AN INVESTIGATION INTO THE ICT VENDOR – VALUE ADDED RESELLER (VAR) PARTNERSHIPS AND THE PERCEIVED FACTORS THAT INFLUENCE THEIR RELATIONSHIP SATISFACTION IN SOUTH AFRICA

A Thesis Presented to the
Department of Information Systems at the University of Cape Town
In Partial fulfilment of the requirements for the Masters in Information Systems (INF5005W)

BY:
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Acknowledgements

Having taken time out from working to complete this degree, it was a tremendously rewarding experience. The vast amount of knowledge in the world and the quest to add to the body of knowledge by so many from around the world is humbling and appreciated. The most important lesson learnt is that criticism with the utmost respect is a valued quality in academic circles and something that can be extended to normal life. Without past and present contributions by scholars from around the world, this study could not have been possible – so thank you to all who take the time and effort to extend the literature.

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My deepest gratitude to Dr Maureen Tanner, my supervisor, who has made me wiser and more knowledgeable through sharing her experiences, knowledge and persistence. Her coaching and guidance was instrumental in developing the dissertation.

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Without the unselfish contribution of ICT Value-Added Resellers and Vendors in South Africa, this study would not have been possible. The ICT industry is extremely important to our country and the relationships between these critical role players is paramount to us winning the war on poverty, overcoming health issues and being competitive on the global stage. The sharing of expert and first-hand experiences have been invaluable to the study. Thank you for your contribution.
Abstract

The purpose of the study is to explore the perceived factors that contribute to relationship satisfaction between Information and Communication Technologies (ICT) downstream supply chain management (SCM) Vendors and Value-added Resellers (VARs) in South Africa. In addition, the study investigates the motivation for Vendor-VAR relationships as this exposes the antecedent and consequences of the perceived factors. By exploring and exposing the relationship quality in an under-researched industry and country context, the study shall illuminate the challenges faced in these critical dyads. ICT is integral to South Africa’s social, economic and technological progress. The successful diffusion and adoption of ICT in South Africa hinges on Vendor-VAR relationships.

The dissertation pursued qualitative research methods in which relevant experts from both ICT Vendors and VARs were interviewed. Semi-structured interviews were used to collect data. This allowed deep and underlying thoughts and feelings to be exposed without restrictions. The study draws on existing knowledge in SCM, interpersonal and business relationships. Importantly, the study utilises existing theory, which is the Interaction Approach (IA). IA is suitable for the research as it concentrates on business interactions and the outcomes thereof as they are influenced by individuals, organisations, networks and the environment.

The findings of the study indicate that the four-relationship satisfaction factors contained in the “atmosphere” variable within the theory is not comprehensive enough when interpreting business relationships in the ICT industry in South Africa. There are some critical factors, which emerged, such as profitability, communication and value, that are antecedent and consequent factors to other perceived relationship satisfaction factors. For these reasons, the IA model is extended to reflect interesting and important factors that emerged from the study. In addition, the findings revealed that the “environment” variable within IA does not sufficiently represent the ICT industry in South Africa. The South African context exposes unique “environment” issues such as Broad-Based Black Economic Empowerment (B-BBEE) that has a bearing on relationship satisfaction in the ICT industry. An unexpected finding is around the deep influence ICT customers have on SCM.

This inquiry minimises the gap in knowledge and is intended to encourage discussions between stakeholders and be a catalyst for further research.
1. INTRODUCTION .............................................................................................................................. - 1 -
   1.1 OVERVIEW OF THE ICT SUPPLY CHAIN MANAGEMENT (SCM) .................................................. - 2 -
   1.2 PURPOSE OF THE RESEARCH ..................................................................................................... - 3 -
   1.3 RESEARCH OBJECTIVES ............................................................................................................. - 4 -
   1.4 JUSTIFICATION AND IMPORTANCE OF RESEARCH ...................................................................... - 5 -
   1.5 RESEARCH CONTEXT .................................................................................................................. - 5 -
   1.6 RESEARCH METHODOLOGY ........................................................................................................ - 5 -
   1.7 DEFINITION OF TERMS ............................................................................................................... - 5 -
   1.8 ORGANISATION OF THE PAPER ................................................................................................ - 7 -

2. LITERATURE REVIEW .......................................................................................................................... - 8 -
   2.1 DEFINING THE CONCEPT OF HUMAN AND PERSONAL RELATIONSHIPS .......................................... - 8 -
   2.2 WHAT ARE SUPPLY CHAINS? ....................................................................................................... - 10 -
      2.2.1 What are Value Chains and Value Systems? ........................................................................... - 11 -
   2.3 THE NATURE OF RELATIONSHIPS WITHIN A SUPPLY CHAIN (BUSINESS) NETWORK .................. - 13 -
   2.4 DEVELOPING RELATIONSHIPS IN THE SUPPLY CHAIN CONTEXT .................................................. - 14 -
      2.4.1 Relationship Interaction Processes ........................................................................................ - 14 -
      2.4.2 Relationship Evolution ............................................................................................................ - 16 -
      2.4.3 Relationships as Partnerships .................................................................................................. - 17 -
      2.4.4 Influence of the Network on Supply Chain Entities ................................................................... - 18 -
   2.5 DETERMINANTS OF RELATIONSHIP SATISFACTION .................................................................. - 20 -
      2.5.1 Instrumental and Interpersonal Relationship Factors .............................................................. - 20 -
      2.5.2 Factors that Influence Relationship Satisfaction ......................................................................... - 21 -
      2.5.3 Measuring Relationship Satisfaction ....................................................................................... - 23 -
   2.6 THE ICT DOWNSTREAM SUPPLY CHAIN IN SOUTH AFRICA ......................................................... - 25 -
      2.6.1 ICT Industry Landscape in South Africa .................................................................................... - 25 -
      2.6.2 The ICT Vendor in South Africa .............................................................................................. - 28 -
      2.6.3 The ICT Downstream VAR in South Africa .............................................................................. - 31 -
      2.6.4 Institutional Environment Influence ........................................................................................ - 34 -
   2.7 IDENTIFIED GAPS WITHIN THE LITERATURE ......................................................................... - 36 -
      2.7.1 Relationship Assessment from Both Perspectives ....................................................................... - 37 -
      2.7.2 Industries are different ............................................................................................................ - 38 -
      2.7.3 South Africa is Unique ............................................................................................................ - 39 -

