurostat symmetric (59 x 59) I-O tables (1995-2007 year) pertaining to EU-23 countries (Eurostat, 2012) and (65 x 65) I-O tables (2008-2012 year) have been used. This set of tables implement the ESA-95 (European Commission, 1996) and CPA, NACE Rev. 1 (Eurostat, 1996). In the USA, the above-mentioned Bureau of Economic Statistics 2012 (67 x 67 branches) has been adopted.

3.5.1. The database: Symmetric Input-Output tables

In B2B marketing analysis, it is important to consider the point of view of both buyers and sellers at the same time (Fiocca et al., 2009). Starting from the seminal contribution of Duane Evans (1952), Supply, Use, and symmetric Input-Output tables have been used for B2B marketing purposes. Despite this initial contribution, their potential seems to have remained unrevealed.

The 27 European Union countries, in accordance with the European System of Accounting 1995 (ESA95), have harmonized their national economic accounts (Eurostat, 2008a,b) and adopted a standardized European Statistical Classification of Economic Activities in the European Community (Nace Rev. 1.1 until 2007, and Nace Rev. 2 since 2008), in order to elaborate homogeneous Input–Output (I-O) systems. Symmetric input-output tables, together with supply and use tables are a part of these wider Input-Output systems, and have a product-by-product or industry-by-industry structure. Consequently, they have a square shape.

The starting point of the Input-Output system is represented by supply and use tables which are built up on the basis of statistical data gathered from different sources, comprehending sample-research among firms. The Use tables show the inputs to industry production and the commodities that are consumed by final users, while the Supply (e.g. those made in the U.S.A.) tables show the commodities that are produced by each industry. The symmetric Input-Output tables are based on supply and use tables, thus they represent a pattern that is stable, homogeneous, and predictable,

and are capable of increasing the rationality of decision-making processes, especially for organizations that sell the greater part of their production to other organizations.

At present, the mainstream model used for inter-industry comparison is Leontief's input-output demand-driven model (Leontief, 1986), and not Ghosh's supply-driven model (Ghosh, 1958). The limited application of the latter model represents an undervalued potential in the economies that possess input-output data, like the EU countries and the USA. The hypothesis regarding this behavior can be traced back to the emphasis placed by scholars on the vertical analysis of the technological structure of production, which neglected the horizontal analysis of intermediate sale markets. The "querelle" involving the specialists of the technological versus market approach (Cella, 1988; Oosterhaven 2012; Guerra, Sancho, 2011) has been partially solved to some degree interpreting supply-driven model as a price model (Dietzenbacher, 1997). It is enough because this research focuses its attention only on the basic output horizontal coefficients derived by Ghosh's inverse matrix (Ghosh, 1958; Augustinovics, 1970). This last is able to reveal dull elements, namely the structure (direct and indirect), and the composition of sales in the intermediate market, and to enhance the rationality level of the decision-making process characterizing the management. In Europe, I-O tables are prepared by Eurostat, whilst in other countries, as for example the U.S.A., they are prepared by the Industry Economic Accounts Directorate, the Bureau of Economic Analysis (BEA), and the U.S. Department of Commerce.

Existing differences among concepts of goods-exchange, B2B transactions, and B2B interactions (Lindgreen and Wynstra, 2005) have been considered, and have been placed at the foundation of this study.

In this thesis, the horizontal model is applied to identify the structural relationships concerning intermediate market trade contacts (B2B) in the EU-27 countries (2000-2007). For this purpose, a complete set of macro-level data is needed, which can only be offered by intersectoral input-output tables. The use of these tables implies accepting an input-output scientific framework (Leontief, 1986), including Ghosh (1958). For the purposes of this thesis, the Eurostat symmetric

(59x59) input-output tables for the EU-27 countries (Eurostat 2012) and the Bureau of Economic Analysis tables for the United States can be used. The former set of tables implements the ESA-95 (European Commission, 1996) and CPA, NACE Rev. 1.1 (Eurostat, 1996). At this time, the only tables available for the whole EU-27 are for 2008, and they are not comparable to the previous ones since they adopt the new classification NACE rev. 2 (Eurostat, 2008a).

Box 3.8. states the need for a more stable and predictable pattern to develop B2B marketing strategies and initiatives.

A B2B marketing analysis should consider the point of view of both buyers and sellers at the same time, according to influential B2B marketing scholars. This has been done since the seminal contribution of Duane Evans, with the adoption of supply, use, and symmetric Input-Output tables for marketing purposes. Despite her initial contribution, little has been done in order to exploit the I-O tables and horizontal model for B2B marketing purposes, perhaps because of the initial emphasis placed on the vertical model by scholars following the vertical (Leontief) model. Nowadays, a more stable and predictable pattern for studying B2B markets and developing business marketing initiatives is required, particularly for organizations that supply the greater part of their production to other organizations. The I-O tables and horizontal models represent tools through which it is possible to describe B2B transactions. In this thesis, the horizontal model is applied to identify both known (direct) and unknown (indirect) clients, and subsequently the B2B valuable interactions created by them in the E.U. 28 Countries (2000-2007).

Box 3.8. The need for a more stable and predictable pattern for B2B markets.

3.5.2. The horizontal supply-driven, "mirror model" or Ghosh's model

In these researches (Droli et al., 2014, 2013a; 2013b; 2013c), the horizontal model is applied to identify the structural relationships concerning sale intermediate trade contacts (B2B) and to compare them, both in EU countries and in the United States. For the purposes of the RBT, a complete set of macro-level data are needed, which can only be offered by intersectoral input-

output tables. The use of these tables implies accepting an input-output scientific framework (Leontief, 1986), including Ghosh's approach. For the purposes of analysis in the twenty-three European Union Countries, Eurostat symmetric (59x59) input-output tables (2005 year) pertaining to EU-23 countries (Eurostat, 2012) have been used. This set of tables implements ESA-95 (European Commission, 1996) and CPA, NACE Rev. 1 (Eurostat, 1996). The set of product-by-product domestic input-output tables 2005 consists of 23 matrixes at basic prices, one for each considered country. Four countries supplied only industry-to-industry tables (DK - Denmark, LV - Latvia, NL - Netherlands, and UK - United Kingdom). Data for 2008, 2009, and 2010 are yet available for all EU countries, and thus for EU-27 as a whole, but they are not fully comparable to that of previous years, since it has been constructed on the basis of the new NACE Rev. 2 classification (Eurostat, 2008a).

The supply-driven model is concerned with so-called forward linkages, and it uses the market share matrix B and its inverse [I-B]-1 rather than the vertical coefficients of the traditional Leontief demand-driven model. It should be remarked that the latter matrix is also sometimes denoted as [I-Q]-1 and is also called Ghosh's inverse matrix (Ghosh, 1958). Considering the domestic intermediate input-output table, we can define a coefficient b_{ij} as

(1) $b_{ij} = x_{ij} / e_i$

or in matrix notation

(2) $B = (\widehat{\boldsymbol{E}})^{-1} X = [\, b_{ij}]$ with $X = \widehat{\boldsymbol{E}} B$

where $\widehat{\boldsymbol{E}}$ is the diagonal total use matrix. The underlying hypothesis is that the proportions of intermediate and final uses of a same product in different branches are independent from total uses of the same product. Matrix B is known as direct horizontal (or distributional) coefficient matrix and here it is also called "intermediate sale" matrix. It expresses the ratio between the sales of one

branch to any other one and the total deliveries of products of the same branch to the economic system (Chang, 1994, p 91).

Transposing the equation (4) (see: Droli, 2014) and interchanging the two members one can write:

$\underline{u}X' + \underline{u}*Y' = \underline{u}X + \underline{v} + \underline{m};$

Thus, it is clear that the intermediate and final uses equal the sum of intermediate consumption, value added and imports (Chang, 1994).

This model expresses the resources ($\underline{e}$) on the basis of the primary consumptions comprised imports and thus allows to consider all inter-sectoral exchanges by means of the $[I-B]^{-1}$ matrix, that is called inverse matrix of horizontal coefficients or of direct and indirect output coefficients as underlined by Chang (1991, 1994) and Chang and Iseppi (2011, 2012).

Putting $\underline{e}=\underline{u}X'+\underline{u}*Y'$ one obtains that $\underline{e}=\underline{u}X+\underline{v}+\underline{m}$

Replacing $\underline{u}X$ with $\underline{u}\widehat{\boldsymbol{E}}$ B derived from equation (2) it results:

(3) $\underline{e}=[\underline{v}+\underline{m}]\ [I-B]^{-1}$

This indicates that the total of uses is equal to the value of the primary costs and imports, increased by the value of the primary costs and of imports incorporated into the input of the branches. Equation (3) therefore allows the division of the total use of the products of each branch into its direct and indirect content of primary costs and imports, and measurement of the direct and indirect contribution that these primary inputs give to the total uses. “Given a change in primary inputs, the direct and higher-order impacts on domestic output can be determined by the above equation. Rows sums of $[I-B]^{-1}$ are supply multipliers, representing the total output change in the

entire economy given by a unit change in primary inputs" (Chen and Rose, 1986, p 3). These raw sums of Ghosh's inverse are used to define downstream linkages. In this thesis, only trade contacts whose value is above a specific threshold (1/2n), where *n* is the number of branches, have been considered as 'intermediate market trade contacts' (ITCs). According to Ghosh, the supply-driven model should consider forward causal relations that take into account the economic rationale of the production process, from primary inputs to final goods (Ghosh, 1958). The supply-driven model is also referred to as the 'mirror model', since it implies the inversion of the causal flow, with respect to the more classical demand-driven model. Actually, the vertical model emphasizes the hierarchy of upstream flows (input purchases), while the horizontal model focuses itself on the hierarchy of downstream flows (intermediate sales). According to one scholar, the supply model is still in need of a theoretical complete support, even if the use of the distribution or horizontal coefficient matrix for comparative or static analysis can be justified for some applications of structural character (Torre, 1993, p. 961). "The Supply-driven model may, when causal interpretations are carefully avoided, only be helpful in descriptive analysis of relative forward linkage strength (Jones) or in comparisons of economic structure over space and time." (Oosterhaven, 1996, p. 757). Recently, the debate amongst scholars regarding the heuristic value of the mirror model has surfaced again, although this debate does not affect the structural issues discussed here (Guerra and Sancho, 2011; Oosterhaven, 2012). This thesis implements the Ghosh's model by calculating the direct and indirect sales coefficients and by determining the sales multiplier.

Box 3.9. states the main difference existing between the supply-driven (resource-based) Ghosh (horizontal) model and the Leontief's market-driven (vertical) model.

The supply-driven model is concerned with so-called forward linkages, and it uses the market share matrix *B* and its inverse $[I-B]^{-1}$ rather than the vertical coefficients of the traditional Leontief demand-driven model. This thesis implements the Ghosh model by calculating the direct and indirect sales coefficients, and by determining the sales multiplier.

Box 3.9. The supply-driven versus demand-driven model: main difference.

3.5.3. Cross-level approach and valuability thresholds which have been adopted

This section discusses the: (a) cross-level approach; and (b) the valuability threshold that have been adopted.

(a) Cross-level approach

As previously mentioned, both the theoretical approach that has been adopted, and the Input-Output horizontal analysis model (Ghosh, 1958) are resource-based. This is not the only characteristic they have in common. They are both micro-rooted, as well. Eurostat data is collected at a firm level, and this enables the use of input-output tables for a firm's competitive advantage development purposes as well. This option is also available in those countries where databases are homogenous, and this has been appreciated for some time. As Wassily Leontief highlighted, "in practical terms, the economic system to which input-output analysis is applied may be as large as a nation or even the entire world economy, or as small as the economy of a metropolitan area or even a single enterprise. In all instances the approach is essentially the same". (Leontief, 1986, p. 19). Consequently, the approach followed by this thesis is cross-level (macro-micro).

Regarding the micro-application of the RBT, one should consider that this theory stems from the seminal work of Edith Penrose (1959) who innovatively pointed out the need to consider resources, within both internal and external environments, as being propellers for a firms' growth over the long-term. It may not be a coincidence that other scholars consider the micro-foundations for the RBT as being one of the most important mainstream elements within that theory and field of research (Kraaijenbrink et al., 2010; Foss, 2011; Coff, Kryscynsky, 2011; Garbuio et al., 2011, Baron, Ensley, 2006; Ucbarasan et al., 2009; Davidsson, Honig, 2003; Shane, Venkataraman, 2000).

Box 3.10. states the cross-level approach, and the opportunity to use findings for benchmark purposes.

It is believed that the cross-level approach is coherent with the possibility to create a reference platform useful for benchmark purposes. As Wassily Leontief pointed out, "in practical terms, the economic system to which input-output analysis is applied may be as large as a nation or even the entire world economy, or as small as the economy of a metropolitan area or even a single enterprise. In all instances the approach is essentially the same'. (Leontief, 1986, p. 19). The cross-level (macro-micro) approach followed by this thesis is intended to facilitate benchmarking among companies either individually or aggregated.

Box 3.10. The cross-level approach and the possibility to use findings for benchmark purposes.

(a) Valuability thresholds

Regarding the valuability thresholds that have been adopted, this thesis tries to represent ITC within the selected four industries. Those industries encompass organizations that are different (heterogeneous) in organizational size and sales volumes. Consequently, different valuability thresholds have been considered.

Given the symmetric nature of I-O tables (59 x 59 branches), the initial study on Hotels and Restaurant fixed the threshold at 2n (where n=59). So did the following studies on Recreational activities, on Waste management activities, and within both the European Union 27 countries.

3.5.4. The firms' performances proxies adopted

As above mentioned, "the presence of a return systematically above the average indicates a competitive advantage" (Schoemaker, 1990, p. 1,179). The sales multipliers indicate that a variation of €1 in the use of production factors (labor, capital, land, entrepreneurship) in a specific industry results in a change of its output for productive uses. Multiplier measures that change in its output for productive purposes (intermediate sales).

Succeeding in attracting substantial portions of the market through business diversification does not prove, however, that it will lead to greater profitability. This represents perhaps the main limit of using sales multipliers for productive use as a proxy for a firm's performance. Despite this,

that proxy has been adopted for the purpose of investigating the connections that exist between a specific kind of B2B interaction, such as the ITC, and especially in regards to competitive survival (valuability).

Keynesian multipliers are coefficients that, when multiplied by an additional quantity of a given factor, allow an estimation of the amount of interest. Industrial multipliers are a business evaluation method, computed by multiplying the annual performance of a specific firms' within a specific industry or with reference to the total performance economic system. They are based on the principle that, for example, as primary inputs increase, so the total output for the entire economy, and thus the multipliers, changes too. Supply and sale multipliers are used.

Supply multipliers represent the total output change in the entire economy given by a unit change in primary inputs (Chen, Rose, 1986, p. 3) Rows sums of [I-B]-1 are supply multipliers, representing the total output change in the entire economy given by a unit change in primary inputs" (Chen and Rose, 1986, p. 3; Cella, 1988, p. 436). The indicators of firms' performance that have been monitored are sales multipliers. For the purposes of this thesis they are: (a) the total market sales multiplier; and (b) the intermediate market sales multiplier. These have been described as follows.

(a) Total market sales multiplier

At micro-firm level, sales multipliers are business effectiveness evaluation tools used if industrial multipliers are made available by public agencies and the financial press, or they can be agreed between suppliers and sellers. The sales multiple is obtained by multiplying the annual sales revenue of a business by the industry multiplier. Industry multipliers made available at macro level are usually ranged between 0.25 and 1.0, and allow businesses to calculate the impact of their initiatives on the whole economic system. The Total Sales Market Multipliers (TSMM) represents the total input change in the entire economy given by a unit change in intermediate sales for productive uses. Thus, given a change in primary inputs, the direct and higher-order impacts on domestic output can be determined through the TSMM.

(b) Intermediate market sales multiplier

The TSMM refers to the sum of the intermediate and final market. It does not measure the impact of primary input increases only on the intermediate market. The Intermediate Market Sales Multiplier (IMSM) focuses the latter element. For the purposes of our study, consistently above-average total and intermediate market sales multipliers are proxies of competitive advantage. Box 3.11. states the performances proxies that have been adopted, and the condition required to consider those indicators as proxies of competitive advantage.

> The presence of a return systematically above the average indicates a competitive advantage, within a traditional management approach. This thesis considers both the Total Market Sales Multiplier – TMSM, and the Intermediate Market Sales Multiplier – IMSM, as being indicators of firms' performances and, if systematically above-average, as being proxies of competitive advantage.

Box 3.11. TMSM and IMSM as firms' performance indicators and proxies of competitive advantage..

3.5.5. The Gini index coefficient of the Lorenz curve for the analysis of intermediate markets

Political, social, and economic phenomena are often complex in nature. In order to partly reduce this complexity, these phenomena are also described according to the indices of concentration of Pareto and of Gini. Even though these indexes have limitations (Piccinini, 2000, p. 260), they offer the possibility to represent the phenomena under study, in our case the sales coefficients, through a curve called the Lorenz curve. This curve, developed in 1905 by Max O. Lorenz is obtained by ordering the subjects analyzed, in which the sales coefficients are arranged in order of increasing value. The function R(x) thus obtained is convex and has a value 0 for x=0 (i.e. there is an absence of subjects that realize sales in a given market), while it has a value 1 for x =1 (i.e. 100% of the subjects realized in the whole all the sales in that market). The graph of the function R(x) is called the Lorenz curve. In the case of equi-distribution of sales, the area under the curve R(x)=x is called the Lorenz equi-distributed curve, and is therefore ½. Thus, all the other

curves subtend an inferior area than the equi-distributed one, including most of those that describe 'real' phenomena. The difference between the area under the equi-distributed curve and the one under all the other curves, if divided by the area of the equi-distributed curve, constitutes a measure of the concentration, called the Gini index.

We therefore have

$$(*) \qquad Conc. = 1 - 2\int_0^1 R(x)dx$$

Note that the index is normalized and has a value of 0 in the case of equi-distribution, while tending to a value of 1 when the entire amount of sales is concentrated in a single subject (Piccinini L.C., 2000, p. 260), in our case a 'buyer'. The Gini index in the case of discrete data is calculated with a slightly different formula, which also differs from (*) always with less increasing abundance:

$$1 - \frac{2}{n-1}\sum_{i=1}^{n-1} R(i/n)$$

$$(**) \quad C_{gini} = 1 - \frac{2}{n-1}\sum_{i=1}^{n-1} R(i/n)$$

This thesis applies the indices described above to the intersectoral matrices within the economy of the E.U. 27 countries, with 59 branches relating to the period 2000-2007 (the last tables available with the NACE Rev. 1.1 classification system) in order to determine how the sales or intermediate purchases of the various branches of the system are more or less equally distributed on the B2B market, and what are their trends in the period indicated.

3.6. Research design improvements and limits

Improvements are initiatives which have been undertaken in order to implement the research design. They include the following: (a) Analyzing the connections between the Resource-Based-Theory, B2B marketing literature, and the I-O horizontal model; (b) Deepening the concept of both IITC and ITC; (c) Improving the research model and the analytical tool used; (d) Considering new fields of research; (e) Studying interconnections between macro level at which data are studied, and

micro-level at which data can be used (benchmark). The corresponding initiatives are described as follows:

(a) Analyzing connections between the Resource-Based-Theory, B2B marketing literature, and the I-O horizontal model

The risk of existing disconnections between the analysis carried out at macro level in order to acquire both ITC and IITC and the development of the same resource at the firm level has been considered with great care. The importance of competitive environment analysis for firm's strategy definition has been stressed through Chapter 2, while Chapter 3 stressed the importance of seller-buyer relationships as firm's boundaries.

(b) Deepening the concept of both IITC and ITC

Both of the resources that constitute the subject of this research (ITC/IITC) are intangible, and can only be analyzed by quantifying measurable resources as economic transactions-based B2B interactions. The limits of these concepts, which have been briefly mentioned in this thesis, are continuously being examined and updated. Their definitions, and their connections with other productive resources that constitute firms' resource bundles are being continuously explored. Their potential for the purposes of both B2B interaction and RBT studies has been considered.

(c) Improving the research model and the analytical tools used

The concepts of the 'valuable' and 'rare' resource can be used with different meanings, which may be misleading for the reader. This thesis avoids the use of terms such as productive resource valuability, rarity, inimitability, and non-substitutability that are different from the ones defined by the founder of the VRN/O model (Barney, 1991). This research does not test the resources' rarity and inimitability through input-output tables, in order to prevent the reader from being lost in the attempt to grasp the connection between a resource's acquisition and the method used for its development. Despite their potential, ITCs are strictly linked to the buyer-seller transactions in which they are embedded. All things being equal, both ITC and IITC can be considered 'rare' if

they are ‘concentrated’ among a few industries. Consequently, defining these as ‘rare’ resources should not be particularly surprising, only natural.

(d) Considering new (wider) fields of research

In order to avoid the so-called ‘one sector’ effect and the ‘one supply-chain’ effect, different economic fields and their B2B markets have been observed. Where possible, results obtained have been benchmarked against information that is external to the VRIN-O model. This thesis tries to verify the validity of the obtained results beyond the particular industry time frame and region that is studied in initial articles. Furthermore, this study opens to further qualitative and quantitative investigations at the micro-industry and micro-firm level.

(e) Studying interconnections between the macro-level at which data are studied and the micro-level at which data can be used (benchmark)

Some links between the micro competitiveness theory and the macro data used have been discussed and justified. This thesis deals with the issue of resource acquisition and development processes within the external firm’s environment through the adoption of a cross-level perspective.