3. THEORETICAL FRAMEWORK .............................................................................................................. - 41 -
4. RESEARCH METHOD ................................................................................................................. - 53 -
   
   4.1 RESEARCH PARADIGM ......................................................................................................... - 53 -
      4.1.1 Philosophical Perspective .............................................................................................. - 53 -
      4.1.2 Research Approach ..................................................................................................... - 54 -
      4.1.3 Extent of Researcher Interference and Bias .................................................................. - 54 -
   
   4.2 PROBLEM STATEMENT AND RESEARCH QUESTIONS .................................................. - 55 -
      4.2.1 Problem Statement ....................................................................................................... - 55 -
      4.2.2 Research Questions ...................................................................................................... - 56 -
   
   4.3 RESEARCH STRATEGY ......................................................................................................... - 56 -
      4.3.1 Semi-Structured Interview ........................................................................................... - 57 -
      4.3.2 Semi-Structured Interview Questions .......................................................................... - 57 -
      4.3.3 Study Setting ................................................................................................................ - 58 -
      4.3.4 Pilot Study .................................................................................................................... - 59 -
      4.3.5 Establishing a common understanding of the Relationship concept ......................... - 59 -
   
   4.4 TARGET POPULATION ....................................................................................................... - 60 -
      4.4.1 Sample .......................................................................................................................... - 60 -
      4.4.2 Profile of Participants .................................................................................................... - 63 -
   
   4.5 DATA COLLECTION ............................................................................................................ - 65 -
      4.5.1 Data Collection Method ............................................................................................... - 65 -
      4.5.2 Timeframe .................................................................................................................... - 65 -
      4.5.3 Reliability and Validity ................................................................................................. - 66 -
   
   4.6 DATA ANALYSIS ................................................................................................................ - 67 -
      4.6.1 Thematic Analysis Process ........................................................................................... - 68 -
      4.6.2 Getting Familiar with the data ...................................................................................... - 69 -
      4.6.3 Generating initial codes or coding ................................................................................ - 70 -
      4.6.4 Searching, Defining and Naming themes ..................................................................... - 71 -
5. FINDINGS ............................................................................................................................................. - 76 -

5.1 POWER/DEPENDENCE (IA) .................................................................................................................. - 77 -
  5.1.1 Dependence ..................................................................................................................................... - 78 -
  5.1.2 Access to and availability of Alternatives .......................................................................................... - 80 -
  5.1.3 Mutually Beneficial Relationships .................................................................................................... - 84 -
  5.1.4 Reward and Recognition .................................................................................................................. - 85 -

5.2 COOPERATION ........................................................................................................................................ - 86 -
  5.2.1 Mapping the Channel Landscape ...................................................................................................... - 87 -
  5.2.2 Are Contributions to the Relationship Equitable? .............................................................................. - 90 -
  5.2.3 Alignment .......................................................................................................................................... - 93 -
  5.2.4 Conflict Management ....................................................................................................................... - 94 -
  5.2.5 Capability, Capacity and Competence ............................................................................................... - 96 -

5.3 CLOSENESS ............................................................................................................................................ - 98 -
  5.3.1 Organisation Culture .......................................................................................................................... - 98 -
  5.3.2 The Cultural Influence on Interpersonal Relationships ..................................................................... - 99 -

5.4 EXPECTATION ........................................................................................................................................ - 101 -
  5.4.1 The Discount Discussion ................................................................................................................. - 101 -
  5.4.2 Whose Market is it? .......................................................................................................................... - 102 -

5.5 COMMITMENT ....................................................................................................................................... - 103 -
  5.5.1 Perceived Commitment versus Actual Commitment ........................................................................... - 103 -
  5.5.2 Is Commitment a fair request? ........................................................................................................... - 104 -

5.6 COMMUNICATION .................................................................................................................................. - 105 -
  5.6.1 Enabling Communication through Trust and Transparency .................................................................. - 105 -
  5.6.2 Communicating Satisfaction ............................................................................................................... - 106 -
  5.6.3 Knowledge Sharing ............................................................................................................................ - 107 -

5.7 TRUST .................................................................................................................................................... - 108 -
  5.7.1 Transparency ...................................................................................................................................... - 110 -
  5.7.2 The Origins of Trust ............................................................................................................................ - 111 -

5.8 LOYALTY ................................................................................................................................................ - 112 -

5.9 PROFITABILITY ...................................................................................................................................... - 114 -

5.10 VALUE ................................................................................................................................................... - 116 -

5.11 COUNTRY SPECIFIC ADDITIONS TO “ENVIRONMENT” VARIABLE .................................................. - 118 -
  5.11.1 Broad-based Black Economic Empowerment (B-BBEE) ..................................................................... - 118 -
  5.11.2 Currency .......................................................................................................................................... - 120 -
5.11.3 Gender .................................................................................................................. - 121 -
5.12 Customer (Satisfaction) Driven Behaviour ................................................................. - 123 -
5.13 Are Important Factors Different Between Vendors and VARs? ............................. - 124 -

6. DISCUSSION .............................................................................................................. - 126 -
6.1 Comparison of IA Theory and Study Findings ......................................................... - 127 -
   6.1.1 Power/Dependence (PD) ..................................................................................... - 128 -
   6.1.2 Cooperation-Competition Continuum ................................................................. - 130 -
   6.1.3 Closeness ........................................................................................................... - 132 -
6.2 Extending IA “Atmosphere” Variable with Other Factors that Emerged from the Study - 135 -
   6.2.1 Commitment and Loyalty ................................................................................... - 136 -
   6.2.2 Communication ................................................................................................. - 139 -
   6.2.3 Trust (incorporating credibility and integrity) ..................................................... - 142 -
   6.2.4 Profitability and Relationship Value ................................................................. - 145 -
6.3 Extending IA “Environment” Variable with South African and ICT Industry Specific Factors - 149 -
   6.3.1 Broad-based Black Economic Empowerment (B-BBEE) ..................................... - 149 -
   6.3.2 Currency ........................................................................................................... - 153 -
   6.3.3 Gender ............................................................................................................... - 154 -
6.4 Are the Perceived Relationship Satisfaction Factors Different in the ICT Industry Compared with Other Industries? .................................................................................. - 157 -
6.5 Unexpected Finding – Customer Satisfaction Driven Behaviour .............................. - 159 -
6.6 Relatedness Between Variables ............................................................................... - 160 -
6.7 Summary ................................................................................................................ - 160 -