The resource-market factor is external with respect to the firms’ boundaries, and the resource acquired can be developed through customer portfolio management micro initiatives. Furthermore, data describing B2B market, IITC and ITC can be used for benchmarking purposes. Interconnections between macro and micro level assumptions represent the mainstream within the RBT that is different to the one that has been considered for the purposes of this thesis. Box 3.12. states the three most challenging advancements required by the research design.

Analyzing the connections between the Resource-Based-Theory, B2B marketing literature, and the I-O horizontal model, deepening the concept of both IITC and ITC, and considering new activities and economic systems as fields of research were three of the most challenging advancements required for the research design during the research period.

Box 3.12. The three most challenging advancements required for the research design.

Despite making efforts to evolve the initial research design, its limits have also been taken into account. These limits include the following: (f) the unavailability of recent data used in the E.U. databases; (g) the scarce theoretical value of acquirable resources; (h) the scarce methodological value of the horizontal model; and (i) the strong quantitative character of this analysis.

(f) The unavailability of recent data used in the E.U. databases

Despite the availability of a large Input-Output database on intermediate sales, due attention has not yet been paid to harness its potential for B2B marketing analysis. This may be partially explained by the prevalence of a micro (firm level) approach that has been used in order to explore B2B market, and the absence of updated data available on a wider scale.

The core of this research is the analysis that has been carried out on 23-EU countries that constitute the bulk of the ITCs in the European economic system, due to the availability of homogeneous data for 2005, which was available in 2013. Thus, some of the data explored here are not recent. Nevertheless, it should be remembered that: (i) no other databases are available to quantify B2B intermediate markets on a wide (regional, national, and continental) scale; (ii) those data describe the B2B market structure which is, by definition, less subject to fluctuations than the final market supra-structure; (iii) the same data have not been used to analyze intermediate market trade contacts before; (iv) they have been used in combination with 1995-2008 data; and (v) more recent data are available on a national and regional level in the E.U.. Furthermore, the article by Miller and Shamsie (1996), which was awarded first prize by the Academy of Management Review, explored the relations between a firm's resources and their performance during the 1936-1965 period. This thesis recognizes the importance of the availability of updated databases, but underlines the need to gather comparable, reliable, and well-assessed data in order to explore B2B market structural characteristics on a wide scale.

(g) The scarce theoretical value of acquirable resources

This research focuses on two specific kinds of resources represented by buyer-seller interactions. Some scholars argue that firms' purchased resources cannot be considered to be a source of sustained competitive advantage just because they are acquirable (Dierickx, Cool, 1989). This research suggests that: (i) no firms can exists without buyer-seller relations, and thus they are non-substitutable by definition; (ii) the greater part of the knowledge acquired from buyer-seller interactions is informal and difficult to imitate; (iii) they have potentialities to became a source of both competitive survival and sustained competitive advantage; and for this reason, (iv) "there is a strong need to include them and consider this key-engine for dynamics in any theoretical study of economic development" (Håkansson and Waluszewsky, 2013, p. 443). The traditional Input-Output analysis mainstream in inter-industry comparisons adopt Leontief's input-output demand-driven model (Leontief, 1986) rather than Ghosh's supply-driven model (Ghosh, 1958). The restricted application of the latter model, especially for B2B market analysis, represents an under-explored potential particularly in countries which possess input-output historical series, as in the E.U. countries. The hypothesis about this orientation can be traced back to the emphasis placed by I-O scholars on the vertical analysis of the technological structure of production, neglecting the importance of both intermediate sales and the models available for horizontal analysis purposes. This debate between technological approach scholars versus market approach scholars (Cella, 1988; Oosterhaven 2012; Guerra, Sancho, 2011) was partially solved by considering the supply-driven model as a price model (Dietzenbacher, 1997). This compromise is enough for the purpose of this thesis, which focuses its attention only on the basic output horizontal coefficients derived from Ghosh's inverse matrix (Ghosh, 1958; Augustinovics, 1970). In brief, Ghosh's model is able: (i) to analyze the observable and unobservable elements of intermediate market structure, such as its direct and indirect sales; (ii) to reveal the composition of sales in the intermediate market; and (iii) to enhance the rationality level of the decision-making processes which have to characterize B2B marketing and customer portfolio management activities.

(h) The absence of causal analysis and more sophisticated analysis

Some scholars have argued for the need to investigate statistical phenomenon from a causal point of view by the use of, for example, regression analysis (cit?) This research: (i) aims to verify the systematic relations that exist between valuable-rare resources and firms' proxies, and develop the productive resources that have previously been evaluated through customer portfolio management choices; (ii) this study does not aim to investigate the possible causes of *those* relations. Others underline the need of analyses that are more sophisticated compared to the ones that have been used (cit). This thesis: (i) adopts relatively complex Input-Output databases, but represents an attempt to facilitate dialogue among B2B marketing academic scholars and professionals; consequently (ii) it favors linear regression and other 'relatively simple' elaborations; and (iii) it adopts other more sophisticated elaborations, such as log-linear equation analysis, only where necessary.

(i) The strong quantitative character of this analysis

Studies aimed at observing B2B markets from a qualitative viewpoint more often adopt the fundamental firm's level of observation. The B2B market representation they devise is often "ready-to-use", detailed, and updated, but is fragmented, and is thus difficult to compare. As a consequence of this fragmentation and lack of comparability, quantitative studies are required. In this sense this study aims to: (i) integrate qualitative and quantitative data; (ii) create a 'thread' able to connect them; (iii) support B2B marketing and, specifically, Customer Portfolio Management choices for firms; and, (iv) facilitate both quantitative and smaller scale research and qualitative research. The latter aim represents the studies' most impacting limit. Other limitations may be observed in the horizontal model that has been adopted. Despite this, it seems they have been incorporated in the concept of 'model'.

Box 3.13. states the most impacting research limit.

The most impacting limit for this thesis is its strong quantitative character.

Box 3.13. The most impacting research limit.

Chapter 3 – Conclusion

This Chapter has described what matters and what does not in order to fulfill the research aims stated in the previous Chapter. Building on those aims, the main research hypothesis that was formulated is that trade contacts within the intermediate market and firms' performances are directly and strongly related, both in the E.U. during the observed decade. In order to verify this early assumption on a wide scale, an original resource bundle, formed by both direct and indirect intermediate market trade contacts, has been devised as a subject of research. Furthermore, a small number of fundamental firms' performance proxies, such as the total market sales multiplier and the intermediate market sales multiplier, have been adopted. Unfortunately, inter-industry linkage analysis has been evaluated as being not suitable for the purposes of this thesis. This lack of a method able to test the early assumptions required the adoption of a new, relatively complex, and homogeneous research approach adoptable to achieve the purposes of this research. The strict interconnections that exist between the RBT framework, the concept of the intermediate market trade contact, and the B2B interaction field of research, suggested the adoption of the intermediate market trade contacts analysis as the research method.

In order to apply that method coherently, more than one industrial market (4 out of 59) have been selected as fields of research. As one may note, the Hotel and Restaurant industry, the Food and Beverage industry, the Recreational industry, and the Waste Management industry all represent part of the same supply chain, namely the sustainable tourism supply chain. Their selection has been made in order to increase the possibilities of applying the results of this thesis on a wide scale, all things being equal. Nevertheless, this very selection has reduced the possibilities of extending the validity of the results of this research to all the other industries that constitute the B2B market. In order to increase the possibilities to allow results to be generalized, explorations have been planned for all of the other economic sectors in the E.U. 27 countries, as well as in the United States intermediate market. The B2B market for the most recent country to enter the E.U., Croatia, is among the B2B markets still to be explored. The decision to adopt I-O tables has allowed me to

portray a wide B2B market, but was not sufficient to both observe indirect sales phenomenon, and to analyze the intermediate market trade contacts stemming from them. In order to achieve such a result, this thesis has adopted the supply-driven model, which is concerned with so-called forward linkages and uses the market share matrix B and its inverse [I-B]-1 rather than the vertical coefficients of the traditional Leontief demand-driven model. Despite a certain degree of ambiguity, a cross-level approach was necessary in order to explore the possibility of creating a reference platform useful for benchmark purposes.

The crucial experiment that was designed to verify the main research hypothesis is that of verifying the existence of systematic relations between two firms' performance indicators: the total market sales multiplier, and the intermediate market sales multiplier.

The various disadvantages of the research design have been considered as well. On one side, the most impacting disadvantage for this thesis is its strong quantitative character, which must be compensated by further researches, both quantitative (on a small scale) and qualitative. On the other side, mitigating the impact of this disadvantage required continuously analyzing the connections between the Resource-Based-Theory, B2B marketing literature, and the I-O horizontal model. Furthermore, it required deepening the concept of both IITC and ITC, and considering new activities and economic systems as fields of research. These were three of the most challenging efforts that have been made in the course of this research.

CHAPTER 4 - RESULTS

CHAPTER 4 - RESULTS

Key-questions addressed:

- *What has been leaved out from the result chapter and what has been included in the same chapter?*
- *Which of the research hypotheses have been confirmed and which disconfirmed?*
- *What might be the reasons behind confirmation and disconfirmation of the main hypotheses?*
- *Did this research achieved any unexpected result?*

The benefits obtainable by reading Chapter 4:

Knowledge of:

- *Results related to the research hypotheses*
- *Results not expected and important in order to achieve research aims*

Chapter 4 - Introduction

The previous chapter discussed the research hypotheses which have been identified on the base of the theoretical framework and presented the restricted range of methods that can be used in order to test those hypotheses. **This chapter** tries to inform the reader regards results obtained through the adoption of that method.

In order to maintain the needed distinction between results and their discussion, any author integration of personal ways to look at findings has been avoided. Chapter 4 shows only the (small) part of the results which have been obtained and published on both peer reviewed journals and conference proceedings.

Section 4.1. "The main research hypothesis unbundled", aims at briefly recapitulate the six research hypotheses which have been formulated and match them with publications containing research results as they have been shown in cited publications.

Section 4.2. "Managing trade contacts in HotRest intermediate markets" aims at show results obtained applying the method in the Hotels and Restaurants (HotRest) industry B2B market.

Section 4.3. "Leapfrogging business-to-business trade contacts in EU countries" contains the first part of results which have been obtained in Recreational field of activity.

Section 4.4. "Investigating the value of valuable trade contacts within the EU business market" presents findings obtained by the last study which have been submitted for consideration of publication. Consequently, they can be discussed without using graphs and tables, only generally.

4.1. The main research hypothesis unbundled

The research hypotheses which have been discussed have been as follows summarized:

The relation existing between the number of above the average good exchanges (ITC) and firms' commercial performances is direct and strong for firms operating in:

(RH-1) 'Hotels and Restaurants',

(RH-2) 'Recreative activities';

(RH-3) the whole 27 European Countries B2B market.

(RH-4) The relation between the number of above the average good exchanges 'indirect' intermediate market trade contacts and firms' performances is direct and strong as well in at least one of the tourism-related industries which have been considered.

Finally, relations existing between 'rare' (concentrated) ITC and sale multiplier are direct and positive:

(RH-5) in the tourism core 'Hotels and Restaurants' industry;

(RH-6) in the heterogeneous and poorly regulated (b) Recreative industry.

Table 4.1. shows published or accepted and publishing studies and the code of the corresponding research hypotheses (RH) which have been formulated.

Study	**Research hypotheses**
Maurizio Droli, Ting Fa Margherita Chang, Luca Iseppi and Livio C. Piccinini (2014), 'Managing trade contacts in HotRest intermediate markets: a resource-based view analysis in EU countries', Tourism Economics, Volume 20, Number 4, August 2014, pp. 757-778(22).	*(RH-1); (RH-5)*
Droli, M., Chang, T.F.M., Iseppi, L. (2013c). 'Leapfrogging Business-to-business Trade Contacts in Leisure and Entertainment Value Chain to Engender EU Tourism. A Resource-based View Analysis'. In L. Dwyer, T. Mihalič (Ed.), Proceedings of the 4th Conference of the International Association for Tourism Economics, pp. 483-499, Ljubljana, University of Ljubljana.	*(RH-2); (RH-6)*
Droli M., Chang T.F.M., Iseppi L. (2013a). 'Revealing Ghost Business-to-business Clients through Ghosh's Model. A Challenge for EU Leisure and Entertainment Activities', Society, Integration, Education, Vol. II, pp. 315-325.	*(RH-4)*
Droli, M., Chang, T.F.M., Iseppi, L. (2013b). 'La gestione strategica degli inter-firm trade contacts sul mercato business-to-business dell'UE: un approccio resource based view'. Paper presented at: 'Smartlife: dall'innovazione tecnologica al mercato', X Annual conference Società Italiana Marketing - SIM, Oct 3-4 2013, University of Milano-Bicocca, Milano, Italy.	*(RH-3)*

Table 4.1. Studies carried on and research hypotheses which have been verified through them.

4.2. Managing trade contacts in HotRest intermediate markets

The description of results which have been achieved through this study has been divided in four parts or 'subsections''. Subsection 4.2.1. "HotRest B2B sales in EU-27 economies" portraits

B2B market main features and trends for HotRest activities in 27 E.U. countries (Table 1). Furthermore, it identifies the main ten direct and indirect markets (clients) for HotRest activities (Figure 1). Finally, it quantifies the number of the ITCs and describes the Lorenz curve for domestic HotRest direct and total B2B sales in E.U. 27 countries. Subsection 4.2.2. "Valuable and rare sale intermediate trade contacts stocks: a country-based analysis" discusses the distribution of ITC generated by HotRest activities across 23 E.U. selected countries. Furthermore, it quantifies the number of valuable direct and indirect business-to-business sales contacts (2007) in HotRest branch (Figure 2). Subsection 4.2.3. "Testing RH1 for HotRest activities" discusses relations existing between supply multiplier for productive use and the ITC number – heterogeneity (Figure 3). Finally, Subsection 4.2.4. "Testing RH5 for HotRest activities" shows the existing link between rare-concentrated ITC and the multiplier by representing concentration indices and valuable sales contacts in the HotRest intermediate market (Figure 4).

4.2.1. HotRest direct and indirect B2B sales heterogeneity in EU-27 countries

According to the data available in 2012 for EU-27 countries, the value of intermediate sales increased from €7.95 Trillion (2000) to €11.01 trillion (2007) at a compound annual growth rate of 4.76%; the value of HotRest, instead, grew from €85.6 billion to €110 billion in the same period, but at a yearly rate of only 3.63%. In the Euro Area-17 countries, the same sale intermediate trade contacts generated a value of €77.00 billion (2007), whose growth rate was 3.47% yearly over the period 2000–2007; that is, lower than the value reached in EU-27 countries. The ITC market value achieved by HotRest on the sale side in 2007 amounted to €78.96 billion, as a result of an increase of only 2.52% yearly over the period 2000–2007, that is, much lower than the rate recorded in EU-27 countries. However, the availability of homogeneous data has allowed performing an analysis of only 23 EU countries, which make up the bulk of ITC in the European economic system. In fact, in the reference year (2005), B2B sales of HotRests amounted to €84.53 billion in the EU-23 countries

and to €70.7 billion in the EA-14 countries and their share reached 86.4% and 72.3% of the total ITC in EU-27 countries (€97.8 billion), respectively.

By examining the horizontal inverse matrix for productive use of EU-27 countries in 2000–2007 (Table 1), the 'first-level' 10 main direct and indirect clients of HotRests prove to be the following, in hierarchical order: other business services (O_BUS_SER); domporting and auxiliary transport services, and agency services (AUX_TRAN); wholesale trade and commission trade services (WHOLESALE); construction work (CONSTRUC); retail trade services and repair services of personal and household goods (RETAIL); health and social work services (HEALTH); hotel and restaurant services (HOTEL); public administration and defense services and compulsory social security services (PUB_AM); food products and beverages (FOOD); land transport and transport via pipeline services (LAND_TRAN).

The first and second numbers in parentheses represent the percentage share of total (direct and indirect) sales of HotRest absorbed by the indicated branch in the years 2000 and 2007, respectively: O_BUS_SER (8.4%, 9.4%), AUX_TRAN (5.8%, 6.9%), WHOLESALE (7.7%, 6.8%), CONSTRUC (6.1%, 6.3%), RETAIL (4.8%, 5%), HEALTH (4%, 4%), HOTEL (4%, 3.8%), PUB_AM (3.5%, 3.7%), FOOD (3.5%, 3.2%), LAND_TRAN (3.2%, 3%). All these branches accounted for 51% of the total B2B sales in 2000 and for 53% in 2007. The remaining 49 branches absorbed 49% and 47% of the respective total sales. Note that the Construction and Food branches, due to indirect relationships, gains positions in the ranking of the main customers, while its direct linkages are reduced.

2000				2007			
Rank	HotRest EU-27	Direct and Indirect	%	Rank	HotRest EU-27	Direct and Indirect	%
1	O_BUS_SER	0.02815146	*8.39*	1	O_BUS_SER	0.03106768	*9.40*
2	WHOLESALE	0.02585365	*7.70*	2	AUX_TRAN	0.02291259	*6.93*
3	CONSTRUC	0.02052388	*6.12*	3	WHOLESALE	0.02262777	*6.85*
4	AUX_TRAN	0.01960428	*5.84*	4	CONSTRUC	0.02067597	*6.26*
5	RETAIL	0.01606935	*4.79*	5	RETAIL	0.01658246	*5.02*
6	HOTEL	0.01351219	*4.03*	6	HEALTH	0.01601297	*4.85*
7	HEALTH	0.0133628	*3.98*	7	HOTEL	0.01249852	*3.78*
8	PUB_AM	0.01188694	*3.54*	8	PUB_AM	0.01229214	*3.72*
9	FOOD	0.01160608	*3.46*	9	FOOD	0.01070559	*3.24*
10	LAND_TRAN	0.01072365	*3.20*	10	LAND_TRAN	0.00993659	*3.01*
11	MACHIN	0.00919334	*2.74*	11	MACHIN	0.00890359	*2.69*
12	FINANC	0.0091536	*2.73*	12	RECREAT	0.00832068	*2.52*
13	CHEMIC	0.00890759	*2.65*	13	CHEMIC	0.00810773	*2.45*
14	MOT_VEH	0.00875001	*2.61*	14	MOT_VEH	0.00800391	*2.42*
15	REAL_ESTA	0.00854986	*2.55*	15	REAL_ESTA	0.00781118	*2.36*
16	RECREAT	0.00801522	*2.39*	16	FINANC	0.00742743	*2.25*
17	AIR_TRAN	0.0068861	*2.05*	17	COMPUT	0.00722395	*2.19*
18	EDUCAT	0.00662511	*1.97*	18	TRADE_MAINT	0.00713110	*2.16*
19	TRADE_MAINT	0.0065989	*1.97*	19	EDUCAT	0.00653065	*1.98*
20	POST_COM	0.0060893	*1.81*	20	FAB_MET	0.00625194	*1.89*

Table 1. NACE Rev.1.1., Code No. 55 – "Hotels and Restaurants" Total (Direct and Indirect) intermediate sale coefficients, EU- 27 Countries (2000 and 2007). Source: Authors elaborations on Eurostat Input-Output Matrices.

Table 1 individuates the dynamic position occupied by specific B2B markets and the need for Ghosh's model application in order to describe those dynamics.

Box 4.1. Direct and indirect intermediate sales for HotRest activities in 27 EU countries.

4.2.2. HotRest B2B direct and indirect sales concentration in EU-27 economies

As is well known, Lorenz curve is a suitable tool to represent the concentration phenomena in the fields of socio-economic statistics. The degree of market concentration varies from market to market. So, it is important to have some means of comparing B2B markets to establish just how highly concentrated they are (Brennan et al., 2011).

Figure 1 represents the Lorenz's concentration curve of HotRest B2B sales in the years 2000 and 2007. Over the past decade, a trend toward a greater concentration of sales on intermediate markets has been confirmed, which is more marked for direct sales than for the total (direct and indirect sales). As shown in the figure, the concentration curve farther from the bisector, which indicates higher concentration, is that of 2007, while the curve of 2000 is closer. The same pattern applies to both direct and total intermediate links (direct and indirect). This trend may be crucial in

view of what is demonstrated below about the connection between the degree of diversification of valuable sale B2B customers and the potential of HotRest sales activation.

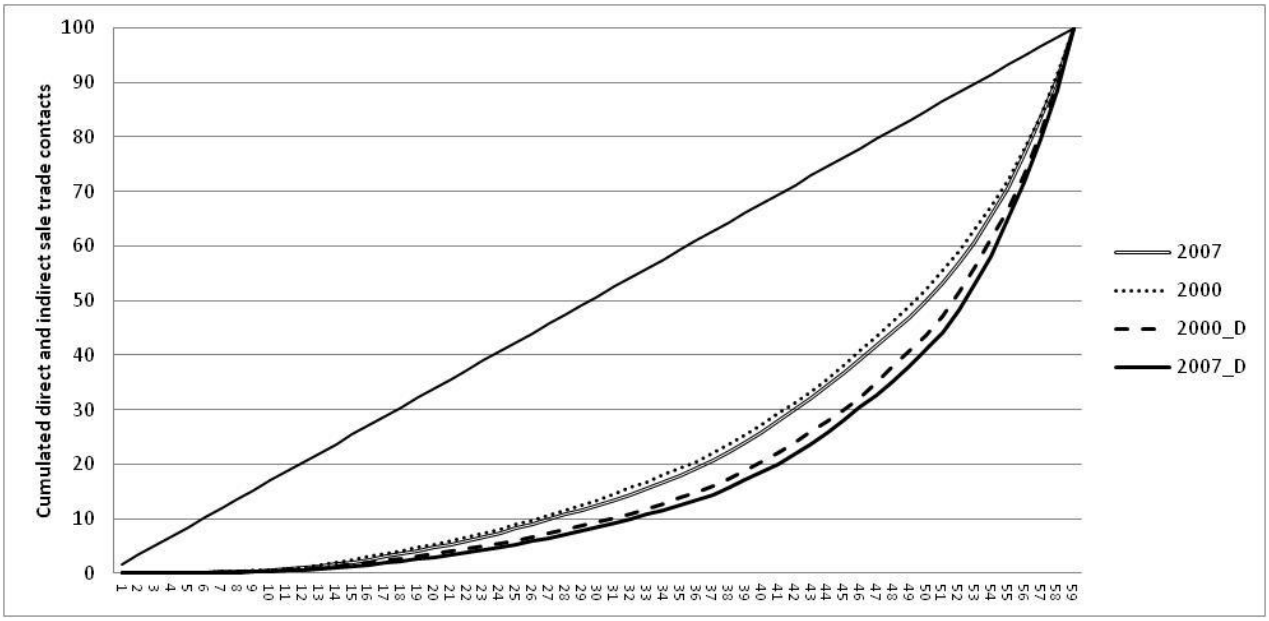

Figure 1. EU-27 Lorenz curve domestic HotRest direct and total B2B sales (2000 and 2007).