7. CONCLUSION .............................................................................................................. - 162 -
7.1 Research Objectives ................................................................................................. - 162 -
7.2 Summary of Findings .............................................................................................. - 163 -
7.3 Future Research ....................................................................................................... - 165 -
7.4 Implications ............................................................................................................. - 165 -
7.5 Contribution ............................................................................................................ - 167 -
7.6 Limitations ............................................................................................................. - 167 -

8. REFERENCES ............................................................................................................ - 169 -

9. APPENDICES ............................................................................................................ - 191 -
   A. Literature Review Tables ......................................................................................... - 191 -
   B. Key Human and Interpersonal Relationships Literature ....................................... - 205 -
   C. Sample Journal Data .............................................................................................. - 206 -

South African ICT Vendor-VAR Relationship Satisfaction
D. ASSESSMENT OF RESEARCH QUESTIONS WITH INTERVIEW QUESTIONS ............................................................. - 206 -
E. LIST OF ECI VENDORS AND VENDOR REPRESENTATIVES IN SOUTH AFRICA .................................................. - 208 -
F. VARIOUS INDUSTRY CLASSIFICATION CODES .......................................................... - 208 -
G. CATEGORIES CODE BOOK ........................................................................................................... - 209 -
H. UCT ETHICS APPLICATION ........................................................................................................ - 212 -
I. INFORMATION AND CONSENT FORM ............................................................... - 220 -
J. INTERVIEW QUESTIONS, PARTICIPANT DETAILS AND INTERVIEW TEMPLATE DOCUMENT ............................................ - 221 -
Index of Figures

Figure 1:1: Adapted depiction of SCM (Lambert & Cooper, 2000) ............................................. - 2 -
Figure 2:1: The Value Chain (Porter, 1993)........................................................................... - 11 -
Figure 2:2: The Value System (Porter & Millar, 1985)............................................................ - 12 -
Figure 2:3: Adapted Classification Diagram of Interaction Processes (Håkansson, 1982). - 15 -
Figure 2:4: Business Relationships as Elements of a Network Structure ............................. - 19 -
Figure 2:5: Illustration of ICT Downstream SCM (Compubase, 2010a)................................. - 27 -
Figure 2:6: Adapted Internationalisation Process (ProvenModels, 2013) .............................. - 28 -
Figure 2:7: Example of Partnership Investments (Cisco, 2012)............................................. - 33 -
Figure 3:1: Relationship Research Theories (Eiriz & Wilson, 2006)................................. - 41 -
Figure 3:2: Illustration of the Interaction Approach (Håkansson, 1982)................................. - 43 -
Figure 4:1: Stages of Data Analysis - based on Braun and Clarke (2006)............................... - 68 -
Figure 4:2: Initial Codes Cloud – extracted from Atlas ti..................................................... - 72 -
Figure 5:1: Adapted Interaction Approach (Håkansson, 1982)............................................... - 76 -
Figure 6:1: Country Distribution ............................................................................................. - 158 -
Figure 6:2 Industry similarity comparisons of Relationship Satisfaction investigations .. - 158 -
Table 2-1: Independent Factors .................................................................................................. - 22 -
Table 2-2: Popular Mediating Factors ....................................................................................... - 23 -
Table 4-1: Profile of Participants .............................................................................................. - 63 -
Table 6-1: Comparison of participant B-BBEE levels .............................................................. - 151 -
Table 9-1: SCM ................................................................................................................... - 191 -
Table 9-2: SCM and Business Relationships in South Africa .................................................. - 199 -
Table 9-3: ICT/Information Systems ......................................................................................... - 204 -
Table 9-4: Key Human and Interpersonal Relationships literature .......................................... - 205 -
Table 9-5: Sample of Journal .................................................................................................. - 206 -
Table 9-6: Assessment of Research Questions with Interview Questions .............................. - 206 -
Table 9-7: ECI Vendor and Vendor representatives in South Africa ...................................... - 208 -
Table 9-8: Classification Systems ............................................................................................ - 208 -
Table 9-9: Codebook based on Interaction Approach .............................................................. - 209 -
Table 9-10: Codes that Emerged from Data Analysis .............................................................. - 210 -
## Frequently used Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation or Acronym</th>
<th>Expanded form</th>
</tr>
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<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Broad-Based Black Economic Empowerment</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IA</td>
<td>Interaction Approach</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>IS</td>
<td>Information Systems</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer</td>
</tr>
<tr>
<td>SCM</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>VAR</td>
<td>Value-added Reseller</td>
</tr>
<tr>
<td>WC</td>
<td>Web Conferencing</td>
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<tr>
<td>WEF</td>
<td>World Economic Forum</td>
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1. Introduction

Information and Communication Technologies (ICT) are important to a nation’s success and competitive advantage (Kyobe, 2011b). South Africa spends approximately 10% of Gross Domestic Product (GDP) on ICT goods and services which are largely imported (Morwane, 2013). Morwane (2013) further states that the ICT industry, in South Africa, contributes around 2% to the country’s GDP. These demonstrate the importance of relationship satisfaction between the ICT Vendor – Value-Added Reseller (VAR) as most ICT products and services are imported from international ICT Vendors. Thereafter, the products and services are implemented through VARs in South Africa. The 2% contribution to GDP, mentioned above, includes services generated by the Vendor and VAR due to ICT adoption and diffusion.

The ICT industry, specifically around the downstream supply chain management (SCM) in South Africa, has not been studied therefore not well understood (Balocco, Ghezzi, Rangone, & Toletti, 2012; Parvinen & Niu, 2010; Thompson & Walsham, 2010). Due to the importance of the ICT downstream SCM, a deeper understanding of relationship satisfaction could assist stakeholders, such as customers, Vendors and VARs, take advantage of their strengths and mitigate their weaknesses to achieve optimum benefit, locally and internationally (Laursen & Meliciani, 2010). This not only has serious implications for the nation’s economic competitiveness but also affects the political, social, and cultural landscape.

Business-to-business (B2B) relationships are fundamental to economic activity. Business relationships are complex, multifaceted and dynamic in nature (Niu, 2009). With these characteristics and the importance of economic activity to a nation, extending the knowledge of B2B relationships are encouraged (Gil-Saura, Frasquet-Deltoro, & Cervera-Tauler, 2009). The knowledge contribution is specifically on better understanding relationship satisfaction between ICT downstream SCM partners.
1.1 Overview of the ICT Supply Chain Management (SCM)

SCM is “the integration of key business processes from end user through to original
suppliers that provides products, services, and information that add value for customers and
other stakeholders” (Lambert & Cooper, 2000, p. 66). From the perspective of the focal
organisation (ICT Vendors), SCM is “the management of upstream and downstream
relationships with suppliers and customers (buyers), respectively, in order to deliver
superior customer value at less cost to the supply chain as a whole” (Christopher, 2011, p.
3). The focus of SCM is on relationships and cost management. The ICT industry falls within
the realm of SCM.

![Figure 1:1: Adapted depiction of SCM (Lambert & Cooper, 2000)]

Figure 1:1 depicts the typical SCM with a focal point, which in the context of this paper,
refers to the ICT manufacturer (Vendor) such as Intel, Microsoft, Blackberry, and Cisco. The
Vendor controls the SCM. Upstream SCM is manufacturing centric with suppliers (and
manufacturers) working together to produce finished goods. Downstream SCM entails the
purveyance of finished goods to customers, directly or through the VAR from the Vendor.
Tier 1 and 2 customers (blue box) in Figure 1:1 refers to VARs although Vendors deal directly
with consumers as well. The downstream ICT supply chain in South Africa is no different to
the ICT supply chains in other developing and developed countries (James, Esselaar, &
Miller, 2001; Parvinen & Niu, 2010). The focus of the study is on relationship satisfaction between the ICT Vendor (green box) and ICT VARs (blue box).

ICT Vendors, from a South Africa perspective, are international organisations that have progressed from servicing not only local markets, but foreign markets as well. The Vendor has employed VAR(s) and established a local sales office in the foreign market. ICT VAR in South Africa consists of home-grown and multinational organisations. The term “value-added” implies that features and services are added to an existing product thus transforming the product in ways customers value and see benefit (Parvinen & Niu, 2010). Value-added in the context of this paper includes installation, customisation, deployment, maintenance, management (sales, technical, business, project), and skills that facilitate the deployment, adoption, and diffusion of ICT (Niu, 2009).

Thompson and Walsham (2010) encouraged IS research that is developmental in nature as opposed to IS research about typical IS projects that happen to be in developing countries. Furthermore, Thompson & Walsham (2010, p. 113) articulated developmental ICT as “the conception, development, implementation, and use of ICT as an explicit vehicle for furthering developmental aims – where ICT functions both as enabling artefact and enabled set of social behaviours”. The authors go further and compare developmental research in IS to a “political act” in which the socio-economic and political landscape is transformed to make it equitable. Easier access to ICT and its utility in Africa could transform the lives of citizens through ICT enabled trade, education and health care.

The study aims to achieve this developmental status by highlighting the importance of the ICT SCM in South Africa. Furthermore, the study will provide a better understanding around the critical relationships between ICT Vendors and VARs. Without which, further developmental projects are hampered due to conflict and absence or decrease in ICT skills, products and services. The study aims to contribute not only to the ICT industry but also to the SCM knowledge in South Africa.

1.2 Purpose of the Research

As the world goes through globalisation, markets become easier to reach and the quest to control resources surges due to increased competition (Ritzer, 2008). The ICT industry is critical to a nation’s competitive advantage (Kyobe, 2011b). As ICT falls within the realm of
SCM, the successful acquisition and adoption of ICT is largely dependent on SCM. SCM consist of independent organisations that are interconnected and have interdependent relationships. Through cooperation, the supply networks facilitate the movement of products and services from supply network members to customers. The supply network is complex, nonlinear, dynamic and susceptible to environmental changes (Humphries & Mena, 2012). This poses potential risks to delivery, operations and maintenance of ICT. At the heart of the ICT downstream supply networks in South Africa, are Vendors and VARs. Vendors and VARs develop mutually beneficial relationships to facilitate the movement of resources such as skills, products and services. If conflict arises between Vendors and VARs, critical ICT services such as banking, cellular communications and emergency operations could be disrupted. Furthermore, future ICT projects could be stalled. The relationship is vital to ICT success thus understanding the relationship is important.

The purpose of this study is to understand, through exploration, the relationship satisfaction between Vendor and VAR within the ICT industry in South Africa. This includes the motivating factors and other perceived factors that effect relationship satisfaction.

1.3 Research Objectives

The aim of this study is:

- To identify the perceived factors that affect ICT Vendor-VAR relationship satisfaction in South Africa;
  - To investigate environmental influences on satisfaction within the given relationship;
  - To extend the IMP Interaction Approach (IA) by adding factors to the “atmosphere” variable;
  - To investigate what tools and methods ICT Vendors and VARs utilise to assess relationship satisfaction;
- To identify the motivation/s for relationship formation between ICT Vendors and VARs in South Africa;
To find out whether the motivation for relationship formation and the perceived factors that affect relationship satisfaction are different based on the size of the organisation;

• To gain a perspective on the ICT downstream SCM and the environment in which it operates;

• To contribute to existing knowledge especially around ICT and SCM in the South African context;

1.4 Justification and Importance of Research

The ICT industry is critical to South Africa’s success from a political, economic, social and technological perspective. With ICT projects initiated, supported and maintained by the ICT industry’s downstream SCM players, their ongoing relationship satisfaction is essential. Therefore, investigating and exposing the factors that affect relationship satisfaction between the ICT Vendors and VARs is vital to ongoing ICT adoption and diffusion in South Africa.

1.5 Research Context

As indicated, the research context was South Africa with the ICT industry’s downstream SCM stakeholders, comprising of Vendors and VARs, as the main contributors to the study.