Note: D = direct B2B sales; without D = total B2B sales (direct and indirect). Source: Authors elaborations on Eurostat Input-Output Matrices.

Figure 1 indicates as indirect sales are more homogeneously distributed respect to direct ones.

Box 4.2. The heterogeneous concentration of ITC

4.2.3. Valuable and rare sale ITC stocks: a country-based analysis

The B2B contacts accumulated by HotRest in the intermediate market as resource stocks (Dierickx and Cool, 1989) have been examined. The calculation of Ghosh's inverse coefficients for EU-23 countries and 59 branches, which form the intermediate market, allowed identifying a total of 1,357 direct and indirect B2B sale contacts (Appendix: 4). Only 232 out of them exceed the established threshold (17.1%) and are then valuable; 68% come from direct sales, 32% from indirect sales.

Moreover, one of the highest intermediate sale links becomes explicit only if indirect ITC regarding Research and development services of Sweden are included. The other major sale relation of the HotRest branch is with supporting and auxiliary transport services; travel agency services of

Slovenia, but it already exists as a direct link (Appendix: 5). Finally, as one can see in Figure 2, the presence of indirect links in various countries and their weight are generally different from direct connections.

The application of the model allowed identification (Figure 2) of the industries in which indirect sales prevail over direct ones, and vice versa. Prevalence of B2B indirect sales is detected for: CONSTRUCT, O_BUS, WHOLE, MOT_VEH, PAPER, RESEARCH, while direct sales prevail for: PUB_AM, HOTEL, HEALTH, EDUC, RETAIL, AUX TRANSP, COMPUT, RECREAT, AIR TRANSP, CHEMICAL, MACHIN, and so on.

The branches likely to be considered as the main buyers of the HotRests in EU-23 countries (2005), in terms of number of above-the-average coefficients, are 34 out of 59 (57%). The branches that are present in the examined countries with an above-the-average frequency (six countries) are as follows: construction works (17 countries); public administration and defence service; compulsory social security services (16); other business services (15); food and beverages (15); wholesale trade (14); supporting and auxiliary transport services; travel agency services (15); health and social work services (13); hotel and restaurant services (13); land transport; transport via pipeline services (12); retail trade services; repair services of personal and household goods (12); education services (10); computer and related services (10); recreational, cultural and sporting services (9); financial intermediation services (8); chemicals, chemical products and man-made fibres (8); machinery and equipment n.e.c. (8); air transport services (8); and real estate services (7).

This performance further confirms the importance of the 10 principal customers whose valuable relations have a frequency of more than twice the average, as the lowest is present in 13 countries. The remaining 10 customers listed above are however seconded in the ranking of sale B2B links. The assumption to be verified later is the functional relationship between the number of valuable sale ITC and the multiplier for productive use.

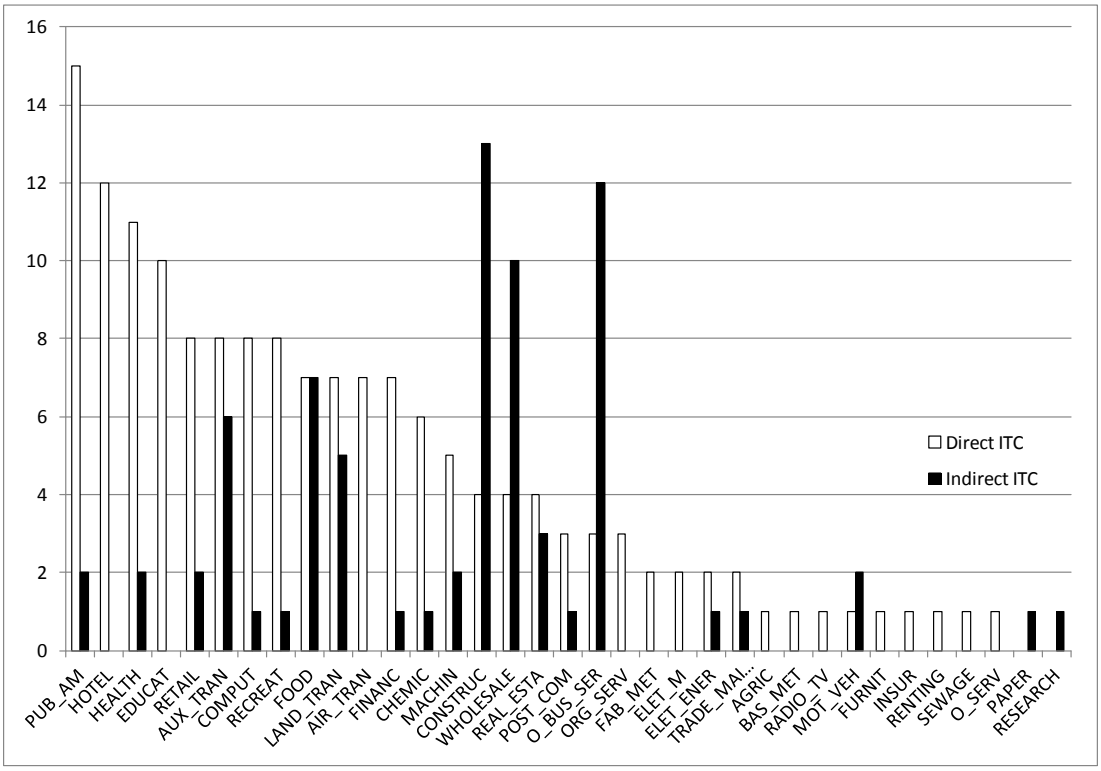

Figure 2. EU-23 countries: number of valuable direct and indirect business-to-business sales contacts in HotRest branch. Source: Authors elaborations on Eurostat Input-Output Matrices (2007)**.**

This result enlightens the existence of different landscapes for Direct and Indirect ITC.

Box 4.3. Direct and Indirect ITC landscapes.

4.2.4. Testing RH1 within the B2B market for HotRest activities

A strong and direct relationship between the market horizontal multiplier for productive use and the frequency of valuable ITC was remarked. The power regression coefficient is very high (R^2 = 0.963) and indicates a possible law linking the two variables (y = 0.0483 × 0.8286). So, there is a direct two-way relationship between the increase in the frequency of B2B valuable sale contacts and that of the sale multiplier for productive use. As the frequency of above-average B2B trade contacts (between HotRest and its client firms) increases, the multiplier of intermediate sales rises slightly less in proportion. For HotRest, this performance is stronger in countries that fall below the interpolating line rather than in those falling on the line. Actually the former are countries whose share of employees in the total employed is higher than EU-27 average (81.27%), that is, Ireland (IE, 88.1%), the Netherlands (NL, 84.7%), Slovakia (SK, 99.6%), Denmark (DK, 90%) and Finland

(FI, 90.9%). Conversely, the activation power of sale intermediate market is superior in countries that fall above the interpolating line, for a given number of valuable sale B2B contacts. In fact, the latter are countries whose share of employees on the total employed is lower than EU-27 average, for example, in Austria (AT, 79.6%), Belgium (BE, 71.2%), Czech Republic (CZ, 74.9%) and Poland (PL, 66.2%). For HotRest firm systems, it follows that, at a certain degree of sale diversification, countries having a higher intensity of self-employment than the EU average trigger more production than those with a relatively lower one. This strong intensity can be traced back to a statistical illusion since full-time workers in accommodation and food services are more present in self-employed than in employees. Moreover, countries deviating from the interpolating line are mostly small since their erratic behaviour is not compensated by the size of the country. At last, major countries of the oldest EU membership stand on the interpolation line and determine the general pattern, but the intensity of self-employment on total occupancy is very different among them.

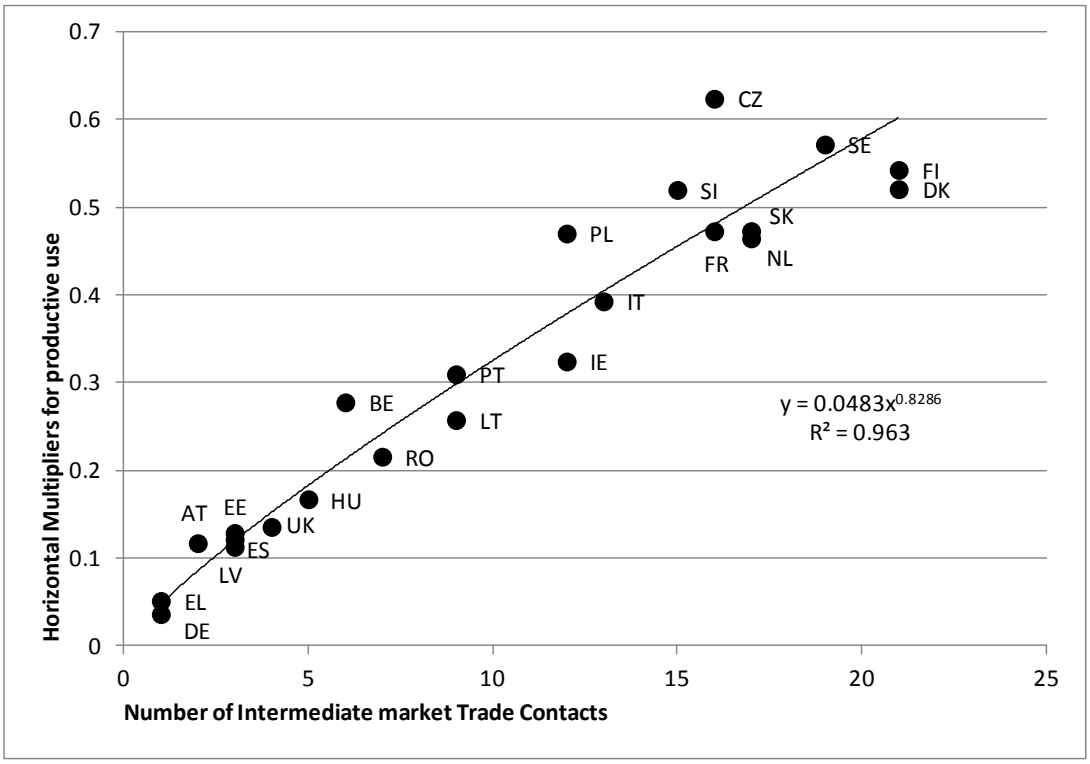

Figure 3. EU-23 countries: relation between valuable direct and indirect ITC and the horizontal multiplier for productive use. Hotels and Restaurants, *Note:* Number of trade contacts ≥ 1/(2**n*). Source: Authors elaborations on Eurostat Input-Output Matrices.

This result confirms the RH1.

Box 4.4. Findings and the Research Hypothesis No. 1

4.2.5. Testing the RH5 within the B2B market for HotRest activities

Rarity is the first additional feature a valuable resource must have in order to create a defensible competitive advantage, in the perspective of the resource-based theory. Valuable entrepreneurial resources either concentrated within a single or in a few firms, can facilitate firms when they want to acquire sustained competitive advantage (Barney, 1991). A concentration analysis – that is, computing the well-known direct concentration indices C3–C5 and C7 – helped to identify a third-degree polynomial relationship between buyers' direct concentration indices and the level of diversification of valuable B2B sales in 23 EU countries.

Figure 4 shows as the weight of the first three, five and seven clients is very significant even at very high levels of customer diversification. This implies the persistent presence in the HotRest market environment of few and rare key clients with a certain degree of market power. The three main customers never absorb less than 30% of HotRest direct sales, while the first seven never fall below 53%.

This "wave-shaped" trend has two turning points and shows that countries substantially fall into three groups: (I) high concentration of buyers and few valuable sale B2B contacts, the trend among countries is strongly decreasing and significant (Germany-DE, Greece-EL, Austria-AT, Latvia-LV, Spain-ES, Estonia-EE, United Kingdom-UK, Belgium-BE, Hungary-HU, Romania-RO);

(II) medium-high concentration of clients and average number of valuable sale ITC, the trend of the two variables is not robust across countries, although direct (Portugal-PT, Lithuania-LT, Ireland-IE, Poland-PL, Italy-IT, Slovenia-SI, Czech Republic-CZ, France-FR);

(III) medium-high buyers concentration and high number of valuable sale ITC, the tendency of the two variables among countries is inverse and the function, which presents a good degree of reliability, is slightly decreasing (Netherlands-NL, Slovakia-SK, Sweden-SE, Finland-FI, Denmark-

DK). The "wave-shaped" trend of most important clients is not coherent with the RBT framework, but equally significant.

In order to enlighten this phenomenon, the possible relationship between the degree of concentration of sales and the capacity to produce income has been verified. To that purpose, two additional variables have been introduced; they consist in gross operating surplus share on output (surplus share) and in compensation of employees (dependent labour share) on the same output. The analysis evidenced the following results: (i) the highest surplus share and sale concentration index (strongest buyer specialization) are achieved in EL, ES and AT, but their dependent labour share is particularly low; (ii) the opposite performance is found for the countries with the greatest sale diversification (DK, FI, SE), where the surplus share is very low, while their employee compensation reaches a medium-high level.

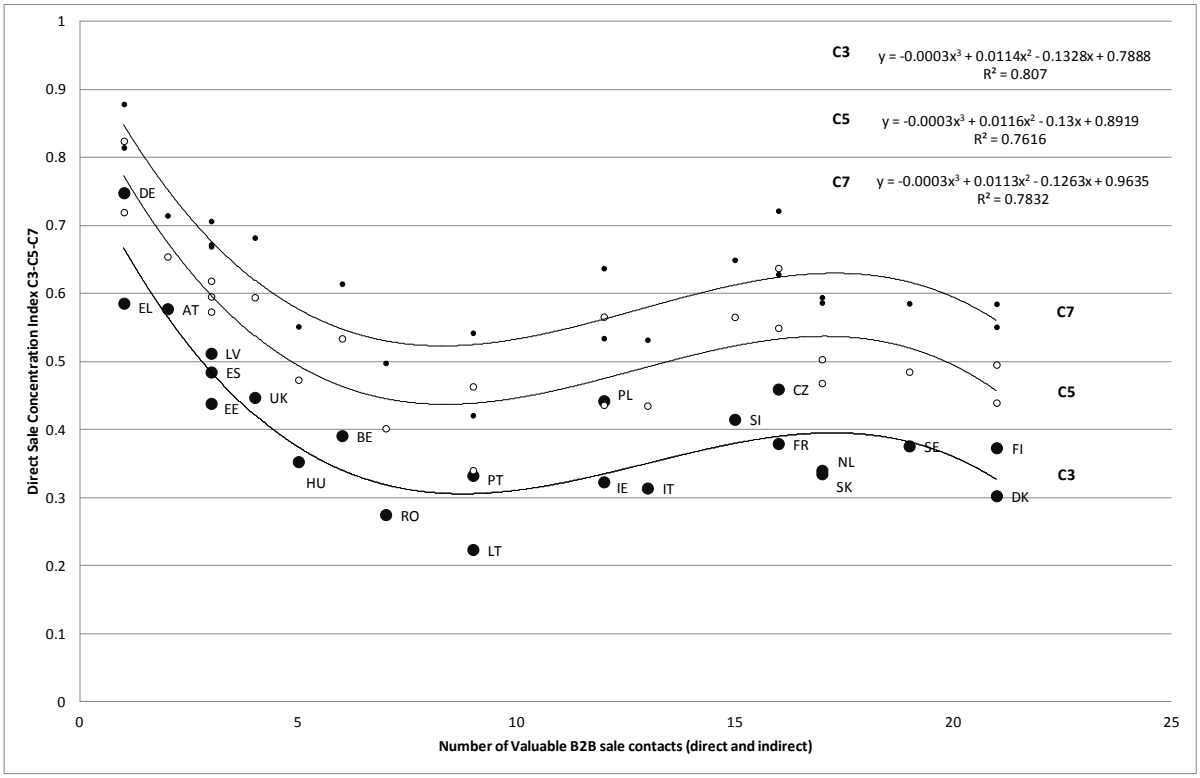

Figure 4. Concentration indices and valuable sales contacts in the HotRest intermediate market. Source: Authors elaborations on Eurostat Input-Output Matrices (2005).

This result does not confirm the RH5.

Box 4.5. Findings and the Research Hypothesis No. 5.

4.3. Leapfrogging business-to-business trade contacts in EU countries

Results obtained in Recreational field of activity have been divided in the following four sections. Subsection 4.3.1. "Operating surplus leapfrogging" shows the E.U.-27 Lorenz' curve domestic Recreation Direct+Indirect B2B sales (Figure 5). Subsection 4.3.2. "Articulation of total (direct and indirect) ITC landscape for Recreative activities" shows the frequency of Recreative activities total (direct and indirect) sale ITC in the 22 EU countries (Figure 6). Subsection 4.3.3. "Testing the RH2 within Recreative activities" shows the functional relation between the diversification degree and the sale multiplier (Figure 7). Finally, Subsection 4.3.4. "Testing the RH6 within Recreative activities" explores the relation between concentrated Direct and Indirect ITC ($\sum C2$-$\sum C3$) and the horizontal multiplier for productive use in EU-22 countries (Figure 8).

4.3.1. The polarized structure of B2B market for Recreative activities

Figure 5 represents the Lorenz curve concerning the B2B sale concentration for productive uses (2000-2007). The analysis focuses three kind of sales, 'Indirect' (realized by Recreative activities through other industries), 'Direct' and 'Total' (Direct and Indirect). It has identified the following trends: (i) the indirect intermediate sales are more distributed among the various clients than direct ones. This fact could be expected but an empirical verification was recommended. Consequently, their Lorenz curves are closer to the bisecting line (lowest degree of concentration and maximum distribution). In the period examined, the 2007 curve shifts towards the bisector, making these sales even more smoothed; (ii) the direct intermediate sales are on the contrary strongly concentrated on a few major customers. In fact, their Lorenz curves are the furthest away from the bisector (highest concentration degree) and lie near the right lower corner; (iii) The curves for 2000 and 2007 years of direct ITC appear overlapped, indicating a total static nature of major customer concentration (Lorenz indexes are constantly near to 0.306); (iv) direct and indirect cumulative sales are in 2000 imperceptibly closer to the bisector at low concentration levels, while in 2007 the opposite occurs; and (v) it is not identifiable any trend 2000-07, although the main three

clients amounted to 47.48% and 46.84% of inter-firm sales respectively. Overall, the concentration slightly decreases.

Actually the first three clients accounted for 66.53% (2000) and 66.35% (2007) of total direct sales and the first fifth achieved the respectable percentage on total of 72.54% (2000) and 72.36% (2007). Unlikely, indirect B2B sales undergo a concentration reduction. Effectively, the first three indirect clients dropped down from 45.47% (2000) to 36.41% (2007) on the respective total of Recreation indirect sales and the first fifth fall from 56.82% (2000) to 45.70% (2007).

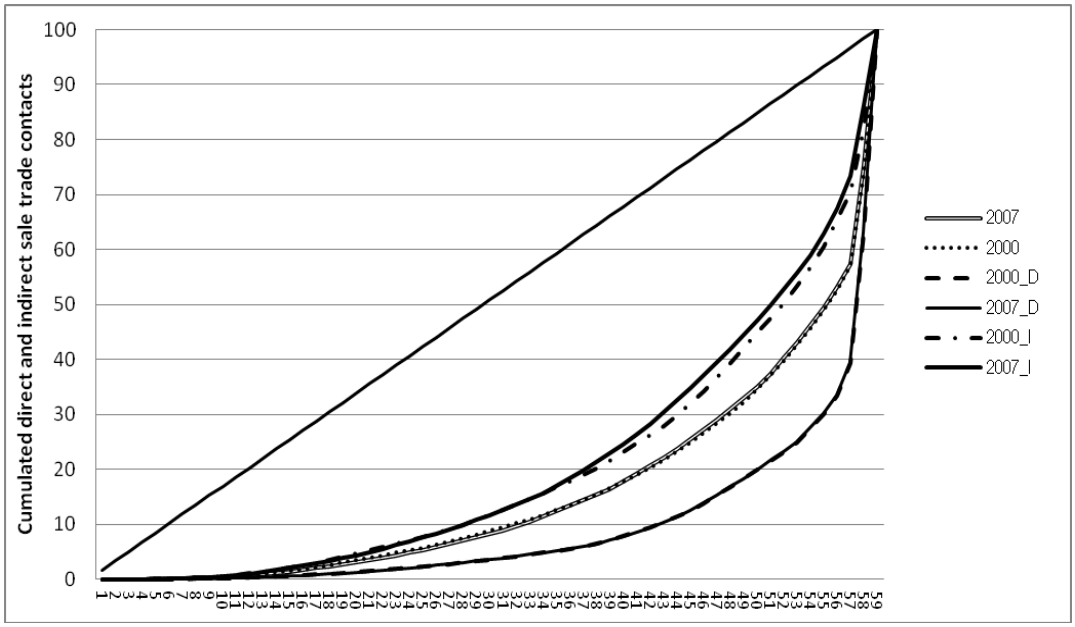

Figure 5 - EU-27 Lorenz' curve domestic Recreative activities Direct+Indirect B2B sales (2000 and 2007)* D=direct B2B sales; without D =total B2B sales (direct and indirect). Source: Authors elaborations on Eurostat Input-Output Matrices.

This graph individuates the polarized structure of B2B market for Recreative activities in the period and countries which have been considered.

Box 4.6. The relatively concentrated B2B market for Recreative activities..

4.3.2. Quantification of total (direct and indirect) valuable sales for Recreative activities

Ghosh's model application (Figure 6) to the 22 countries of EU made it possible identifying the industries to which Recreative activities more frequently sell (the needed data are unavailable for Romania), considering both valuable direct and indirect sales of goods and services (best

markets). These above normal (valuable) sales concern, in the generality of EU countries, 39 out of 59 branches that is about a third have no link with Recreative activities.

Regarding the distribution of Recreation valuable direct B2B sale contacts among its clients, the main sale ITC frequency in the 22 EU countries can be attributed to itself, but it is not the most frequent client of itself, due to statistical illusion. Effectively there is an excessive aggregation of heterogeneous production subsectors in this industry since encompasses a lot of services that spread from both traditional and multi-media entertainment to cultural, sporting, gambling and betting activities. Its subsectors do not give raise to inter-industry trade, but to intra-industry or horizontal trade.

The application of the new NACE Rev. 2 and ISIC Rev. 4 classifications also to input-output tables entail a subdivision of Recreation branch into two different branches: 59 **(**CPA_R93) - Creative, arts and entertainment services; library, archive, museum and other cultural services; gambling and betting services, and 60 - **(**CPA_R94) **-** Sporting services and amusement and recreation services, so reducing the heterogeneity and avoiding the above statistical illusion. Notwithstanding, using more aggregated Eurostat I-O Tables, built on NACE Rev. 1.1 (current until 2007), Recreation appears deceptively the main and most frequent client of itself.

Particularly, in the same 22 countries, the other 9 industries which have valuable direct and indirect_higher frequency purchases, namely the main clients of Recreation, are in order of frequency: 1) Other business services (O_BUS_SER Cod. 74); 2) Construction work (CONSTRUC – Cod. 45); 3) Public administration and defence services; compulsory social security services (PUB_AM – Cod. 75); 4) Wholesale trade and commission trade services (WHOLESALE – Cod. 51); 5) Hotels and Restaurants (HOTREST – Cod. 55); 6) Food products and beverages (FOOD – Cod. 15); 7) Post and telecommunication services (POST_COM – Cod. 64); 8) Printed matter and recorded media (PRINT – Cod. 22) e Retail trade services; repair services of personal and household goods (RETAIL – Cod. 52).

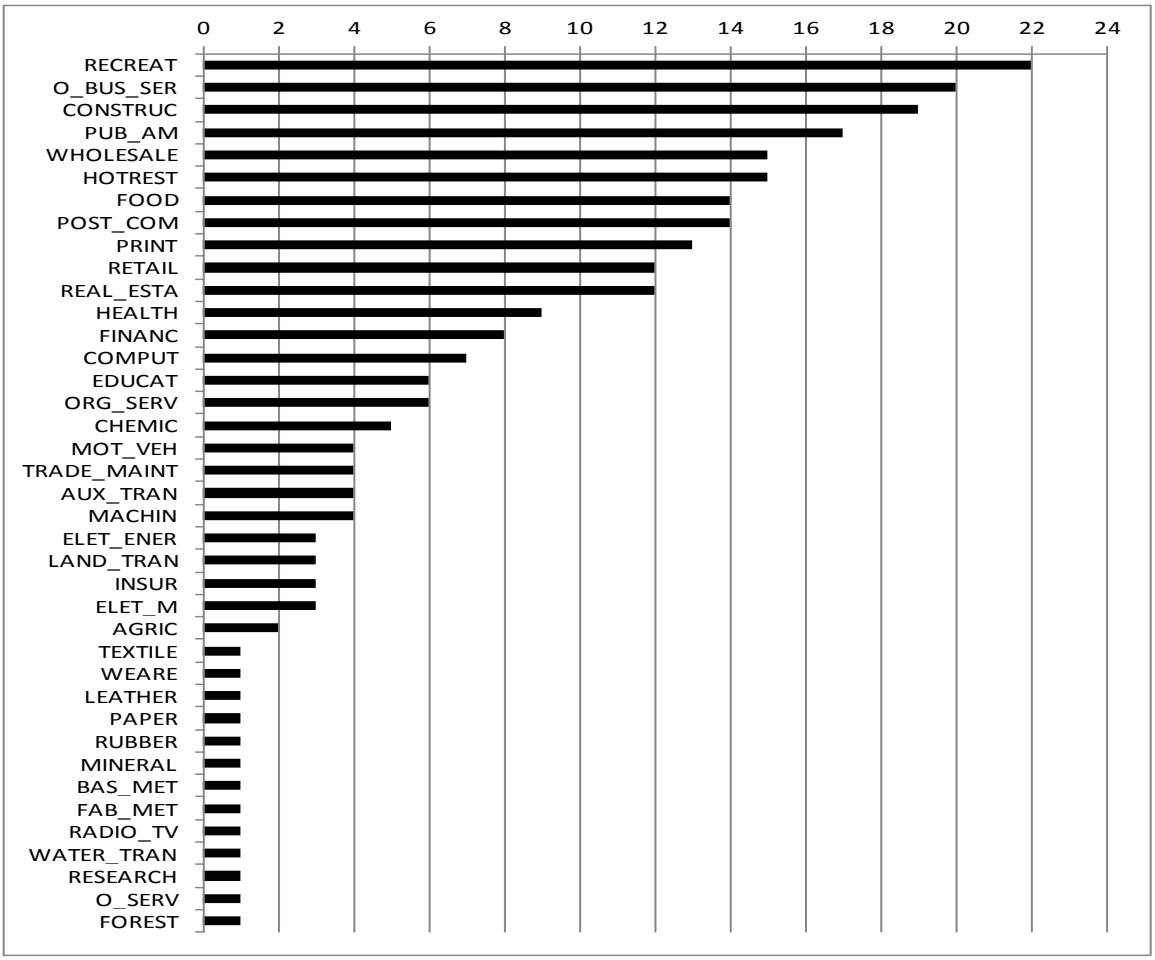

Figure 6 - Frequency of Recreative activities total (direct and indirect) sale ITC in the 22 EU countries. Source: Authors elaborations on Eurostat Input-Output Matrices (2005).

This graph suggests the importance of intra-industry (B2B) market, especially in heterogeneous field of activities.

Box 4.7. The relative importance of intra-industry market.

4.3.3. Testing the RH2 within Recreative activities

Figure 7 represents the functional relation of Recreation in the 22 EU countries examined between the number of total valuable ITC (direct and indirect) achieved by Recreation firms (y axe) and the intermediate sale multiplier for productive use (x axe), the former being considered a proxy of diversification degree. Owing to cross-section analysis, it was found a direct and strong relationship (R^2=0.83 between the Recreation sale ITC and the sale multiplier for productive use which indicates the ability of that resource to function both as account indicator and as a source of

firms effectiveness (sales increase). This result confirms the RH2. In comparative terms, the linear regression equation (y=0.0326x + 0.1132) states that when the number of ITC increases, the multiplier of the intermediate sales also increases, but that the diversification effects of valuable clients gradually becomes somewhat less effective. The very low angular coefficient value depends on the unit of measurement choice. In atomistic terms, this performance of reduced effectiveness of valuable B2B on sale multiplier is more pronounced for Recreation of those countries which are below the interpolating line (first group of countries), Latvia (LV), Estonia (EE) Slovenia (SI), Lithuania (LT), Finland (FI), Ireland (IE), United Kingdom (UK) and Sweden (SE), than for those which are closer to the line (seconde group of countries): Greece (EL), France (FR), Austria (AT), Poland (PL), Spain (ES), Denmark (DK), Hungary (HU) and Italy (IT) or above. Conversely Slovakia (SK), Czech Republic (CZ), Netherland (NL), Belgium (BE), Portugal (PT) and Germany (DE) can rely on superior effectiveness of their ITC on sale multiplier (last group of countries).

Comparing Gini's concentration coefficients, one may note that the first group of countries has a lower concentration index than the second one. This means that Recreational businesses, operating in the first group of countries (e.g. LV, EE, SK, EL), achieve lower effectiveness level with respect to those active in the last group of countries (e.g. IT, SE, DE, HU) when it comes the need to increase sales volumes and the production of their supply chains. The reason resides in the observation that organizations operating in countries which stay above the line (higher degree of diversification respect the mean) have the same sale multiplier than those who stay below it. Since diversification costs, a similar performance may reduce the profit respect to other countries and can reduce the efficiency of the whole competitive system. In Italy, Recreation firm ITC frequency reaches an abnormal quite high value, indicating an excessive diversification or dispersion of its sale market. Gini's concentration index helps to sustain this hypothesis because it is the lowest one (0.699). This may be due to a number of factors such as e.g. the presence of an oversized range of food and cultural events and the abnormal weight of popular disciplines on sporting industries (such as e.g. football) or to both (a sort of 'food-ball' effect). In Recreation of the 22 EU countries

examined, the presence of ITCs indicates the existence of: I) a resource, II) a source of firm competitive advantage; and III) a benchmark for Recreative activities which manage that resource.

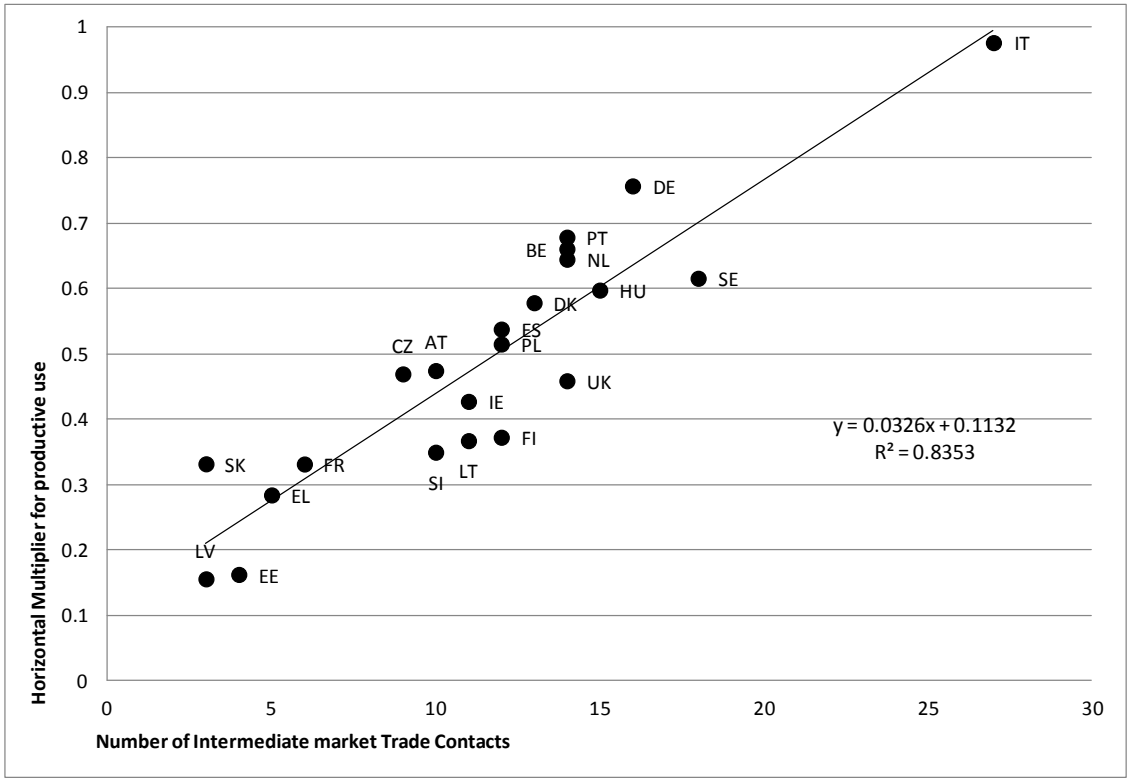

Figure 7 - EU-22 countries: Functional Relation between the number of total ITC (direct and indirect) and the intermediate sale multiplier for productive use[1,] Recreative activitires, number of Intermediate market Trade Contacts ≥ 1/(2*n). Source: Authors elaborations on Eurostat Input-Output Matrices (2005)

This result confirms the RH2.

Box 4.8. Findings and the Research Hypothesis No. 2.

4.3.4. Testing the RH6 within the B2B market for Recreative activities

In general terms, the Figure 8 indicates that the relation connecting Direct and Indirect ITC (∑C2-∑C3) and the horizontal multiplier for productive use within the 22 countries which have been considered is positive. This result confirms the RH6. Furthermore, considering the first three rather than the first two clients, it suggests that as costumer diversification increases (passing from ΣC3 to ΣC2) the multiplier increases more than proportionally, being the C2 line angular coefficient smaller (0.3673) than that of C3 line (0.441).

Concentration degree seems to be directly correlated to intermediate sale activation ability represented by multiplier. Although client de-specialization degree is directly correlated to intermediate sale activation ability, represented by multiplier, there is no evidence in the 22 EU countries that the multiplication of sales of Recreative activities would result also in a higher operating surplus, that is a proxy of profitability. This study is focused on the important aspect of the link between the diversification of valuable ITC, deriving from cash flows, and the sale multiplier.

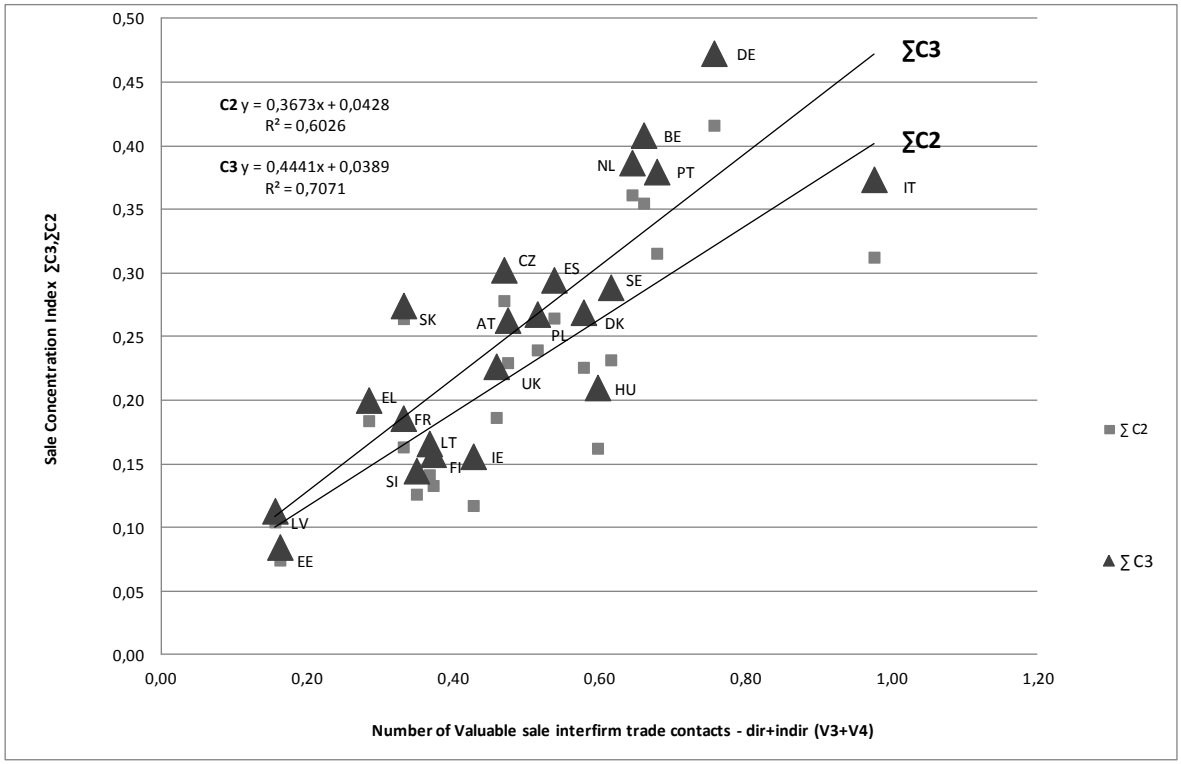

Figure 8 - EU-22 countries Relation between concentrated Direct and Indirect ITC (∑C2-∑C3) and the horizontal multiplier for productive use. Source: Authors elaborations on Eurostat Input-Output Matrices (2005).

This result confirms the RH6.

Box 4.9. Findings and the Research Hypothesis No. 6.

4.4. Revealing Ghost Business-to-business Clients through Ghosh's Model

Similarly respect to the previous 4.2 and 4.3 sections, Section 4.4. has been articulated in four subsections. Subsection 4.4.1. "Quantification of Recreation activities valuable hidden-clients by country" shows EU-23 countries 2005 - Branch frequency of Recreational total ITCs (Figure 9).

Subsection 4.4.2. “Quantification of leisure and entertainment hidden ITCs by industry” shows the EU-23 countries 2005 – Country frequency of Recreational B2B sale ITCs (Figure 10). Subsection 4.4.3. “Horizontal - sales - frequency classification respect to hidden clients” suggests the possibility to classify B2B markets considering both direct and indirect sales. Subsection 4.4.4. “Verifying the RH4” shows the relations existing between indirect ITC number and the supply market sale multiplier for productive use.

4.4.1. Quantification of Recreation activities valuable hidden-clients by country

Examining the domestic input-output coefficient matrix (Appendix 3) in the considered 23-EU countries (2005), it is revealed that business-to-business direct and indirect ITC are 253. Of which 141 indirect (55.7%) and 112 direct (44.3%). Investigating its distribution (Figure 9), the number of valuable direct and indirect client ranking puts in the first ten positions in the following countries: IT, SE, DE, HU, BE, NL, PT, UK, DK, ES. Therefore, in the EU these most developed countries represent the main strategic markets for B2B Recreative activities since they are economically strong owing to the greatest capacity of activation of superior goods with an income demand elasticity >1.

In these countries, it is revealed that indirect sale ITC hidden clients prevail in 8 out of 10, except in HU and the UK. While in the 23 examined EU countries, the total frequency of direct and indirect ITC achieves above normal value in Italy, but is very low in Slovakia. The study evidence the absent of hidden-clients in Latvia and Estonia. For the case of Latvia this could be attribueted to either lack of data or its no presence in the EU in 1995. This result proves the deep heterogeneity of benchmarks of Recreational in the selected 23-EU countries. In fact the clients diversification is maximum in Italy (27) and is minimum in Slovakia (3).

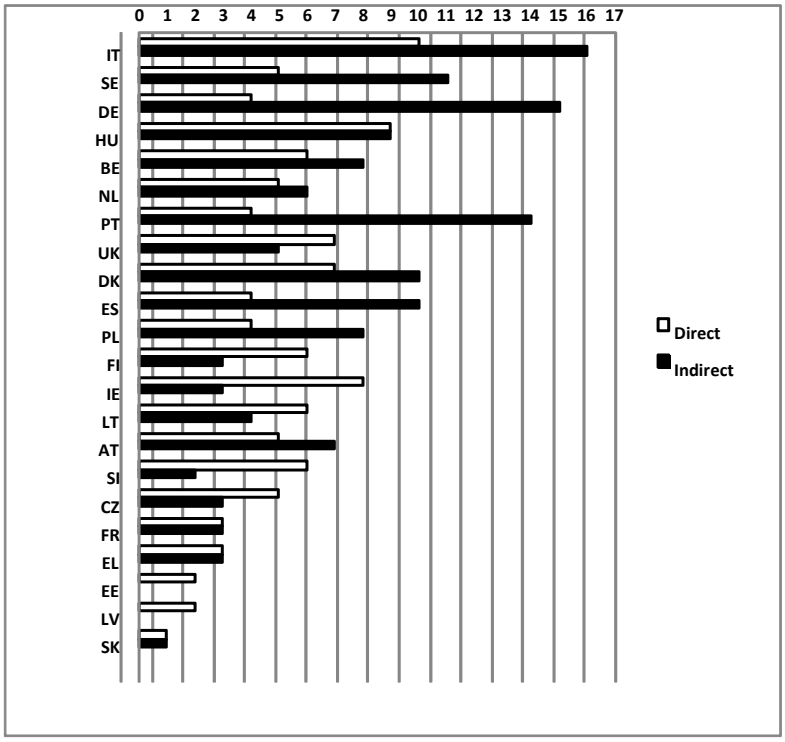

Figure 9 - EU-23 countries 2005 - Branch frequency of Recreational total (direct and indirect) ITCs. Source: Authors elaborations on Eurostat Input-Output Matrices.

Figure 9 suggests the deep heterogeneity of benchmarks of Recreational in the selected 23-EU countries.

Box 4.10. Findings and the Research Hypothesis No. 5.