1.6 Research Methodology

The research method adopted for this study is qualitative, deductive and empirical in nature. The research strategy was through nine semi-structured interviews with key relationships managers from both ICT Vendors and VARs.

1.7 Definition of Terms

The following terms are used frequently throughout the study:

*Information and Communication Technologies (ICT)*

ICT is the integration of hardware and software into systems that store, support and transmit unified communications consisting of voice (audio), video and data between homogeneous and heterogeneous systems (Murray, 2011).

*Supply Chain Management (SCM)*
From the perspective of the focal organisation, SCM is “the management of upstream and downstream relationships with suppliers and customers (buyers), respectively, in order to deliver superior customer value at less cost to the supply chain as a whole” (Christopher, 2011). The focus of SCM is on relationship and cost management. The word ‘chain’ implies a linear representation of organisations. However, the supply chain is a lot more complex with a multitude of interactions between multiple organisations and networks (Humphries & Mena, 2012; Sanders, 2011, p. 4).

**Upstream SCM**

From a focal organisation perspective, the inbound stages typically entail industrial supplier exchanges and are considered the upstream supply chain (Sanders, 2011, p. 4). The upstream SCM is manufacturing centric with suppliers working together to transform raw materials into finished products or components for products.

**Downstream SCM**

The outbound stages or stages away from the focal organisation is termed the downstream SCM and typically entails the purveyance of finished products to customers, directly or through VAR (Sanders, 2011, p. 4).

**Vendor, Focal Organisation or Original Equipment Manufacturer (OEM)**

The Vendor is an organisation that produces a product and service (Parvinen & Niu, 2010). The Vendor is the focal point within the SCM. A Vendor is also known as an original equipment manufacturer (OEM), supplier, and manufacturer.

**Value Added Reseller (VAR)**

A VAR is an organisation that adds features and services to an existing product or service in order to transform the product or service in ways the customer values and sees the benefit of (Parvinen & Niu, 2010). Value-added in the context of this paper includes installation, customisation, deployment, maintenance, management (sales, technical, business, project), and skills that facilitate the deployment, adoption, and diffusion of ICT. A VAR is also referred to as a partner, channel, reseller, distributor, systems integrator (SI) and agency (Parvinen & Niu, 2010).
1.8 Organisation of the Paper

The rest of the study is as follows. Section 2 provides a literature review, which is around business and interpersonal relationships and SCM in the context of ICT industry and South Africa. Within section 3, a few theoretical frameworks are discussed, with more emphasis and detail on the chosen framework. The research methodology (Section 4) discusses the research design used in the study including researcher paradigm, strategies, instruments, data collection methods and techniques for data analysis. Within Section 5, the findings from the study are described. The discussion (Section 6) takes into consideration key findings and compares and contrasts with extant literature and the theoretical model used. Section 7 provides concluding remarks, a summary of the key findings in relation to research objectives, limitations, contributions and suggestions for future research.
2. Literature Review

The literature review entailed an extensive search of electronic journals (ejournal), books, articles, theses and dissertations. See Table 9-1, Table 9-2, Table 9-3 in Appendix A for detailed literature information around SCM, dyadic relationships, ICT and South Africa. The tables also comprise the search criteria used. The search tools included database platforms and online libraries such as Sabinet, EBSCO, SciVerse, Wiley Online and Emerald. Online database platforms and online libraries facilitate a search of several e-journals by keywords such as ICT, supply chain, supplier, buyer and South Africa. The results were filtered on parameters such as accreditation of article whether it is peer reviewed or not, journal names, period and subject. With respect to the study under discussion, the subject spans sociology, psychology, ICT, economics and politics therefore the knowledge review included all subjects. No date filters were used, as the intention was to assess the extent of literature on the subject matter. In addition to the online libraries and database platforms, Google Scholar was utilised frequently to search for literature and to expand the literature search for information on hand. For example, when an article of interest was found, Google Scholar facilitated searching on articles that cite the article and articles of a related nature.

In searching for articles that had a South African context, the National Research Foundation (NRF) Nexus database and Sabinet where used. NRF Nexus houses all South African academic theses and dissertations. Sabinet facilitates a search of South African e-journals.

The literature on human and interpersonal relationships is vast. For purposes of the study, a few key knowledge contributions were used (see Table 9-4, Appendix B).

2.1 Defining the Concept of Human and Personal Relationships

B2B relationships are about organisations interacting. However, it is the people within these organisations that are responsible for the interaction and ultimately the success or failure of the relationship (Bantham, 2010).

Relationships lie at the core of human existence and human beings are conceived, born, develop, and live within relationships (Thomas, Martin, Epitropaki, Guillaume, & Lee, 2013). People can have different types of relationship such as friendships, family, romantic and business with the relationship being between two or more people, entities, or objects (Thomas et al., 2013). According to Berscheid and Ammazzalorso (2004), interpersonal
relationship is the interdependency of a dyad such that the behaviour of each has an effect on the other (Gross & Humphreys, 2010). People are considered to be in a relationship if they have an impact on each other i.e. a causal effect, and their interdependence is experienced when changes in one affects the other (Thomas et al., 2013). While relationships can entail more than two persons, entities and objects, the relationship idea reverts to a dyad configuration.

The basis for a relationship varies from the need for intimacy, association, reciprocity (reward), culture, voluntary, involuntary, family, and official processes (Gross & Humphreys, 2010). Relationships begin with the innate human needs that centre on affiliation, conformity, and survival. Affiliation is the sense of involvement and belonging, the need to be near, cooperative and reciprocal (Baron, Branscombe, & Byrne, 2008). The need for affiliation arises out of the desire for affinity, acceptance, affection, and love. This motivates people to seek social interactions that result in relationships. Conformity entails the human need to evaluate abilities, and beliefs through opinions of others (Baumeister & Bushman, 2010). Moreover, the comparison or evaluation is undertaken against persons similar and not too divergent from oneself. According to Maslow (1943), apart from a person’s physiological needs which are the highest priority in the survival hierarchy, the need for relationships is evident in the constructs of safety, loving, acceptance, self-esteem, and self-development (Baron et al., 2008).