4.4.2. Quantification of leisure and entertainment hidden ITCs by industry

Figure 10 shows the distribution of valuable direct and indirect business-to-business valuable sale contacts of Recreational branch among its industry-market. As one may note, the highest sales frequency in the examined 23-EU countries can be attributed to itself, as above emerged. Nevertheless, Recreational activities are not the most frequent client of theirselves, due to statistical illusion.As we have already seen, this subsector does not give raise to inter-industry trade, but to intra-industry or horizontal trade. In most detailed tables, built on NACE Rev. 2 and ISIC Rev. 4 classifications, this branch is subdivided into three different branches, so avoiding the above mentioned statistical illusion. Consequently, Recreational is not the main client of itself. The other 9 industries which have the higher frequency in the 23 EU countries of valuable direct and indirect

purchases are as follows: Other business services, Construction work, Public administration and defense services; compulsory social security services, Wholesale trade and commission trade services, except of motor vehicles and motorcycles, Hotel and restaurant services, Food products and beverages, Post and telecommunication services, Printed matter and recorded media and Retail trade services; repair services of personal and household goods. These industries creates the higher number of valuable B2B interactions with Recreative activities.

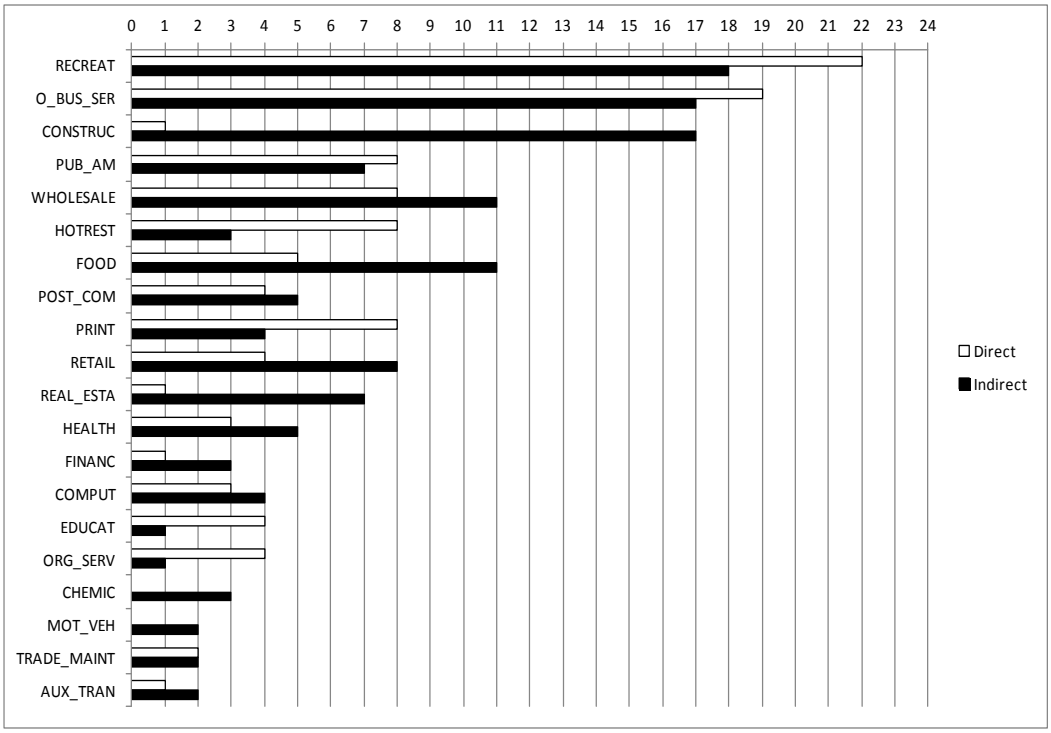

Figure 10 - EU-23 countries 2005 – Country frequency of Recreational B2B sale ITCs. Source: Authors elaborations on Eurostat Input-Output Matrices.

Figure 10 suggests the deep heterogeneity of benchmarks of Recreational in the 59 B2B markets.

Box 4.11. Heterogeneity of benchmarks in terms of B2B markets.

4.4.3. B2B markets classification respect to the frequency of hidden markets

Building up on the base of Figure 10, the Recreational horizontal - sales - B2B markets have been classified in the following four categories: (a) sale valuable frequency to entirely hidden

clients; (b) more frequent indirect that direct; and (c) direct sales most frequent than indirect; and (d) exclusively most frequent direct sales.

(a) Sale valuable frequency to entirely hidden clients

The most frequent in the 23-EU countries totally hidden clients are Chemicals, chemical products and man-made fibres, Motor vehicles, trailers and semi-trailers, Machinery and equipment n.e.c., Land transport; transport via pipeline services, Products of agriculture, hunting and related services and Fabricated metal products, except machinery and equipment.

(b) More frequent indirect that direct

In the 23-EU countries, they cover 10 positions among the most frequent 20 clients. Also in this case the method reveal the hidden sale linkage contributing to level the information asymmetry and thereby increasing market transparency and firm's efficiency. The following are the most frequent clients: Construction work, Wholesale trade and commission trade services, except of motor vehicles and motorcycles, Food products and beverages, Post and telecommunication services, Retail trade services, except of motor vehicles and motorcycles; repair services of personal and household goods, Real estate services, Health and social work services, Financial intermediation services, except insurance and pension funding services, Computer and related services and domporting and auxiliary transport services; travel agency services among which are included the most frequent indirect sale client except Electrical energy, gas, steam and hot water.

(c) Direct sales most frequent than indirect

They are as follows: c1) Recreational, cultural and sporting services, Other business services, Public administration and defense services; compulsory social security services, Hotel and restaurant services, Printed matter and recorded media, already present among the above described most frequent direct and indirect clients; c2) Education services, Membership organization services n.e.c., Wearing apparel, furs, Radio, television and communication equipment and apparatus, Other business services low frequency clients in the 23 EU countries.

(d) Exclusively most frequent direct clients

Among B2B markets which have been considered here, none of them is exclusively direct, as one may note.

B2B markets have been classified in the four categories depending on importance of hidden sales. The power of the input-output method is evident considering that without the use of horizontal inverse matrix, it could not reveal the frequency of indirect sales, so disregarding more than 50% of the phenomenon.

Box 4.12. The possibility to classify B2B markets depending on the relative importance of hidden clients.

4.4.4. Verifying the RH4

Figure 11 represents the relationship between Recreational frequency of valuable hidden clients and its market sale multiplier for productive use. It is demonstrating a strong and direct relationship (R^2=0.84). This Figure seems to confirm the RH4.

Besides, a direct two-way relationship between inter-firms valuable indirect trade contacts and the sale multiplier increases. When the number of valuable indirect ITC increases, the multiplier of the intermediate sales increases less in proportion. This means that the diversification effects of valuable clients gradually becomes somehow less effective, as it has been evidenced in previous cases. The impact on sale multiplier of indirect sales is evident. But, what is the impact of direct sales? The further elaboration does not highlight any significant relationship between these two variables.

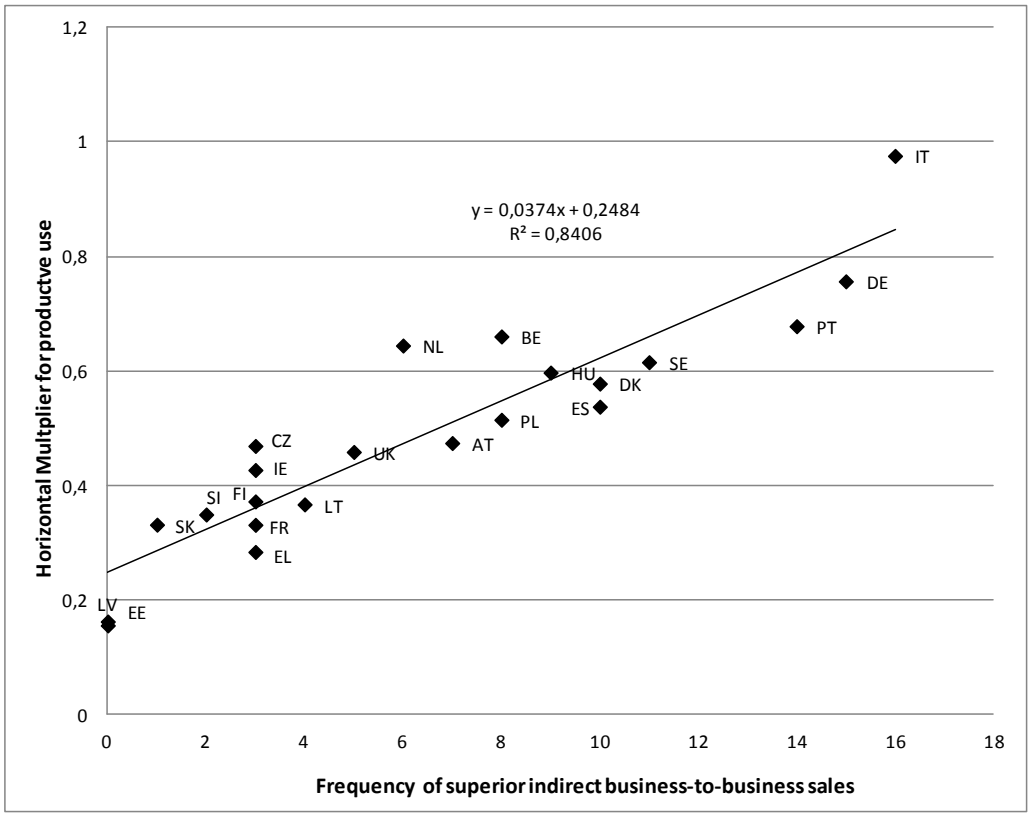

Figure 11 - EU-23 countries 2005 – Recreational sale multiplier and frequency of valuable ITCs. Source: .... Elaborations on Eurostat Input-Output Matrices.

This Figure seems to confirm the RH4.

Box 4.12. Findings and the Research Hypothesis No. 4.

4.5. Investigating the value of ITC within the EU business market (overview)

As previously mentioned, findings obtained by this study have not been already published and can be discussed without using graphs and tables. Nevertheless, their importance for the purpose of this thesis is high as it will be shown.

Subsection 4.5.1. "Verifying the RH3" enlightens relation between the multiplier for productive use and the number of ITC. Subsection 4.5.2. "The existing power law relation connecting the examined variables" portraits one of the unexpected results which have been obtained by this study. Chapter 4 Conclusions evaluate results expected and obtained.

4.5.1. Verifying the RH3 within the whole European Union B2B market

As the previous analysis, that of the direct and indirect sales coefficients for homogeneous groups of products on the EU market B2B (2000-07) also adopted the Ghosh's inverse matrix. This analysis identified a direct relationship between the number of sales 'valuable' (ITC) and the multiplier of sales for productive uses. The regression coefficient is rather high (R^2=0.853 in 2000, in 2007 R^2=0.865), indicating that the relationship between the increase in the number of ITC and the multiplier of sales is relatively narrow.

4.5.2. The existing power law relation connecting the examined variables

One of the most interesting results obtained from this study is the power law followed by the relation existing between the identified supply multiplier and number of ITC in the B2B market consisting of 27 (up to 2013) European Union countries. This law is, for 2007, equal to: y = 0.0523 x0.9255 R^2 = 0.8077.

These early findings suggests the possibility to adopt ITC for forecasting purposes.

Box 4.13. Findings and the possibility to adopt them for forecasting purposes.

Chapter 4 - Conclusions

The following Table 4.2 shows results obtained respect to research hypotheses.

Study	Research hypotheses
'Managing trade contacts in HotRest intermediate markets: a resource-based view analysis in EU countries'	*(RH-1): confirmed* *(RH-5): not confirmed*
'Leapfrogging Business-to-Business Trade Contacts to Shorten Leisure and Entertainment Value Chain and Engender Tourism Innovation in EU Countries'	*(RH-2): confirmed* *(RH-6): confirmed*
'Revealing Ghost Business-to-business Clients through Ghosh's Model. A Challenge for EU Leisure and Entertainment Activities'	*(RH-4): confirmed*
'La gestione strategica degli inter-firm trade contacts sul mercato business-to-business dell'UE: un approccio resource based view'	*(RH-3): confirmed*

Table 4.2. Results obtained respect to research hypotheses.

As it can be noted, one research hypothesis (RH5) is not confirmed, while the others have been verified. Chapter 5 discusses findings relating them to both research hypotheses and the aims of this research.

CHAPTER 5 - DISCUSSION

CHAPTER 5 - DISCUSSION

Key-questions addressed:

- *How do the findings relate to the research hypotheses?*
- *What is the meaning of the main results?*
- *What are the coincidences and tensions that exist between the expected and unexpected findings and the aims of this research?*
- *Which procedures worked well and which did not?*

What are the benefits obtainable by reading this chapter?

Knowledge of:

- *New ideas that will emerge*
- *Key categories in theoretical framework that are revisited in the light of the findings*
- *Potentially controversial key-points*
- *Limitations of the current research design, and the continuous improvements that are required*

Chapter 5 - Introduction

Chapter 4 presented the main findings related to the research hypotheses that were previously formulated. Moreover, it presented unexpected and relevant results. Chapter 5 aims to not only draw on both the obtained and unexpected results, but to view those results against the RBT framework and the B2B marketing background chapters.

As it has been argued, despite its broad theoretical appeal and strong influence on managerial education and practice, the empirical track record of the key tenets of the RBV have, so far, been rather modest (Priem & Butler 2001).

Section 5.1. "Verifying correspondences between results and research hypotheses" analyzes the findings through the adoption of a managerial perspective, and follows the same logical sequence adopted in Chapter 4 in order to show them.

Section 5.2. "Further exploring the main results" directly compares the main findings against the research aims. It synthesizes the findings that are related to the research hypotheses, and those that are not, from the perspective of the aims of this research.

Finally, **Section 5.3. "Improving the conduct of this study"** discusses "what worked and what went wrong" in respect to the application of the method and models that have been chosen. It individuates both the decisions that can be expanded, and the potentially controversial aspects of this research. Finally, it discusses ways that future research could be improved.

5.1. Verifying correspondences between results obtained and research hypotheses

As stated in Chapter 4, the research has yielded useful results in regard to the purpose of this thesis. In order to achieve this purpose, these results have been discussed following the order adopted in Chapter 4, as follows:

5.1.1. Managing trade contacts in HotRest intermediate markets

Chapter 4, Subsection 4.2.1. showed that, considering HotRest direct and indirect intermediate sales separately, 18 and 22 of those sales, respectively, exceeded the average value (ITC), with weights of 53% and 47% of the total. This evidences the relevance of indirect sales trade contacts, and the efficacy of the I–O method in revealing the threats deriving from asymmetrical information and in creating the basis for exploiting existing opportunities.

As evidenced in the same Subsection regarding the analysis of direct and indirect sales, one can hypothesize that the HotRest industry has started a shift towards a concentration on ITC sales in order to reduce the scale diseconomies that are the consequence of an excessive diversification of intermediate sales. Examples are, or could be, the provision of the following services: accommodation and food to professionals, transport, trade, health, construction, public administration personnel, and so on. In addition to these services, HotRest must meet the end user demand for various kinds of tourism, either generic or specific, such as spas, conventions, cultural, religious, and sporting. The satisfaction of each type of tourism requires specific capabilities that are sometimes difficult and/or expensive to find. Additional investments are also required for the renovation and refurbishment of premises.

In **Subsection 4.2.2.** it was noted that only 232 out of the 1,357 B2B sales interactions examined exceeded the established threshold (17.1%), and were thus valuable according to the RBT framework. In this sense, only a small part of B2B interactions represent productive resources. Furthermore, as stated in the same paragraph, 68% of these came from direct sales, and 32% from indirect sales. The strength of the I–O method is therefore evident. In fact, without the horizontal inverse matrix and its multipliers, the indirect relationships could not be identified and roughly one third of the phenomenon would be neglected as a result.

In **Subsection 4.2.3.** it has been observed that as the frequency of above-average B2B trade contacts (between HotRest and its client firms) increases, the multiplier of intermediate sales rises slightly less in proportion. This means that there is a direct relationship between the two variables,

but that the diversification effect of valuable clients gradually becomes somewhat less effective. More generally, the activation power of sale intermediate markets seems superior in countries that fall above the interpolating line, for a given number of valuable sale B2B contacts. In fact, the latter are countries whose share of employees from among the total employed is lower than the EU-27 average, such as Austria, Belgium, the Czech Republic, and Poland. The hypothesis is that, in the productive structure of HotRests, incidence of full-time working is greater among employers and other self-employed workers than it is for employees, and that it entrains a greater productivity.

Subsection 4.2.4. provides the "wave-shaped" graph that individuates the trend of the most important clients. This trend is not coherent with either the RBT framework or the RH5. Nevertheless it seems very significant. It has two turning points, and divides the HotRest industries of different countries into three groups. The trend seems to suggest that, during a hypothetical process of diversification of purchasers, the key clients of HotRest initially tend to lose importance; however, if this process continues, they later recover their market power role and partially push HotRest firms to return to their core business.

As previously mentioned, in order to shed light on this phenomenon, the possible relationship between the degree of concentration of sales and the capacity to produce income has been further verified through the introduction of two additional variables, namely the gross operating surplus share on output (surplus share), and the compensation of employees (dependent labor share). This investigation allows us to divide HotRest in different countries by considering their surplus share and sale concentration index. The analysis suggests that: (i) some countries are characterized by family-run businesses whose workers are mostly independent, on the sale side; and there are few main buyers, on the purchase side. Since the bargaining power of buyers is considerable, whilst that of sellers is poor, the challenge becomes unbalanced. Conversely, (ii) other countries are characterized by a strong presence of employees, who reduce the operating surplus. The operating surplus is reduced further by scale diseconomies, caused by the additional burden of managing several types of customers in the HotRest portfolio. During the 2000–2007 period, a process of

buyer concentration took place, along with an increase and improvement of firm fixed capital resources. As the capital to labour ratio rises, after a certain time lag the gross operating surplus increases too, and can lead in the long term to higher returns to scale, which is consistent with the resource-based view.

5.1.2. Leapfrogging business-to-business trade contacts in EU countries

As it has been shown in **Subsection 4.3.1.** (Figure 5), the first three clients of Recreational activities accounted for 66.53% (2000) and 66.35% (2007) of total direct sales, and the first fifth achieved the respectable percentage on the total of 72.54% (2000) and 72.36% (2007). Thus, within the EU-27 countries B2B market, direct customers of Recreational activities maintain a position of strong concentration and of particular rarity.

The structure of intermediate sales therefore appears dichotomous with the tendency of maintaining main direct customer market position, in contrast with the opposite trend of reducing the principal indirect customers or 'ghost clients' (Droli *et al.*, 2013b). Moreover, the loss of concentration of indirect customer share on the total is due mainly to the reduction of intra-industry trade within the heterogeneous sub-sectors that Leisure and Entertainment activities encompass. More precisely, if the share of indirect client transactions is dropping and that of direct is holding steady, then the weight of indirect sales on the value chain also decreases in favor of direct intermediate and final sales. The inference is that in the Recreational market environment there is an ongoing structural transformation, focused on shortening the value chain. This strategy aims to get closer to the final consumer, and to grab value-added share pertaining to intermediate indirect clients. This attempt can be seen to have been successful, not only since the percentage of final sales on the total users increased from 64.3% to 67.3% in the 2000-2007 period, but also because gross and net operating surplus, as key performance indicators, leapfrogged from 11% to 14%, and from 16% to 22.6%, respectively, over the same period. Evidently the shortening of the value chain and the reduction in the bargaining power of intermediate ghost clients has had an effect on

profitability; this rationalization has mitigated the parasitic intermediation. The prodigious technological progress in communication systems security has helped this realization, especially in the context of the performances of the Event Marketing and Entertainment sectors.

Subsection 4.3.2. spotlights the heterogeneous position achieved by specific B2B markets for Recreational organizations in terms of valuable sales (ITC). This position indicates the markets in which the majority of exchanges exceed the value threshold, and gives the possibility: 1) to identify the 'valuable' interactions of B2B markets in a way that is tied, but not strictly dependent on, the total value of transactions; 2) to understand which of these markets more urgently require "different" management logic, IT, and knowledge; 3) to illuminate the opportunities of leveraging firms' relationships for the purposes of day-by-day innovation and facilitating Customer Portfolio Management decision processes. Consequently, this finding indicates much more than the relative importance of each market.

As expressed within **Subsection 4.3.4.** (Figure 8), the degree of concentration seems to be directly correlated to the ability to activate intermediate sales, represented by the multiplier. This result confirms the RH6. Nevertheless, there is no evidence in the data of the 22 EU countries examined that the multiplication of sales for Recreational activities would also result in a higher operating surplus, which is a proxy of profitability. This result does, however, allow some interpretation hypothesis to be submitted to further empirical verification. It may be that the expansion of sales is achieved at increasing cost in less specialized firms due to the inadequacy of productive capacity, especially when intermediate demand leapfrogging occurs. For companies with excess productive capacity, sales expansion may take place at rather lower average costs. On the other hand, the high bargaining power of their main clients may contain the effectiveness of a firm's actions and hinder the growth of its profitability

5.1.3. Revealing Ghost Business-to-business Clients through Ghosh's Model

Subsection 4.4.1. suggests the existence of a deep heterogeneity of benchmarks of Recreational in the selected 23-EU countries. In fact the clients diversification is maximum in Italy (27) and is minimum in Slovakia (3). This high heterogeneity suggests the need of additional caution where it comes the need to apply results obtained from this research.

Subsection 4.4.2. (Figure 10) individuates some of the most important B2B interactions for Recreative activities. The most important of them: are Other business services, Construction work, Public administration and defense services; compulsory social security services, Wholesale trade and commission trade services, except of motor vehicles and motorcycles, Hotel and restaurant services represent B2B markets for Recreative activities with the highest frequency of valuable interactions – ITC. Consequently, ITC created may represent strategic resources to be leveraged and partners to be involved in order to create competitive surviving and sustained competitive advantage.

Subsection 4.4.3. provided a first B2B markets classification with regards to the frequency of hidden clients. This means that the input-output method has been able to reveal so reducing asymmetrical information that which can cause market failure. Consequently, this result provides the basis to create a competitive advantage through an 'unintentionally footholds' or small positions that happens to a firm within a market in which it does not yet compete (Upson et al., 2012). The power of the input-output method is evident considering that without the use of horizontal inverse matrix, it could not reveal the frequency of indirect sales, so disregarding more than 50% of the phenomenon.

As previously told, **Subsection 4.4.4.** (Figure 11) seems to confirm the RH4. The inference is that firms must focus on indirect relationships, more than on direct ones, as a flywheel to multiply their sales and to overcome the challenge of sustained competitive advantage.

5.1.4. Investigating the value of valuable trade contacts within the EU business market

Notwithstanding its early phases, this work brought some of the most interesting results to this thesis.

Subsection 4.5.1. verifies the RH3 within the whole European Union B2B market. Furthermore, it suggests that this relation is quite strong and relatively stable (R^2 = 0.853 in 2000, R^2 = 0.865 in 2007).

The most important result comes from **Subsection 4.5.2..** This Subsection states the existence of a power law (for 2007, equal to: y = 0.0523 x0.9255 R^2 = 0.8077), which connects the supply multiplier and the number of ITCs in the B2B market consisting of the 27 (until 2013) European Union countries. An extensive discussion of this relation is beyond the scope of this thesis, and may be articulated in a forthcoming study. In general terms, the above-mentioned power law states that the sales multiplier scales to the number 0.9255 of the ITC number. Symbolically, if Mo is the Multiplier, and ITCNo is the ITC number, than this law states that Mo ~ ITCNox0.9255. Thus a firm "A", having an ITCNo. that is 10 times greater than that of a firm "B", within a certain range, will have a multiplier that is roughly 9.25 times greater than that of the firm "B". In other words, the multiplier increases relatively less as the number of ITC increases. This relation poses the need to investigate the possible causes that lie behind that law, as well as to better understand the ways in which to accelerate multiplication mechanisms starting from the same ITC number.

In brief, some factors, such as after-sales services, management controls, and specific logistics requirements mean that the contents of single B2B transactions are often more heterogeneous and consequently more complex than those of B2C ones (Fiocca *et al.*, 2009). This thesis tries to gather further elements in order to increase the rationality levels of B2B market structure.

5.2. Further exploring the main results

Some of the findings that have been obtained by this research promise to become quite important for further research. These findings can be discussed by adopting a quantitative and a qualitative point of view.

Subsection 5.3.1. "Power law relation between the ITC number and the multiplier" discusses the above-indicated finding from a quantitative point of view.

Subsection 5.3.2. "Things known at the end of this research that I didn't know before" discusses findings by adopting a qualitative viewpoint..

5.2.1. Power law and log-linear relation between ITC number and sale multiplier

One of the most interesting results obtained from this study is the power law followed by the relation existing between the identified supply multiplier and number of ITC in the B2B market consisting of the 27 (until 2013) European Union countries.

Power law relations occur in many research fields such as, for example, medicine and natural and human sciences. Many of these relations are of scientific interest, and have a significant impact on our understanding of both natural and human phenomena. For example, the power law connecting gravity and distance among masses suggested by Isaac Newton, and called Newton's law of universal gravitation (1686). The power law linking the metabolic rate of animal species and their body mass is another, and is expressed by Kleiber's law (1932).

In general terms, the power law introduced above states that the sales multiplier scales to the number 0.9255 of the ITC number. Symbolically, if Mo is the Multiplier, and the ITCNo is the ITC number, than this law states that Mo ~ ITCNox0.9255. Thus a firm "A", having an ITCNo that is 10 times greater than that of a firm "B", within a certain range, will have a multiplier that is roughly 9.25 times greater than that of the firm "B". In other words, the multiplier increases relatively less as the number of ITCs increase. This relation is similar to others that have been highlighted in natural sciences and 'physiological'. Furthermore, it poses the need to speculate on the possible

causes that lie behind that law, and the need to investigate ways in which to accelerate multiplication mechanisms starting from the same ITC number.

5.2.2. The things that I do know now and I didn't when this research started

Results which have been obtained by carrying out this research that are not related to the research hypotheses but which are capable of increasing the existing knowledge of elements related to: (a) the theoretical framework, and (b) the research design are numerous, and include the following:

(a) Theoretical framework

- *Regarding the theoretical approach adoptable to further carry out this research*. As previously mentioned, the traditional management approach SWOT model and the resource-based theory VRIN-O model are "two sides of the same coin" (Wernerfelt, 1984). The former model represents 'the roof' of the latter. This thesis concentrated on that roof. Consequently, the results can be further explored by adopting either of these theoretical lenses.
- *Regarding the spillover that has been adopted for the purposes of this thesis: the 'Knowledge-Based View'.* This may represent the theoretical environment capable of facilitating both B2B interactions and ITC studies. Consequently, the RBT framework could represent a useful theoretical framework for the purposes of B2B interaction studies.

(b) Research design

- *Regarding the functionality of ITC analysis for RBT purposes*. The ITC represents a productive resource within the RBT framework. At the same time, the RBT framework's first two assumptions are valid on a wide scale. There is the possibility to directly measure the performance of productive resources on a wide scale through robust databases, methods, and models. *Regarding the economic and historical value of ITCs*. The historical importance of buyer-seller trade contacts in boosting innovation and accelerating cultural development

among cultures and across history has already been acknowledged by economic history scholars, and has been empirically demonstrated on a wide scale.

- *Regarding the inimitability and non-substitutability of the concept of ITC.* As previously mentioned, companies have a competitive advantage when they reach "systematically above average returns" (Shoemaker, 1990, p. 1179). First results obtained indicate that the relations between the number of ITCs and the above average sale multiplier for productive use is stable over 8 years in the EU market. This stability in positive relations between the ITC number and a firm's performance may indicate the existence of a link between ITC stability and their inimitability, which is the third attribute of resource's required by the RBT in order for them to become sources of sustained competitive advantage. *Furthermore,* the final required attribute of a resource under the RBT framework is 'non-substitutability'. As already mentioned in regards to this attribute, without suppliers and buyers (and without B2B interactions and IC based on them) no firm can exist. Consequently, ITCs represent a 'non-substitutable resource' by definition. It follows that within the B2B market, in which both ITC valuability and rarity have been positively tested (as in the research on the Recreational sector), they represent strategic resources.
- *Considering the strategic status achieved by ITCs within the Recreational industry,* organizations acting within this industry have the possibility to defend their competitive advantage by exploiting their ITCs.
- *Regarding the activation power of the sales intermediate market in different countries.* As has been demonstrated, the ITC activating power is higher and lower in countries that fall above and below the interpolating line, respectively. Various reasons may underlie this heterogeneity in the ITC activation power, including statistical illusions that can be due to structural differences between industries and their markets, or the size of the country. Nevertheless, this strong spatial heterogeneity in the ITC activation power suggests the need

for further research to be conducted within the single best and worst performing EU countries and U.S. regions.

- *Regarding the adoptability of the ITC and IITC concepts within CPM current practice.* From a general viewpoint, the possibility to apply the ITC concept should not be judged on the basis of its correspondence to reality, but rather on its instrumental value as a tool for predicting the behavior of firms within their (B2B) environment.
- *Regarding the research approach followed.* The value of Godfrey & Hill's (1995) approach, concerning the possibility to observe quantifiable elements in order to analyze unmeasurables (ITC), has been demonstrated. The combination of RBT, Eurostat databases, I-O structural tables, and Ghosh's model has allowed us "to observe, quantify, and investigate differently unobservable B2B interactions". They functioned as innovative tools (a 'methodological microscope'), giving both RBT and B2B marketing scholars the possibility to measure two specific (and therefore restricted) B2B interaction portfolios with a high degree of certainty. Thanks to those methods, models, and tools, the distinguishing key-features of the B2B market could be measured; goods-exchange based B2B interactions could be quantified, and the number of 'valuable' goods-exchange based B2B interactions (ITC) could be calculated. Consequently, thanks to these tools, the possibility to investigate relations between the number of ITCs and the performance of firms exists.
- *Regarding the possible confusion to avoid when it comes to the analysis of B2B sales and B2B interactions.* As underlined, B2B marketing scholars must pay great attention to clearly separating B2B sales analysis and B2B interaction analysis (cit). As it has been suggested, ITC are, basically, B2B interactions. Despite this, not all B2B Interactions become ITCs and create positive effects on firms' performance. Consequently, B2B marketing scholars should pay great attention to separate B2B interactions studies and ITC studies, as well.
- *Regarding the measurability of unobservable B2B interactions*. B2B interactions are intangible and unobservable resources. Nevertheless, these interactions can be analyzed by

observing those that are based on economic transactions (Goods exchanges). Obviously, not all of the B2B interactions based on goods exchanges allow firms to capture opportunities in the environment and neutralize threats. Only those whose 'thickness' overcomes the valuability threshold represent productive resources according to the RBT.

- *Regarding the 'thickness' that B2B interactions should achieve in order to become 'valuable'.* B2B interactions produced by small economic amounts but valuable transactions have the same value as B2B interactions produced by great economic amounts, and *vice versa*. The concept of market 'footholds' in ITC analysis can indicate B2B interactions that do not overcome the valuability threshold, and may represent 'quasi-resources'. Nevertheless, as research in the Food and Beverage B2B market has suggested, the thickness a goods exchange should overcome in order to produce a positive impact on the sales multiplier varies across the sector in which it has been measured. It tends to be lower or higher within sectors in which the average economic entity of good exchanges is lower or higher, respectively.
- *Regarding the CPM*. The rationality of CPM decision-making processes can significantly increase with the adoption of specific databases and models capable of describing B2B markets, and quantifying the value of specific markets. Only valuable B2B interactions are attractive enough to be leveraged through CPM initiatives. Developing 'not valuable enough', or worse, 'worthless' B2B interactions may reduce the efficiency of CPM initiatives.
- *Regarding the concept of the ITC and the RBT*. The value of one of the oldest resources for productive use, namely B2B interactions, has remained under-investigated for a long time. In order to illuminate the real value of B2B interactions as productive resource on a wide scale, the original resource concepts of ITC and IITC have been devised. These two concepts represent the first two elements of a resource's bundle that is the initial unit of analysis in RBT research (Penrose, 1959). This resource bundle allows scholars to analyze goods-exchange based B2B interactions on a wide (European and extra-European) scale.

- *Regarding the concept of the ITC and B2B marketing.* A conceptual bridge such as the ITC / IITC concepts, which link goods-exchange and B2B interactions, has been built. Eurostat data, I-O models, and Ghosh's model all play a fundamental role in testing some of the RBT main assumptions and analyzing goods-exchange based B2B interactions. Considering the high reliability of Eurostat and BEA data, I-O models, and Ghosh's model, the problems of 'construct validity' in analyzing intangible resources can be reduced (avoided). Thanks to the high homogeneity of databases, methods, and models, there is the possibility to compare ITC and IITC performances.

5.3. Improving the conduct of this study

For the purposes of continuously improving research quality standards, the aims and findings of this research have been directly compared. As is the case for previous research, various correspondences and tensions between these elements have been found.

5.3.1. Coincidences and tensions between research aims and findings: what worked well?

The main aim of this thesis, as stated in Chapter 1, was: "to establish whether a specific kind of B2B interactions which is based on goods-exchange may become a source of at least competitive survival and/or sustained competitive advantage for firms in EU countries".

In order to facilitate the achievement of that aim, specific targets have been defined. Table 5.1. states those specific research aims and corresponding main findings in order to compare them. As can be seen, all of the targets described below have been fully achieved.

In respect to aim No.1, I-O tables and Ghosh's model demonstrated their high potentialities for describing B2B markets from a functional viewpoint. Exploiting those potentialities was not one of the priorities for this research. Nevertheless, they allowed the value and main dynamics of B2B markets to be considered. This was necessary in order to classify each of the selected industries from a functional viewpoint.

Regarding target No. 2, relating to the description of distinguishing key-features of B2B markets, the selected method and model worked well too. Ghosh's model, in particular, allowed us to track indirect (hidden) intermediate sales for the industries selected. By identifying and quantifying both the main indirect markets and their indirect intermediate sales, respectively, the rationality of B2B market existing descriptions have been increased immensely.

Target No. 3 was fully achieved, as well. Regression analysis allowed us to quantify the relations between variables' 'vital parameters'. Regression coefficients, angular coefficients, and other numerical elements, by describing the main characteristics of those relations, allowed us to make first hypotheses on the means to develop that resource through customer portfolio management decision-making processes. Furthermore, it allowed us to make first hypotheses on the links that exist between above-threshold goods-exchanges on one hand and information flows, problem solving processes, idea creation, and open innovation processes accelerated by ITCs on the other.

In respect to Target No. 4, customer portfolio management represents one of the most important managerial activity and decision-making processes that can take advantage of newly acquired resources. This thesis strictly links resource acquisition and development phases by analyzing the ITC, and by harnessing their potential within customer portfolio management decision-making processes. In fact, I-O data are collected at firm level, and this enables the use of input-output tables for the purposes of developing firms' competitive advantage as well.

In brief, this study adopted a portable methodology for analyzing the B2B market as a whole as well as in selected sectors. Furthermore, it developed a replicable approach that can be adopted by companies to compare-benchmark their large-scale activities in B2B market environments. This methodology now has to be improved in order to facilitate the development of a benchmark efficient platform to defend competitive advantage in the EU.

Aim No.	Description	Findings
1	*To describe the main characteristics and main trends of intermediate markets as a strategic factor market for firms' resource acquisition.*	I-O tables and Ghosh's model allowed us to quantify direct and indirect inter-industry sales, respectively.
2	*To explore the first two out of four structural B2B market characteristics: B2B market heterogeneity and concentration.*	B2B market heterogeneity and concentration has been quantified. This thesis did not measure B2B market stability and structural change, but facilitates further research in these directions.
3	*To quantify the systematic relations between B2B interactions and firms' performance proxies.*	Figures F.3. and F.7. suggest that ITCs represent a source of competitive survival for firms acting within the four selected industries, and in the whole EU-27 B2B market.
4	*To hypothesize a way in which firms may develop business-to-business interactions within current practice in customer portfolio management.*	Customer portfolio management represents one of the most important managerial activity and decision-making processes that can take advantage of newly acquired resources. Other managerial activities that can develop ITCs for the purposes of sustained competitive advantage include open innovation, ambidextrous innovation, sales system management, and relational strategies and business alliances.

Table 5.1. Research aims and main findings.

5.3.2. What did not work out?

This research was confronted with different measurement method issues. Some of them can be assessed, and represent disadvantages. The others remained unaddressed, and represent limits. This subsection discusses disadvantages and limits mainly related to: (a) quantitative nature of input-output tables, and (b) Ghosh's model**.**

(a) The disadvantages and limits of Input-Output tables which have been considered

Perhaps the main disadvantage that has been experienced by this research in I-O tables is related to the need to adopt the concept of 'industry' for the purposes of a firm's competitive survival. According to Barney (2001), to assess above-average returns it is necessary to introduce the concept of 'industry'. This study recognized the possibility to self-assess this disadvantage by following the RBT framework. Furthermore, it tried to fully exploit the concept of 'industry' in order to measure 'above average' performances in both direct and indirect sales, ITC, and IITC.

Finally, considering that I-O tables are built up through coordinated research among firms, it adopts a cross-level approach, which can be useful when it comes to the need to create a benchmark system for both EU and U.S. organizations which are active in the B2B market.

Undoubtedly, Input-Output models have limits, as much as any other research method. These limits include their quantitative nature, and the limited availability of recently updated data. Regarding the quantitative nature of I-O, this limit seems to be incorporated in the concept of 'model'. On the other hand, this model is well assessed, historically rooted, and capable of supplying data for B2B interaction structural analysis.

Regarding the scarce availability of updated data, as previously stated the specific industry analysis adopts data referring to the Eurostat 2000-2007 (NACE rev. 1.1) series. This choice was due to the incomparability of data between this series and the NACE rev. 2 series. Moreover, the forthcoming (2012-2014) input-output domestic tables, starting from the 2008 reference year, are not yet available for all EU countries, although they are available for specific EU countries

including the U.K., while forthcoming data available for e.g the U.S.A. (in 2014) cover the 1998-2012 period.

A residual table harmonization issue remained, and limited the possibility of comparing the tables on B2B market from the EU and the U.S.A. For the purposes of the RBT, a complete set of macro-level data are needed, irrespective of any such difficulties. This dataset can only be offered by inter-sectoral input-output tables. In fact, to the best of the knowledge that has been acquired, no other complete and reliable set of macro-level data is available for this purpose.

(b) The disadvantages and limits of Ghosh's model which have been considered

The use of I-O tables implies accepting an input-output scientific framework (Leontief, 1986), including Ghosh's approach. In the past, the emphasis placed by scholars on the vertical analysis of the technological structure of production represented the main reason for neglecting the horizontal analysis of the intermediate sale markets, as has already been discussed. Nevertheless, the adoption of Ghosh's model becomes mandatory when it comes to the need to quantify inter-industry sales.

Chapter 5 - Conclusion

The list of productive resources is wide, but the performance of Intermediate market Trade Contacts – ITCs – were not previously tested within the RBT framework. One of the new ideas that emerge from the findings discussed above is that there is the possibility to leverage a specific kind of business-to-business interaction in order for a firm to gain competitive survival and advantage.

Consequently, key-categories in the theoretical framework can be revisited in the light of the findings of this study. Primarily, the focus of competitive survival, which is one of the two kernels of the RBT, but of secondary importance compared to that of sustained competitive advantage, should be more appropriately investigated and re-evaluated.

Potentially controversial key-points emerge. As previously stated, developing 'not valuable enough', or worse, 'worthless' B2B interactions may reduce the efficiency of CPM initiatives. This study quantifies the value of a B2B interaction by adopting only the economic parameter, while we

do know if B2B interactions have ethical, moral, and human dimensions which are equally important and which require consideration.

Obviously, the limitations of the current research design have emerged, and continuous improvements are required for further research into the aspects noted above.

CHAPTER 6 - CONCLUSION

CHAPTER 6 - CONCLUSION

Key-questions addressed:

- *Chapter 1 stated the aims of this study. How did this study fulfill those aims?*
- *What is its contribution to current theory, management, and practice?*
- *Where might new ways of looking at things and defining new theories be established?*

What are the benefits obtainable by reading this chapter?

Knowledge of:

- *New ideas that will emerge*
- *Key categories in theoretical framework that are revisited in the light of the findings*
- *Potentially controversial key-points*
- *Limitations of the current research design, and the continuous improvements that are required*

Chapter 6 – Introduction

This Chapter has been written solely on the basis of the Discussion Chapter.

Subsection 6.1. "Discussions in respect to the issues argued in Chapter 1" aims to consider the impact that this study has on its original premises. In this way, it offers a 'mini document' to connect the Chapter 1 Introduction and Chapter 6 Conclusions.

Subsection 6.2. titled **"**Theoretical implications" states the main implications for this study on the RBT mainstream which have been adopted. The results produced by this thesis affect the processes of acquiring and developing productive resources in different ways. This Subsection restates the strategic guidelines suggested by RBT scholars as they have been discussed in Chapter 2, and hypothesizes the impact of the findings on each of them in turn.

Subsection 6.3. is titled "Managerial implications". As suggested in Subsection 6.2., resource acquisition and management processes, resources' portfolio management decisions, and Customer Portfolio Management Decisions are all strictly interconnected. In general terms, Customer Portfolio Management should be re-interpreted in the light of the productive resources available to firms. This final consideration is both simple and yet rich in implications, from both a managerial and a practical point of view. This Subsection discusses the importance that this study may have in terms of analyzing the value of current and future business customers.

Subsection 6.4. is titled "Operative implications". It states a sequence of day-by-day activities that could produce benefits by quantifying the value of B2B interactions. Those impacts include: (a) seller awareness; (b) attractiveness reconfiguration; (c) Sales force sensitization (alertness); (d) Joint-target assessment; (e) mutual adaptation; and (f) articulation of partnership agreements.

In conclusion, the impact of the findings is theoretical, managerial, and practical

6.1. Conclusions in respect to the issue argued in Chapter 1

This mini-document has the same structure as Chapter 1, whose common structure is as follows: (a) Problem statement; (b) Significance of the problem; (c) Relations to previous works; (d) Research aims, scope, and limits; (e) The original subject of this study; and (f) the main research hypotheses.

(a) Problem statement

It has been argued that, despite the role that business-to-business interactions play as productive resources that are fundamental for allowing business existence and promoting innovativeness in industries, *these resources represented an under-explored field of research*. More generally, there were only a few studies that showed how and to what extent organizations differ in terms of their productive resources. The concept of 'resource valuability' rooted in the VRIN-O model, together with Ghosh's model has allowed us to quantify direct and indirect sales. Moreover, it presented the possibility to represent heterogeneity, to distinguish 'valuable' and 'non valuable' B2B interactions and, finally, to identify a specific kind of B2B interaction which could represent a productive resource within the RBT framework.

The need to test the existing link between resource heterogeneity and the economic performance of firms has been seriously taken into account. Within the RBT framework, 'trade contacts' had been recognized for decades as being "one of the most important resources able to bring firms higher return over a long period of time". Nevertheless, findings demonstrating the key tenets of the RBV *were* rather modest or nonexistent.

More generally, empirical verifications carried out in order to test the RBT on a wide scale *did not* exist. This study positively tested the first two assumptions constituting the well-known VRIN-O model, namely the valuability and rarity of resources, within the B2B market of the 27 countries of the European Union.