Knapp and Vangelisti (1992) describe the relationship concept in two phases and ten stages. The phases include “coming together” and “coming apart”. Within the first phase, i.e. “coming together”, the relationship develops from initial contact, compiling a baseline of commonality, sharing more information, sharing of resources, and solidifying the bond. Within the second phase, i.e. “coming apart”, the relationship develops along the lines of distinguishing boundaries of person and resources, information asymmetry occurs and communication slows down. This may be followed by maintenance of status quo, avoidance and dissolution. Relationships change and develop over time. The duration of a relationship and the phases varies from relationship to relationship. The reasons for dissolution of a relationship, according to Duck (2001) are vast. However, three broad categories are proposed. First, the relationship at inception is incompatible, and based on untruths. Second, the relationship albeit based on mutually beneficial standing is dissolved
due to unwillingness to continue. Third, the relationship ceases instantaneously with some reasons cited such as death, mischief, inability, or malfeasance.

2.2 What are Supply Chains?

Christopher (2011) defines supply chains as the collection of organisations involved in upstream and downstream activities that produce value in the form of products and services through interdependence, cooperation linkages and cost management. Supply chains entail the transformation of raw materials into finished products and the delivery of finished products to customers (Ketchen Jr & Hult, 2007). From SCM perspective, Vendors and VARs are a set of interrelated actors and nodes as depicted in Figure 1:1 with some occupying first tier supplier or customer status whilst others second tier and beyond due to the closeness of the relationship (Borgatti & Li, 2009). Within a SCM, manipulation of the participating organisations’ strategic and operational capabilities results in mutual benefit and realised through joint planning, risk sharing and problem solving techniques (Li, Ragu-Nathan, Ragu-Nathan, & Subba Rao, 2006). Although, the description is comprehensive, relationships, at times, are formed due to policy and compliance requirements. In the South African context, Broad-Based Black Economic Empowerment (B-BBEE) is government policy that mandates relationships and partnership with the intention of including previously disadvantaged individuals such as Blacks, women and disabled persons (Republic of South Africa, 2003).

Organisations enter into relationships in order to manage uncertainty and satisfy dependence (Williams, 2012). Further to this, organisations within the SCM align when there is a common goal and are reliant on each other and the network for survival (Naude & Badenhorst-Weiss, 2012). The relationship escalates to joint product development and mutual adaptation of products, processes and procedures to accommodate participating organisations. The Vendor’s motivation in dealing with the upstream supply chain is to secure quality, cost effective, and timely supplies. With respect to the downstream SCM, the Vendor’s motivation in dealing with the VARs is to have a presence in the foreign country as opposed to “arm’s length” exchange and have the VAR take responsibility for representing the Vendor in front of end customers (Christopher, 2011, p. 142). End customers, buyers or consumers utilise the product or service which is the final output of the SCM. From a VAR perspective, the motivation is the fulfilment of end customer
South African ICT Vendor-VAR Relationship Satisfaction

demands through exchange relationships with Vendors of popular or demanded products and services.

2.2.1 What are Value Chains and Value Systems?

As depicted in Figure 2:1, organisations are part of value chains. A key value entails activities that transform raw materials into products and services that buyers see benefit in (Christopher, 2011). Theodore Levitt articulated this aptly, “people don’t buy products, they buy benefits” (Christopher, 2011, p. 35).

![Figure 2:1: The Value Chain (Porter, 1993)](image)

Porter categorises these activities into primary and support activities (Christopher, 2011). Primary or core activities are those activities that have to do with logistics, production, operations, marketing, and sales. The support or secondary activities are typically not core functions of the organisation and support the organisation’s core activities. These support activities include technology, human resources, procurement and infrastructure related activities. Both categories of activities when performed, in a competitive environment within an industry, in order to enhance buyer value are labelled as a value chain. The extent of value is determined by the amount buyers are willing to pay for the product or services that ultimately results in profit to the organisation.

An organisation’s value chain results from an interdependent network of relationships with all stakeholders contributing to value and cost containment (Christopher, 2011). Being part
of the right value chain is an important business strategy and enables an organisation to extract competitive value (Cousins, Lamming, Lawson, & Squire, 2008). The value chain provides much needed coordination of internal and external resources especially due to tightly integrated and optimised supply chains (Lambert & Cooper, 2000). Alignment in the value chain helps overcome confusion, demotivation, and lost productivity due to ambiguity in tasks, roles and responsibilities. Due to the pressure on financial and organisation resources; stages and organisations that do not add value are bypassed and/or replaced (Sanders, 2011, p. 4).

Figure 2:2: The Value System (Porter & Millar, 1985)

Value chains are part of value systems as depicted in Figure 2:2 (Porter & Millar, 1985). Supply chains push the boundaries of value chains by recognising the value of not just the focal organisation but value chains of suppliers, other value chains of the focal organisation, VAR value chains, and customer value chains such that it becomes value networks and systems (Christopher, 2011). Organisations become part of other value chains as the need for resources and inputs become necessary which results in the organisation being part of a value system.

The upstream value is realised through collaboration, between interdependent entities, around product development, procurement of raw materials and components and information exchange (Porter & Millar, 1985). The firm value is through the strategy and
innovation of products and services and the coordination of all stakeholders in realising the product or service. The downstream value is realised through cost efficient activities that facilitate getting the product to the customer. All entities within the value system are responsible for “end-of-life disposal” and reduction of non-value-added activities (Cousins et al., 2008, p. 206).

Several papers explain the nature of the value system, supply chain or networks through discussions of resource dependency as a source of organisational power (Barney, 1991; Pfeffer & Salancik, 1978), competitive advantage through superior products or comparable products at a better price (Porter, 2008), and interactions as the basis for relationships between the industrial buyer and seller (Håkansson, 1982).