In the attempt to investigate the role played by intangible resources within production processes, different methods aimed at 'measuring the immeasurable' have been devised. *Despite*

those efforts, existing methods adoptable to quantify intangible resources seem to be burdened by problems of construct validity. This thesis suggests that B2B interactions constitute a productive resource that can be investigated by adopting databases that are reliable, freely accessible, and homogeneous at a regional, national, and continental level. Most importantly, it suggests the importance of Ghosh's model for the purposes of quantifying indirect intermediate sales, which are produced by a significant part of the B2B market. The combined use of those database, Ghosh's model, and the first two RBT assumptions, have allowed the separation of valuable and non-valuable B2B interactions, and the quantification of inter-industry sales (ITCs) which could represent valuable resources.

(b) Significance of the problem

In the past, methodological heterogeneity created a lack of comparability of findings on B2B interactions and *reduced* the possibility to benchmark the results obtained by different studies. Most importantly, the lack of an empirical model able to quantify indirect sales impeded the ability of scholars and managers to observe the structure of B2B markets in terms of heterogeneity, concentration, and stability.

This lack of homogeneity in existing research methods, and the absence of models able to represent the structure of the B2B market significantly reduced, among other things: (i) the rationality of B2B marketing initiatives; (ii) the possibility to individuate common opportunities and threats; (iii) joint and open-innovation processes; and (iv) joint-value creation processes. The absence of an informative platform on both the B2B market and B2B interactions based on Eurostat large databases limited the possibility for performing simple and routine production processes and extraordinary-complex production processes.

This research creates the premises for establishing a B2B market and B2B interactions information system aimed at facilitating marketing initiatives within the business market. With the presence of such a highly comparable information system on B2B sales, B2B interactions, and ITCs, it would be reasonable to expect an increase in information exchange, ideas creation, and

cross-innovation. The impact of an augmented competitive advantage of interacting businesses could represent an augmented competitive advantage for industries and whole countries.

In the past, the 'all-inclusivity' of the concept of productive resources created ambiguity within the RBT framework. Moreover, intangible but measurable resources tend to remain un-observable, and thus they are relatively difficult to manage compared to tangible ones.

Finally, one of the main problems within the RBT framework is directly analyzing the performance of resources, considering the possibility that the same productive resource could be adopted for multiple uses. Despite the high complexity and immateriality of B2B interactions, this thesis suggests that those interactions based on 'valuable' economic transactions (ITCs) are relatively easier to quantify, describe, and manage, compared to other B2B interactions and intangible resources. In fact, Input-Output symmetric tables and a first section of the VRIN-O model allowed this research to quantify ITCs starting from intermediate sales. Furthermore, they presented the possibility of directly investigating the relations that exist between these ITCs and the performance of firms. In this sense, this thesis has reduced the theoretical tensions between the RBT framework and traditional management studies.

(c) Relations to previous works

As argued in Chapter 1, the emphasis placed by Input-Output scholars on a vertical analysis of the technological structure of production represented one of the main reasons why the importance of intermediate sales and horizontal analysis were neglected in the past. Despite the popularity of the mainstream model used in the inter-industry comparison, being Leontief's Input-Output demand-driven model, the essential structure of the B2B market remained veiled. Before now, Ghosh's well-structured horizontal supply-driven model had not been adopted in order to analyze either the B2B market structure or B2B interactions. This thesis provides exactly *that* analysis.

From a methodological point of view, this thesis suggests the importance of adequately combining the Eurostat large database, Input-Output tables, Ghosh's model, and the RBT framework in order to obtain a sort of 'methodological microscope' which can be adopted in order

to observe both B2B market structure and valuable B2B interactions. Moreover, this research facilitates subsequent analysis of B2B markets and interactions in extra-European developed countries such as the United States. Research on B2B markets and interactions in the U.S.A., which has not been discussed here, confirms the results obtained in the twenty-seven European Union countries regarding the existence of a direct relation between the ITC number and the sales multiplier. Furthermore, it individuates the same power law that links these two variables.

Finally, this study facilitates further research into the B2B markets of developing countries, considering the role that could be played by international organizations such as the United Nations to harmonize existing platforms and create a single Input-Output based informative platform.

(d) Research scope, aims and limits

The ***scope*** of illuminating the systematic and direct relation between the ITC number and sales multiplier in indicating at least a competitive survival for firms has been achieved. Regarding the four specific research ***aims***: (a) the main characteristics and main trends of intermediate markets as a strategic factor market for firms' resource acquisition have been quantified; (b) the first two out of four structural B2B market characteristics (heterogeneity and concentration) have been analyzed; (c) the systematic relations between 'valuable' B2B interactions and firms' performance have been quantified; and *finally,* (d) a path through which firms may harness B2B interaction potential within current management and practice in CPM has been suggested.

As is the case for other research, this study has its own ***limits***. This thesis explored B2B markets for only two ('Hotels and Restaurants' and 'Recreational activities') out of fifty-nine industries. Nevertheless, it tried to avoid the so-called 'one-sector-effect' by considering the whole EU intermediate market as a unique field of research. In this way, it tried to create the premises for further research in other industries, both quantitative and qualitative.

(e) The original subject of this study

It was argued in Chapter 1 that the concept of B2B interactions seems to be too wide and too complex to be adequately investigated through a short-term (three year) doctoral research program.

The concept of the ITC that has been devised has, however, proved to be effective in reducing the complexity of B2B interaction as an object of study. A hypothetical change in the number of ITC (within a certain range) tends to cause an increase of the multiplier, and thus intermediate sales.

The existence of the power law described offers the possibility of using the recorded changes of ITCs to make predictions about B2B intermediate sales. Furthermore, quantification of ITCs assumes a more general valence. It allows management to estimate future production created by valuable B2B interactions based on changes in wages of employees, of the stock of fixed capital, and of net operating surplus (independent labor remuneration, entrepreneurial and land rent, and the profit of enterprises). Obviously, the concept of the ITC represents a B2B interactions model and suffers from limits just as any other model. Despite this conceptual limitation, the findings which have been obtained suggests a rationale of why 'trade contacts' have played an important role in accelerating economic, cultural, and social development over the centuries.

The concepts of the 'intermediate market trade contact' and of 'intermediate market indirect trade contact' have been devised and tested. The findings confirm the importance of both types of trade contacts for firms acting in different EU countries. To the best of my knowledge, no other studies have previously assessed the importance of trade contacts within the intermediate market on a continental scale.

(f) The main research hypotheses

The following studies indicate that five out of the six research hypotheses have been confirmed. The following Table 4.2 shows the results obtained compared to the research hypotheses.

Study	Research hypotheses No.	Content
'Managing trade contacts in HotRest intermediate *markets*: a resource-based view analysis in EU countries'	*(RH-1): confirmed* *(RH-5): not confirmed*	*Relation ITC No./mult.* *Relation ITC conc./mult.*
'Leapfrogging business-to-business trade contacts to shorten the Leisure and Entertainment value chain and engender Tourism innovation in EU countries'	*(RH-2): confirmed* *(RH-6): confirmed*	*Relation ITC No./mult.* *Relation ITC conc./mult.*
'Revealing ghost business-to-business clients through Ghosh's model. A challenge for EU Leisure and Entertainment activities'	*(RH-4): confirmed*	*Relation indirect ITC No./mult.*
'The strategic management of inter-firm trade contacts in the EU business-to-business market: a resource-based view'	*(RH-3): confirmed*	*Relation indirect ITC No./mult.*

Table 6.1. The main findings and research hypotheses.

6.2. Theoretical implications

The information systems adopted by firms in order to manage CPM operations can be implemented through the adoption of the knowledge which has been created on the value of each interaction (Wade and Hulland, 2004). The impact of this research relates to the following issues: (a) the origins of firms' resources; (b) the representation of productive resources heterogeneity; (c) the measurement of resources' performance; (d) managing asymmetries in the competition for new resource acquisition; and (e) firms' resource-portfolio decisions.

(a) The origins of firms' resources

Examining different resource positions among firms, and seriously understanding 'where resources come from' represents one of the first steps within a productive resources acquisition process. The findings obtained by this study allow both B2B interactions and RBT scholars to locate 'valuable B2B interactions'. Furthermore, they permit management to create even more coherence between internal and external business intelligence systems. Moreover, they give information to both scholars and management on resources which are particularly obscure and unobtainable at firm level, such as 'hidden' markets, 'hidden' B2B interactions, and 'hidden' ITCs.

(b) Representation of productive resources heterogeneity

Quantifying the existing differences in resource stocks that are available to firms is of primary importance for resource development processes. The findings obtained here allow B2B interaction scholars to acknowledge *the way and the measure in which* the structure of the B2B market, B2B interactions, and ITC stocks vary between industries and countries. More narrowly, this thesis quantifies ITC heterogeneity and measures their concentration. For example, it individuates the high value of direct and indirect transactions between Hotels and Restaurants and Research and Development centers in Sweden. In this way, the thesis highlights the existence of opportunities for marketing and innovation, which may be considered by further feasibility studies.

(c) Measurement of Resources' performance

Tracking resource performance is of major importance for RBT scholars, because it allows them to bridge the existing gap between resources acquisition and resource development processes. The findings obtained here allow B2B interaction scholars to monitor B2B interaction stocks and flows in each B2B market, know their mega-trends, forecast market pattern changes, and hypothesize changes in B2B interactions structure. The thesis lays the basis for "innovative intelligence platforms aimed at studying, implementing, and facilitating the development of B2B interactions on a continental scale".

(d) Managing asymmetries in the competition for new resource acquisition

Existing heterogeneous resource stocks create asymmetries in the competition for new resource acquisition. This thesis detects asymmetries of B2B interactions and their ITCs. Furthermore, it quantifies functional and heterogeneous relations (below and/or above the interpolating lines) between them and the sale multiplier. By individuating two-way relations between ITCs and firms' economic performances that are both systematic and asymmetric, the general dynamic for valuable B2B interactions has been portrayed.

(e) Firm resource-portfolios decisions

As it has been argued in Chapter 2, decisions should be taken depending on existing valuable resources. This thesis suggests the importance of managing resource portfolios by basing decision-making processes on B2B interactions which are at least 'valuable' and 'rare', by quantifying their impact on intermediate direct and indirect sales, and by harnessing their innovative potential.

In brief, this study creates knowledge on the way in which to examine different resource positions, represent firms' resources heterogeneity, monitor resource performance, manage asymmetries in competition power, and take decisions in relation to firms' resource portfolios.

6.3. Managerial implications

The impact of the findings on CPM management include: (a) the possibility to alert management to the value of specific B2B interactions; (b) the possibility to implement the analysis of the 'current and future value' of clients; (c) the possibility to integrate existing definitions of CPM in the light of the RBT framework; (d) the possibility to integrate CPM aims. These aspects are stated as follows:

(a) The possibility to alert management to the value of specific B2B interactions

As suggested above, ITC quantification is possible only if the value of both direct and indirect intermediate sales is known. Fortunately, tracking sales represents a 'dogma' among firms, so the quantification of ITCs is based on data whose importance is universally recognized by

management. In other words, the high level of management alertness regarding the firm's sales may facilitate discussions on the way in which to leverage information regarding the most important sales transactions and increase the efficiency and effectiveness of firms. ITC accounting systems could be implemented by firms' sales tracking systems. The approach followed by this thesis seems coherent with what is suggested by the RBT in order to increase the productivity of resources.

(b) The possibility to implement the analysis of the 'current and future value' of clients

As discussed in Chapter 2, the CPM is the business activity that consists of analyzing the current and, more importantly, future value of current customers in order to effectively allocate existing resources among different customers or customer groups. The findings obtained by this thesis allow management to implement, especially, the latter evaluation phase by also quantifying the value of a specific kind of B2B interaction. In other words, these findings have their own impact on customer analysis, which lies at the core of CPM. According to the results obtained, CPM 'dual-core' should be represented by both B2B customer analysis and B2B interactions analysis.

(c) The possibility to integrate the existing definitions of CPM in the light of the RBT framework

Consequently, the existing CPM definitions should be integrated in the light of what has been stated before. As we have seen in Chapter 4, the number of ITCs generally represents less than 20% of the total B2B interactions based on economic transactions. Despite this, they result directly and are strongly connected to the sales multipliers for productive use. The findings obtained here allow us to further implement the definition of CPM given in Chapter 2, as follows: CPM is "the organizational activity which consists of analyzing the current and future value of both current customers and *at least valuable intermediate B2B interactions,* in order to effectively allocate existing resources among different customers, customer groups, *and those interactions*". It seems that this definition of CPM well suites the RBT framework purposes of sustained competitive advantage and, most importantly, a firm's survival.

(d) The possibility to integrate CPM aims

Building on the theoretically rooted adaptation of the CPM definition developed above, the aims of CPM need to be integrated, as well. Two integrations should be made in the light of the results obtained by this study. Firstly, CPM primarily aims to help organizations to achieve a well-balanced customer portfolio, as previously stated. The findings obtained by this thesis suggest that CPM should aim to create at least valuable B2B interaction bundles to be leveraged in order to achieve both of the RBT purposes, as well. Stated differently, B2B interactions and ITCs should always be investigated as a productive resource and a result of firms, at the same time. Secondly, the CPM aims to target investments on business customers in the most efficient and effective way. The findings obtained by this thesis suggest that CPM should aim to target investments on empowering at least valuable B2B interactions as well.

In brief, the interrelated customer analysis stage and responsiveness stage should be implemented by the B2B interactions analysis stage and B2B responsiveness stage. Acting in this way, the 'current and future' value of customers could also be ranked according to the value of B2B interactions that have been created through time. By ranking both B2B customers and B2B interactions, both the seller and customer perspectives could be taken into consideration. That adaptation could further increase the possibilities to succeed with CPM initiatives in the mid-term.

6.4. Operative implications

The implications of the findings of this thesis on CPM current practice are wide-ranging, and include those stated in this subsection, which are: (a) the possibility to integrate the concept of "big and/or small client" according to the value of B2B interactions created by each of them; (b) the reconfiguration of attractiveness; (c) the sensitization of the sales force; (d) the assessment of joint targets; (e) mutual adaptation; and (f) the articulation of partnership agreement between buyers and sellers. These implications can be summarized as follows:

(a) The possibility to integrate the concept of "big and/or small client" according to the value of B2B interactions created by each of them (seller awareness)

A "big client" is automatically an 'above-threshold' client, but relatively "small clients" (footholds) could be 'above-threshold', as well. At the same time, an intermediate purchase of a limited value could be valuable, and have a higher potential impact on intermediate sales than expected. Differently said, relatively small clients and buyers may have the same potential impact in the longer term as big ones in multiplying intermediate sales. Consequently, the traditional concepts of "big client" and "small client", which are based on market share, could be integrated by checking existing buyer-seller interactions through the adoption of the VRIN-O model, as well. This could be done by subdividing clients into valuable ('above-threshold') and not valuable ('below-threshold').

At the same time, intermediate buyers and sellers should be ranked considering the rarity, inimitability, and non-substitutability of interactions. Furthermore, B2B interactions should be further subdivided into the organized and not organized within production processes. In this way, sales executives and the sales force could rank their clients' importance and role differently than expected.

(b) Attractiveness reconfiguration

The way in which the sales force as a whole, and each individual salesman, interact with their B2B relatively small clients might change as a consequence of the initiatives suggested above. Buyers might select their suppliers based on additional evaluation criteria. Sellers might become even more aware of different innovation potentials of their clients, considering the opportunities for sales and innovation that exist in the B2B market in which they operate. Additional information on the potentialities of both B2B markets and B2B interactions could help both buyers and sellers to contract better conditions in terms of assistance in innovation processes.

(c) Sales force sensitization (alertness)

Executives from both sides of the exchange might have the possibility to sensitize their employees coherently. Salesman and purchasers who are coherently sensitized might have the

possibility to adjust mutual expectations and optimize the productivity of existing interactions, for example by organizing joint seminars, training sessions, and laboratories aimed at accelerating innovation processes.

(d) Joint-target assessment

The possibility to define common targets represents a further step in the direction of a productive network and a 'quasi organization', as suggested in Chapter 2. Information gathered on the B2B interactions with the highest potential impact might facilitate executives and the sales force in attempting to define common targets to be achieved, especially in the short and mid-term. These common targets might be set in commercial terms (e.g. increased sales) or in other terms (e.g. common brands, shared patents, etc.).

(e) Mutual adaptation

Management, executives, and salesman who decide to define joint targets and optimize product characteristics might move one step further by deciding to create value for their final clients along the whole value chain. Consequently, buyers and sellers may move from product-service adaptation towards production and distribution process adaptation. Information on the potential of B2B interactions should be part of this process. This information should be continuously integrated with other information aimed at supporting integration processes such as cooperation, cooperation, coo-petition, and partnering processes that move along their life cycles.

(f) Articulation of partnership agreement between buyers and sellers

Previous steps aimed at creating value-added toward final clients created further interdependencies among buyers and sellers. Reducing complexity originated by these interdependencies and increasing productivity of buyers-sellers interactions usually requires the adoption of detailed partnership agreement.

In brief, obtaining information on the value of B2B markets and B2B interactions might facilitate CPM management in its early phases. Nevertheless, managing further phases may require gathering information on 'incremental results' (the productivity of B2B interactions) that have been

generated through them. In this sense, this thesis provides the basis for the development of an original business-to-business intelligence system aimed at increasing the productivity levels of B2B interactions on a large scale.

Chapter 6 – Conclusions

As described in Chapter 2, productive resources that are Valuable, Rare, Non-imitable, Non-substitutable, and Organized within production processes are of strategic importance according to the RBT approach. Through an extensive study, 'the value of valuable B2B interactions', called ITCs, has been positively tested and quantified on a continental scale in Chapter 4. In the same chapter, it has been argued that 'rare' ITCs may produce positive impacts on sales multipliers within one of the most heterogeneous and poorly regulated B2B markets which is that created by Recreational activities. Finally, Chapter 5 underlined current correspondences between the research hypotheses and its findings. This chapter portrayed the path through which the potential of ITCs can be harnessed and organized within CPM operations.

General conclusions: toward a 'business interactions-based view'?

The findings of this study suggest that the first two VRIN-O model assumptions have general validity. Moreover, both B2B interactions and ITCs represent difficult-to-imitate and non-substitutable resources. Firstly, they are relatively lowly imitable resources that lead to the presence of measurable (economic) as well as relatively difficult to measure (ethical, moral, and human) aspects that coexist and interact one with another on a daily basis. Secondly, considering that 'without efficient buyer-seller interactions no firm can exist', they are non-substitutable resources, as has been stated many times through this thesis. Thus, RBT scholars generally acknowledge the general validity of the VRIN-O model, and some of them have even tested the model at firm level and/or within single industries. Nevertheless, the empirical validity of the last three VRIN-O assumptions has not yet been tested on a wide scale. Consequently, this thesis avoids making any affirmations regarding the empirical validity of the VRIN-O model, *tout court*, and calls for further advancements in these directions.

Despite its limitations, the role that is played by the concept of ITCs for the purposes of B2B interactions analysis and development has clearly emerged. Most importantly, the combined effect of multiple actions such as the ITC concept definition, RBT framework application, Eurostat large databases adoption, Input-Output tables scanning, and Ghosh's horizontal model application, have allowed this thesis to describe the B2B market in the 27 EU countries, and quantify B2B valuable B2B interactions. These elements constitute the above mentioned *methodological microscope* which is an integrant part of the research design. They enabled this thesis to quantify ITCs, and test the relations that exist between the latter and the sales multiplier for productive use. In other words, this thesis suggests that the combination of the concept of the ITC, the theoretical framework, and the methods and models selected can create a sort of 'conceptual microscope' that allows scholars to observe and measure un-observable B2B interactions. The role played by *any microscope* in observing the un-observables is generally known. Considering the breadth of theoretical, methodological, and practical implications that emerge from this thesis, as portrayed in Chapter 6,

the role played by the *methodological microscope* in illuminating B2B market structure, B2B interactions, and ITCs at wide scale seems to be of major importance.

Despite the width of theoretical, managerial, and practical implications, however, the impact of further research in the field of B2B interactions may be reduced due to the existence of various obstacles. These three obstacles seem to be mainly of a conceptual order, and relate to the RBT itself, its mainstream, and its spillovers.

Firstly, this thesis demonstrated the usability of the RBT framework, and developed a method that is applicable to different industries. Despite this, its adoption for the purpose of B2B interaction studies has required a wide literature review. This was mainly due to the existing wide interpretation of the fundamental concept of the productive resource within the RBT framework. As one may note, natural, historical, social, organizational, or economical resources can be adopted for purposes that are both economic and non-economic (social, environmental preservation, political, etc.). As discussed in Chapter 2, the issue of 'all-inclusivity' represented an additional element of complexity for this thesis.

Secondly, this thesis adopted the 'resource acquisition and development' RBT mainstream in order to achieve its aims and scopes. As one may note, other research in the field of B2B interactions may focus on institutional aspects of B2B interactions, on the micro-roots of B2B interactions, or on the issue of measurement methods for B2B interactions. This thesis rejects the hypothesis that the mainstream issue of resource acquisition and development should be considered as preeminent in relation to others. Other mainstreams may become equally important depending on the research aims. The second element of complexity that is emerging here is a general lack of previous studies on B2B interactions within any of these mainstreams.

Thirdly and similarly, RBT spillovers different from the knowledge-based view, adopted by this thesis, may become equally important for the purposes of B2B interaction analysis. Some B2B interactions may take natural resources into account, and may require the adoption of the 'natural-resource based view'. Other B2B interaction studies might focus on the human resources needed in

order to harness their potentialities, and require the adoption of the 'dynamic capabilities' spillover. This thesis recognizes the great importance of natural resources and capabilities for the purpose of competitive advantage and sustained competitive advantage. Nevertheless, this study underlines yet again but for the final time, that "without buyer-seller interactions, no firm can exist".