2.3 The Nature of Relationships within a Supply Chain (Business) Network

Because of globalisation, markets are easier to reach (Ritzer, 2008). Giddens (Archibugi & Iammarino, 2002, p. 98) defined globalisation as “the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa”. Globalisation from an economic perspective is the increasing global linkages that foster cross border exchange (Prasad, Rogoff, Wei, & Kose, 2003). Globalisation, specifically liberalisation of trade, has facilitated easier movement of people and organisations thus resulting in tougher competition for local and internationalising organisations (Ritzer, 2008). With tougher competition due to more choice, Vendors and VARs, and customers to some extent, are seeking longer term and relationship based engagements as opposed to discrete or transactional exchanges (Bantham, 2010). The expected result is longer term, more meaningful relationships that result in better customer retention, reduced uncertainty, reduced costs, and higher profit (Agariya & Singh, 2011). Agariya and Singh (2011) noted that a mutually satisfactory relationship resulted in lower transaction costs as the need for new customers, VAR or supplier acquisition is reduced. Another aspect of transaction cost analysis (TCA) is based on the premise that if the organisation can make something or achieve an activity cheaper within the organisation, it will internalise the activity or production. However, if an outside organisation can produce the same product or activity cheaper, the production or activity will be externalised or outsourced thereby benefitting from cost avoidance or saving (Petersen, Welch, & Benito, 2010).
Definition of relationship within a business context is the acquisition, nurture, and maintenance of commitment by both parties over a long-term period (Agariya & Singh, 2011). The definition of Relationship Marketing (RM) within the literature emphasises longevity and mutual satisfaction and benefit of engagements (Williams, 2012). In contrast to RM, is the traditional transactional engagement that is time constrained and opportunistic in nature (Kumar, Bohling, & Ladda, 2003). Both types of relationships have a place in the economic and social exchange processes although there is a trend among vendors to reduce the number of relationships to just key and valuable ones (Gil-Saura et al., 2009).

2.4 Developing Relationships in the Supply Chain Context

Organisations develop relationships to survive, reduce costs, and grow (Bagdoniene & Zilione, 2009). As organisations internationalise, relationships are developed based on an interplay between learning and commitment (Johanson & Vahlne, 2003). As the knowledge of markets increase, the appropriate commitment level is applied. Models of relationship development are similar as demonstrated by Bagdoniene and Zilione (2009). Two approaches have been selected for further explanation. The reasons for selecting these two models are mainly around the completeness of the relationship cycle and consideration for the industrial buyer-seller. The first, utilises an interaction process classification method (Håkansson, 1982). The second, is the relationship evolution stages, as discussed by Dwyer et al. (1987).

2.4.1 Relationship Interaction Processes

An adapted four-box matrix, as depicted in Figure 2:3, describes the interaction processes or relationship stages businesses undergo as part of relationship development. Relationships in the model are characterised as limited or extensive and refers to the depth of the relational exchange.
An episode refers to the type of exchange that occurs within the relationship. Håkansson (1982) identifies four such elements or exchanges, viz. product or service, information, financial, and social. Product or service exchanges are typically the core of most business relationships. This element is the antecedent of the relationship and largely satisfies the uncertainty and dependence motivation of buyers and sellers (Kumar et al., 2003). Information exchange, within the dyad, entails dissemination of content around technical, economic, and social issues. Financial exchange concerns the monetary exchange and the extent of which is an indicator of the relationship value. While seemingly unimportant in a business relationship, the social exchange is extremely important. Social exchange encompasses the trust, commitment, and perceived satisfaction of the relationship, which are the criteria for a continuing relationship.

The type I or “simple episodes within limited relationship” is characterised by non-committal, time constrained, and focused exchanges. In addition, the availability of
alternatives supports this exchange. This is deemed transactional or discrete exchange (Bantham, 2010).

The “complex episodes within limited relationships” or type II is characterised by very early, initial, and new interactions. The dyad is in learning mode. Håkansson (1982) characterises this relationship through completeness in the interaction. This means that no action or a stage of episodes is left incomplete or deemed necessary for follow up.

Type III relationships are governed by simple episodes yet the relationship is extensive in terms of time and continuity. The episodes are incorporated into the relationship process. The relationship does not follow strict adherence to the episodes. However, the relationship itself provides assurances. This relationship type is common across all non-transactional exchanges.

Cooperation and collaboration epitomises type IV interaction processes. In addition to the characteristics of type III, there relationship entails adaptation, innovation, and development of processes, products, and knowledge (Håkansson, 1982). The dyad focuses on solving problems and creating solutions within the relationship.

The type of relationship is deemed limited or extensive largely due to the incorporation or isolation of episodes within the relationship. Episodes within limited relationships are precise and concluded without option for continuation. Extensive relationships treat episodes as part of the relationship. This allows for continuation, and flexibility.

**2.4.2 Relationship Evolution**

Scanzoni (Dwyer et al., 1987) discuss relationship evolution in five phases. These are awareness, exploration, expansion, commitment, and dissolution.

The awareness phase entails acknowledgement of the value that parties can enjoy in an exchange relationship. “Situational proximity” is proposed as a key enabler to awareness. While this may have been true in the past, globalisation and technology advancements negate the proximity argument in business exchange especially with organisations that are born global and/or are part of networks (Johanson & Vahlne, 2009; Sharma & Blomstermo, 2003). During this phase, no exchange occurs.

Within the exploration period, the relationship environment is tested, is fragile, and non-committal. A key element under consideration between the parties is the risk and reward
assessments. This period partially corresponds with the Håkansson's (1982) type II classification of the interaction process as seen in Figure 2:3.

The expansion phase corresponds largely to type III classification (Figure 2:3) in that the relationship is growing as the partners realise the benefit of working together. In addition, their interdependence on the relationship increases as well. A key development within this phase is the increased risk taking which is attributed to the satisfaction within the relationship (Frazier, 1983; Sheth & Sharma, 1997; Stuart, Verville, & Taskin, 2012). Moreover, the partner/s perceive that risks will be managed within the dyad (Håkansson, 1982).

The commitment phase, Dwyer et al. (1987, p. 19) suggests the “implicit or explicit pledge” to continue the exchange. From a classification perspective, this phase is a combination of type III and IV characteristics (Figure 2:3). The commitment to continue is based on trust (Davis, 2008; Gil-Saura et al., 2009; Powers & Reagan, 2007; Wu, Weng, & Huang, 2012), dependence and interdependence (Heijden & Vink, 2013; Phambuca, 2006; Powers & Reagan, 2007), and a history of satisfaction (Dou, Li, Zhou, & Su, 2009; Sanzo, Santos, Vázquez, & Álvarez, 2003; Vinhas & Gibbs, 2012).