Thanks to existing groups of scholars, such as the Industrial Marketing Purchase group and the 'Interaction approach' developed by the IMP, early and important findings in this field are starting to arrive. Nevertheless, some obstacles such as the heterogeneity of theoretical frameworks adopted, fragmented databases, and problems of construct validity, methods, and models in use are reducing the possibilities that exist to compare obtained results. As a consequence, whilst B2B interaction studies have been developing, they are progressing relatively slowly compared to the needs for advancement that exist in this field.

Above all, the absence of a theoretically grounded approach that can adequately support studies on B2B interactions is reducing their theoretical impact. Without this support, scholars interested in B2B interactions will probably continue to struggle in order to analyze and develop *this* kind of resource, which is relatively more complex compared to others. Adopting the RBT is productive, but requires them to overcome additional, theoretical, difficulties.

This thesis identifies a twofold need. Firstly, there is the need to reduce the complexity of further research on B2B interactions that have been carried out by adopting the RBT framework. Secondly there is the need to harness the potential of the RBT framework for the purpose of B2B interaction studies. Doing so requires the development of an approach that is directed, satisfies multiple research needs, is coherent with the RBT framework, and is adequately structured and effective. Are we, then, moving toward the need for a 'business interactions-based view'?

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Appendix

Appendix 1. Organizations included in the 'Hotels and Restaurants' industry", NACE Rev.1.1.. (Eurostat code no. 55).

Code	Description	This item includes
55	**Hotels and Restaurants**	
55.1	**Hotels**	
55.10	Hotels	provision of short-stay lodging in: • hotels, motels and inns • hotels with conference facilities
55.2	**Camping sites and other provision of short-stay accommodation**	
55.2	Camping sites and other provision of short-stay accommodation	provision of short-stay lodging in: • holiday camps, chalets and flats • camping space and camping facilities • other short-stay lodging facilities such as guest houses, farmhouses, youth hostels, mountain refuges (shelters), etc.
55.21	Youth hostels and mountain refuges	Youth hostels and mountain refuges
55.22	Camping sites, including caravan sites	Camping sites, including caravan sites
55.23	Other provision of lodgings n.e.c.	provision of short-stay lodging in: • holiday chalets, cottages and flats • student houses, university halls, boarding schools • hostels for migrant workers • other facilities n.e.c.
55.3	**Restaurants**	
55.30	Restaurants	sale of meals for consumption generally on the premises, as well as sale of drinks accompanying the meals, possibly accompanied by some form of entertainment, by: • restaurants • self-service restaurants such as cafeterias • fast-food outlets such as burger bars • take-away restaurants • fish and chips stands and the like • ice cream parlours • dining car activities of railway companies and other passenger transport facilities
55.4	**Bars**	
55.40	Bars	sale of drinks for consumption on the premises, possibly accompanied by some form of entertainment, by: • pubs, bars, nightclubs, beer halls, etc.
55.5	**Canteens and catering**	
5.51	Canteens	sale of meals and drinks, usually at reduced prices to groups of clearly defined persons who are mostly linked by ties of a professional nature: • activities of sport, factory or office canteens • activities of school canteens and kitchens • activities of university dining halls • activities of messes and canteens for members of the armed forces, etc.
55.52	Catering	– activities of contractors supplying meals prepared in a central food preparation unit for consumption on other premises such as the supply of prepared meals to: • airlines • 'meals on wheels' • banquets, corporate hospitality • weddings, parties and other celebrations or functions

Source: Eurostat file:///C:/Users/MediaWorld/Downloads/NACE_1_1_09-03-2013_17-22-56.htm

Appendix 2. Organizations included in the "Recreational, cultural and sporting activities" industry NACE Rev.1. (Eurostat code no. 92).

Code	Description	This item includes	This item excludes
92.1	**Motion picture and video activities**		
92.11	Motion picture and video production	- production of theatrical and non-theatrical motion pictures whether on film, DVD or video tape for direct projection in theatres or for broadcasting on television; • production in a motion-picture studio, or in special laboratories for animated films or cartoons, of full-length films, documentaries, shorts, etc., for public entertainment, for promotion, education or training; - supporting activities such as dubbing etc.; - activities of sound-recording studios	– film duplicating as well as audio and video tape reproduction from master copies, see 22.3; - film processing other than for the motion picture industry, see 74.81; – agency activities, see 74.87; – production of films or tapes normally produced in television studios, see 92.20; – activities of own account actors, cartoonists, directors, stage designers, lighting directors, etc., see 92.31;
92.12	Motion picture and video distribution	– distribution of motion pictures, DVDs and video tapes to other industries but not to the general public. This involves the sale or renting of movies, DVDs or video tapes to other industries, as well as activities allied to the distribution of films, DVDs and video tapes such as film and booking, delivery, storage, etc.; – buying and selling of motion picture and video distribution rights	– film duplicating as well as audio and video tape reproduction from master copies, see 22.3; - – wholesale of DVDs and video tapes, see 51.43; – retail trade of DVDs and video tapes, see 52.1, 52.4; – renting of DVDs and video tapes to the general public, see 71.40;
92.13	Motion picture projection	– motion picture or video projection in cinemas, in the open air or in other projection facilities; - activities of cine-clubs	
92.2	**Radio and television activities**		
92.20	Radio and television activities	– broadcasting of radio and television programmes; – production of radio and television programmes whether or not combined with broadcasting. The programmes produced and broadcast may be for entertainment, promotion, education or training or news dissemination. The production of programmes may result in a permanent tape which may be sold, rented or stored for broadcast or rebroadcast.	
92.3	**Other entertainment activities**		
92.31	Artistic and literary creation and interpretation	– production of live theatrical presentations, concerts and opera or dance productions and other stage productions: • activities of groups or companies, orchestras or bands; - activities of individual artists such as actors, directors, musicians, authors, lecturers or speakers, sculptors, painters, cartoonists, engravers, etchers, stage-set designers and builders, etc.; – restoring of works of art such as paintings etc.	– restoring of furniture, see 36.1; – restoring of historical musical instruments, see 36.30; – restoring of buildings, see 45
92.32	Operation of arts facilities	– operation of concert and theatre halls and other arts facilities; – operation of ticket agencies;	– operation of cinemas, see 92.13
92.33	Fair and amusement park activities	– operation of preserved railways	
92.34	Other entertainment activities n.e.c.	– production of entertainment n.e.c.: • activities of dancing schools and dance instructors; • circus production; • puppet shows, rodeos, activities of shooting galleries, firework displays, model railway installations etc.	– other recreational activities, see 92.72
92.4	**News agency activities**		
92.40	News agency activities	– news-syndicates and news-agency activities furnishing news, pictures and features to the media; – activities of journalists and press photographers	
92.5	**Library, archives, museums and other cultural activities**		
92.51	Library and archives activities	– activities of libraries of all kinds, reading, listening and viewing rooms, public archives providing service to the general public or to a special clientele, such as students, scientists, staff, members: • organization of a collection, whether specialized or not; • making catalogues; • lending and storage of books, maps, periodicals, films, records, works of art, etc.; • retrieval activities in order to comply with information requests, etc.	– renting of video tapes and DVDs, see 71.40; – database activities, see 72.40

92.52	Museums activities and preservation of historical sites and buildings	operation of museums of all kinds such as: • art museums, museums of jewellery, furniture, costumes, ceramics, silverware; • natural history, science and technological museums, historical museums, including military museums and historic houses; • other specialized museums; • open-air museums; - operation of historical sites and buildings	
92.53	Botanical and zoological gardens and nature reserves activities	– operation of botanical and zoological gardens, including children's zoos; – operation of nature reserves, including wildlife preservation etc.	
92.6	**Sporting activities**		
92.61	Operation of sports arenas and stadiums	operation of facilities for outdoor or indoor sports events, open, enclosed or covered and with or without seating:• football stadiums; • swimming pools and stadia; • golf courses; • boxing arenas; • bowling lanes; • winter sports arenas and stadia; • field and track stadia etc.;	– renting of sports equipment, see 71.40; – park and beach activities, see 92.72
92.62	Other sporting activities	– organization and operation of outdoor or indoor sports events for professionals or amateurs by organizations with or without own facilities: • football clubs, bowling clubs, swimming clubs, golf clubs, boxing, wrestling, health or body-building clubs, winter sports clubs, chess, draughts, domino or card clubs, field and track clubs, shooting clubs; – activities related to promotion and production of sporting events; – activities of individual own-account sportsmen and athletes, judges, timekeepers, instructors, teachers, coaches, etc.; – activities of sport and game schools; – activities of racing stables, kennels and garages; – activities of riding academies; – activities of marinas; – activities related to sport or recreational fishing; – activities related to sport or recreational hunting; – related service activities;	– renting of sports equipment, see 71.40; – park and beach activities, see 92.72
92.7	**Other recreational activities**		
92.71	Gambling and betting activities	– sale of lottery tickets; – operation (exploitation) of coin operated gambling machines	
92.72	Other recreational activities n.e.c.	– activities related to recreation not elsewhere classified in this division:• activities of recreation parks and beaches, including renting of facilities such as bath houses, lockers, chairs, etc.; • motion-picture, television and other theatrical casting activities; • operation (exploitation) of coin operated video games	– personal theatrical or artistic agency activities, see 74.87; – other entertainment activities, e.g. circus production or activities of dancing schools, see 92.34

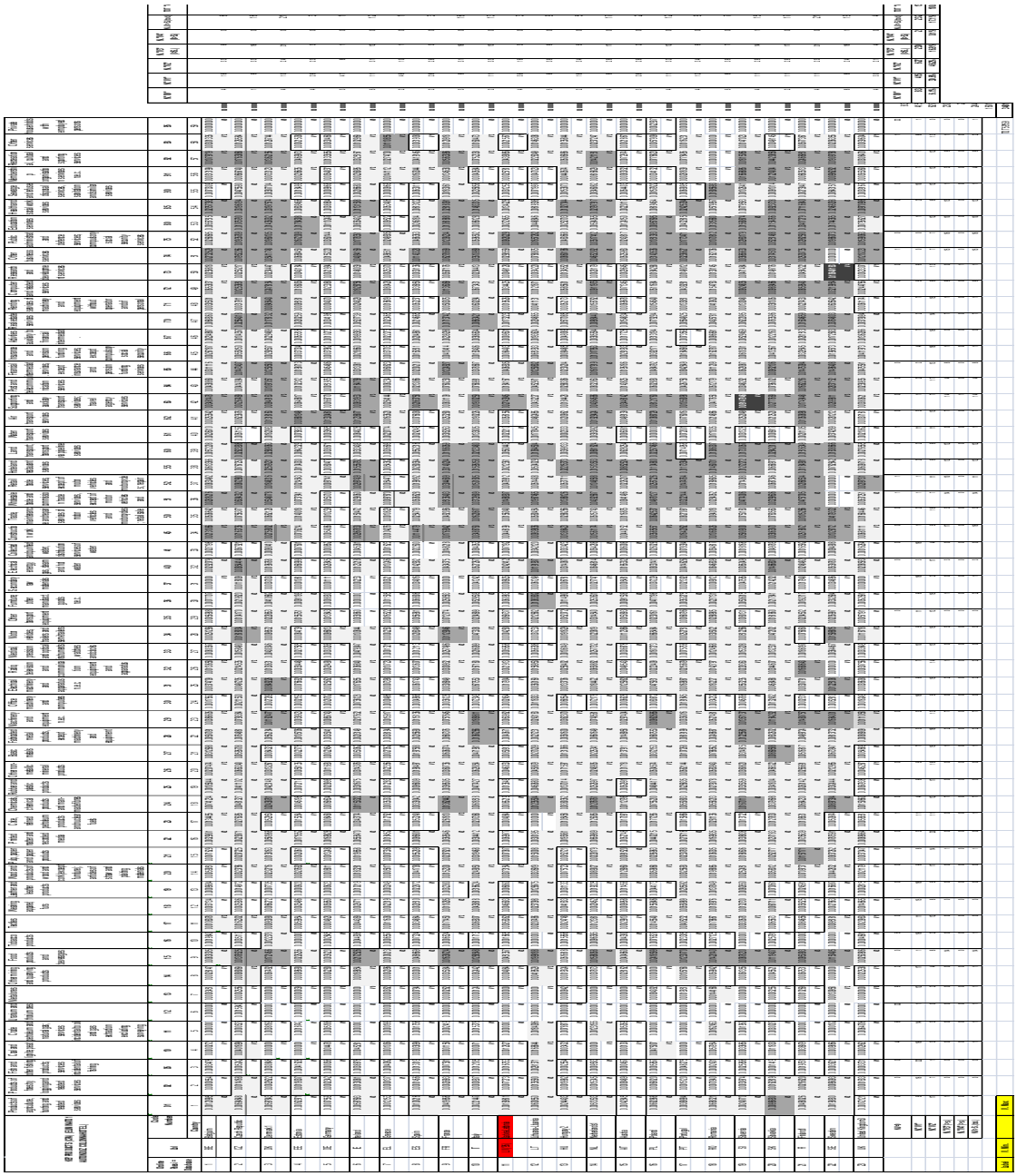
Source: Statistical Classification of Economic Activities in the European Community, Rev. 1.1 (2002) http://ec.europa.eu/eurostat/ramon/nomenclatures/index.

Appendix 3. industries forming the B2B market in EU NACE Rev 1.1.

No	Code	Description	No	Code	Description
1	01	Products of agriculture, hunting and related services	31	37	Secondary raw materials
2	02	Products of forestry, logging and related services	32	40	Electrical energy, gas, steam and hot water
3	05	Fish and other fishing products; services incidental of fishing	33	41	Collected and purified water, distribution services of water
4	10	Coal and lignite; peat	34	45	Construction work
5	11	Crude petroleum and natural gas; services incidental to oil and gas extraction excluding surveying	35	50	Trade, maintenance and repair services of motor vehicles and motorcycles; retail sale of automotive fuel
6	12	Uranium and thorium ores	36	51	Wholesale trade and commission trade services, except of motor vehicles and motorcycles
7	13	Metal ores	37	52	Retail trade services, except of motor vehicles and motorcycles; repair services of personal and household goods
8	14	Other mining and quarrying products	38	55	Hotel and restaurant services
9	15	Food products and beverages	39	60	Land transport; transport via pipeline services
10	16	Tobacco products	40	61	Water transport services
11	17	Textiles	41	62	Air transport services
12	18	Wearing apparel; furs	42	63	domporting and auxiliary transport services; travel agency services
13	19	Leather and leather products	43	64	Post and telecommunication services
14	20	Wood and products of wood and cork (except furniture); articles of straw and plaiting materials	44	65	Financial intermediation services, except insurance and pension funding services
15	21	Pulp, paper and paper products	45	66	Insurance and pension funding services, except compulsory social security services
16	22	Printed matter and recorded media	46	67	Services auxiliary to financial intermediation
17	23	Coke, refined petroleum products and nuclear fuels	47	70	Real estate services
18	24	Chemicals, chemical products and man-made fibres	48	71	Renting services of machinery and equipment without operator and of personal and household goods
19	25	Rubber and plastic products	49	72	Computer and related services
20	26	Other non-metallic mineral products	50	73	Research and development services
21	27	Basic metals	51	74	Other business services
22	28	Fabricated metal products, except machinery and equipment	52	75	Public administration and defence services; compulsory social security services
23	29	Machinery and equipment n.e.c.	53	80	Education services
24	30	Office machinery and computers	54	85	Health and social work services
25	31	Electrical machinery and apparatus n.e.c.	55	90	Sewage and refuse disposal services, sanitation and similar services
26	32	Radio, television and communication equipment and apparatus	56	91	Membership organisation services n.e.c.
27	33	Medical, precision and optical instruments, watches and clocks	57	92	Recreational, cultural and sporting services
28	34	Motor vehicles, trailers and semi-trailers	58	93	Other services
29	35	Other transport equipment	59	95	Private households with employed persons
30	36	Furniture; other manufactured goods n.e.c.			

Source Eurostat:
http://epp.eurostat.ec.europa.eu/portal/page/portal/esa95_supply_use_input_tables/data/workbooks

Appendix 4. Cat. 55 “Hotels and Restaurants” Horizontal total (Direcft + Indirect) Sale Coefficients by countries, industries and valuability (V) thresholds. General overview.



Thresholds.

ITC - Valuability	Thr. label	V. Min.		V. Max
Valuable ITC - Level 3	V5	0.8474580000	-	8.4745700000
Valuable ITC - Level 2	V4	0.0847458000	-	0.8474570000
Valuable ITC- Level 1	V3	0.0084745800	-	0.0847457000
'Quasi-valuable' foothold	V2	0.0008474580	-	0.0084745700
'Near-zero' foothold	V1	0.0000000001	-	0.0008474570
Foothold absent	V0	0.0000000000		

Appendix 5. Cat. 55 “Hotels and Restaurants” Horizontal total (Direcft + Indirect) Sale Coefficients by countries, industries and valuability (V) thresholds. The best 12 countries and 32 industries.

ITC ASSETS STOCKS AND POTENTIAL KEY PRODUCTS - VALUABLE COUNTRIES AND BRANCHES (CPA) - GHOSH COEFF. (-1 self-induction HotRest column)													
Code N.	Branch	CZ	DK	FI	FR	IE	IT	NL	PL	SE	SI	SK	UK
01	Products of agriculture, hunting and related services	V2	V2	V2	V2	V2	V2	V2	V2	V2	V2	V3	V1
15	Food products and beverages	V3	V3	V3	V3	V3	V3	V3	V3	V3	V3	V3	V2
21	Pulp, paper and paper products	V2	V2	V3	V2	V2	V2	V2	V2	V2	V2	V2	V1
24	Chemicals, chemical products and man-made fibres	V2	V3	V2	V3	V3	V2	V3	V2	V3	V3	V2	V2
27	Basic metals	V2	V1	V2	V2	V1	V2	V2	V2	V2	V2	V3	V1
28	Fabricated metal products, except machinery and equipment	V2	V2	V2	V2	V2	V3	V2	V2	V2	V3	V2	V2
29	Machinery and equipment n.e.c.	V2	V3	V3	V2	V2	V3	V2	V3	V3	V3	V3	V2
31	Electrical machinery and apparatus n.e.c.	V2	V3	V2	V2	V2	V2	V2	V2	V3	V2	V2	V1
32	Radio, television and communication equipment and apparatus	V2	V2	V3	V2	V2	V2	V2	V2	V0	V2	V2	V1
34	Motor vehicles, trailers and semi-trailers	V3	V2	V1	V3	V2	V2	V2	V2	V3	V2	V2	V2
40	Electrical energy, gas, steam and hot water	V3	V2	V2	V2	V2	V2	V2	V2	V2	V2	V3	V2
45	Construction work	V3	V3	V3	V3	V3	V3	V3	V3	V3	V3	V3	V2
50	Trade, maintenance and repair services of motor vehicles and motorcycles; retail sale of automotive fuel	V2	V2	V3	V2	V2	V3	V2	V2	V3	V2	V2	V2
51	Wholesale trade and commission trade services, except of motor vehicles and motorcycles	V3	V3	V3	V3	V2	V3	V3	V3	V0	V3	V3	V2
52	Retail trade services, except of motor vehicles and motorcycles; repair services of personal and household goods	V3	V3	V3	V3	V3	V3	V3	V3	V0	V2	V2	V3
55	Hotel and restaurant services	V2	V3	V3	V3	V3	V3	V3	V3	V2	V3	V2	V2
60	Land transport; transport via pipeline services	V3	V3	V3	V3	V2	V3	V3	V3	V3	V3	V3	V2
62	Air transport services	V2	V3	V3	V2	V3	V2	V3	V3	V2	V2	V2	V1
63	Supporting and auxiliary transport services; travel agency services	V3	V3	V3	V2	V3	V3	V3	V3	V3	V4	V3	V2
64	Post and telecommunication services	V2	V3	V3	V2	V3	V2	V2	V2	V3	V2	V2	V2
65	Financial intermediat. services, except insurance and pension funding services	V3	V3	V3	V3	V2	V2	V3	V2	V3	V2	V3	V2
66	Insurance and pension funding services, except compulsory social security services	V2	V2	V2	V2	V2	V2	V3	V2	V2	V2	V2	V2
70	Real estate services	V3	V3	V3	V3	V2	V3	V3	V2	V3	V2	V2	V2
71	Renting services of machinery and equipment without operator and of personal and household goods	V2	V3	V2	V2	V2	V2	V2	V2	V2	V2	V2	V1
72	Computer and related services	V3	V3	V3	V3	V3	V2	V3	V2	V3	V3	V3	V2
73	Research and development services	V2	V2	V2	V2	V2	V2	V1	V2	V4	V2	V2	V1
74	Other business services	V3	V3	V3	V3	V3	V3	V3	V3	V0	V3	V3	V3
75	Public administrat. and defence services; compulsory social security services	V3	V3	V3	V3	V3	V2	V3	V3	V3	V3	V3	V3
80	Education services	V3	V3	V3	V3	V2	V2	V2	V3	V3	V3	V3	V2
85	Health and social work services	V3	V3	V3	V3	V3	V3	V3	V2	V3	V2	V3	V3
91	Membership organisation services n.e.c.	V2	V2	V2	V2	V2	V1	V2	V1	V3	V3	V3	V1
92	Recreational, cultural and sporting services	V3	V3	V3	V3	V2	V2	V3	V2	V3	V3	V3	V2

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