Within the dissolution stage, the relationship can go through complete withdrawal, and disengagement (Dwyer et al., 1987). However, within the dissolution phase, parties can pursue alternative relationships without explicit indication of termination thereby keeping on hold the existing relationship.

In summary, the interaction processes and evolution stages of relationships, as discussed above, are applicable to most organisations. While some organisations are home-grown within the local context, others embark on expansion through internationalisation steps. While most organisations start out as local organisations and expand into foreign markets, others are born to be global (Sharma & Blomstermo, 2003). This means that from their inception, their markets are overseas rather than local.

2.4.3 Relationships as Partnerships

Developing and maintaining strategic relationships is a management priority in organisations with partnering being an approach to effective relationships (Gadde & Snehota, 2000). The literature (Bantham, 2010; Dou et al., 2009; Gadde & Snehota, 2000)
position partnerships as a type of relational exchange or relationship marketing/management. Partnerships are described as voluntary engagements between organisations that have similar strategic objectives and although independent, they appreciate the interdependence of the relationship and so work toward realising mutual benefit (Duffy, 2008). Partnerships can be strategic (relational exchange) or operational (discrete, transactional) in nature with both having a place in the supply chain (Duffy, 2008; Nyaga, Whipple, & Lynch, 2010). Operational partnerships satisfy a specific, one time objective in which the benefit is for the duration of the transaction. Beyond that, the relationship serves no further purpose. Dwyer, Schurr and Oh ((Duffy, 2008) term this type of exchange as discrete owing to the limited communication and narrow content. Moreover, the participants in the exchange remain unknown or else a relationship develops. Strategic partnerships, as described above, are longer term, exclusive engagements in which some form of embedding occurs and the measurement is not based on cost, price and supply but on value (Bantham, 2010). Historical exchange is a key criteria for relational exchange and for future collaboration (Palmatier, Dant, Grewal, & Evans, 2006). In addition, the relational exchange is expected to include personal, non-economic, and social exchange. Ford et al. (2008) described exchange as the transfer of services, products, and money between actors. While this description is narrow and incomplete, it does distinguish between exchange and interaction, which is more encompassing and complex.

In the context of this paper, the Vendor’s VAR model includes tactical and strategic partners, both of which are considered strategically important. Tactical partners, typically, provide services to smaller customers like Small and Micro Enterprises. The investment demands or asset specificity in tactical partnerships are minimum. Hence, result in less technical and specialised engagements. Strategic partners, typically, provide services to medium and large customers. Research (E. Anderson & Jap, 2005) highlight investments and costs of partnership undertakings such as training, technology, people and time could be prohibitive in terms of severing the relationship when it does not work. Therefore, the partnership type has to be conducive to the dyad.

2.4.4 Influence of the Network on Supply Chain Entities

The network, according to Håkansson and Ford (2002), is a structure comprised of nodes that have specific threads between them. In the context of this study, the network
encompasses the Vendors and VARs that come together and fulfil downstream supply chain objectives. These objectives include purveyance of products and services to customers.

Businesses do not operate in a vacuum and must make decisions about how to compete, especially in globalised markets, by taking into consideration the environment within which it operates (Naude & Badenhorst-Weiss, 2012). The exchange relationships is not isolated but influenced by external markets and actors that are directly and indirectly connected - “an era of network competition” (Christopher, 2011, p. 213). “Network Organisation”, is how Christopher (2011, p. 213) described business relationships when emphasising the effects that occurrences in one relationship has on interactions in other relationships. In a South African study, Naude & Badenhorst-Weiss (2011), empirically demonstrated the effect problems in one part of the supply chain has on other parts of the supply chain.

(Snehota & Håkansson, 1995)

Figure 2:4: Business Relationships as Elements of a Network Structure

According to Ford and Håkansson (2006), there is a distinct difference in organisations operating within market structures and network structures. Market structures gravitate around a single product, limited actors with distinct roles, and relationships that are generic and stable. In contrast, network structures entail dynamic identifiable relationships; roles within the network mutate in order to solve problems, and the network is both cooperative and conflictual. Within the market structure, the modus operandi is around single actor actions that yield distinct lines of communication and control, common behaviour patterns, and response to market demands. The network structure (Figure 2:4) is driven by interactions resulting in structures that differ based on interplay between actors, individual
behaviour modes, and the ability to offer multiple products. Through interactions, rather than actions is how companies develop relationships.

Relationships are formed as a result of dependence on resources that the organisation either does not have or can be obtained at a better price from others (Petersen et al., 2010). Ford and Håkansson (2006) argued that relationships are a “structural dimension” and equally important to the organisation itself. Furthermore, given the strategic importance of relationships due to dependence and the cost associated in building and sustaining relationships, the number of relationships is limited (E. Anderson & Jap, 2005). Therefore, owing to the limited counterparts available, extracting value and satisfaction is critical to the organisation’s success.

2.5 Determinants of Relationship Satisfaction

Fundamentally, satisfaction is a result of expectations and attainment, i.e. what did I expect and did I get what I expected?

Business relationships take place between people that have varying social backgrounds and influenced by culture (Cannon, Doney, Mullen, & Petersen, 2010). Therefore, the social bonds between people are important in how the business develops through interactions. People are part of other social networks such as family, neighbourhood, community, professional affiliations, and sports. Being part of these social networks have afforded individuals a sense of personal relationship satisfaction which is easily transferred into business relationships (Cannon et al., 2010). Social bonds become strong when there is trust and confidence. Perceived performance, quality, fairness, reciprocity, and satisfaction in relationships are important for long term exchange (Cannon et al., 2010). Paulssen and Birk (2007) argued that high satisfaction is not always an indication of repeat business. While this may be true in a business-consumer relationship, in a business-business relationship this is important. Satisfaction can be achieved, within a dyad, through adjusting the reward and sacrifice proportions (Naudé & Buttle, 2000).

2.5.1 Instrumental and Interpersonal Relationship Factors

Determinants of satisfaction can be divided into instrumental and interpersonal factors (Abdul-Muhmin, 2005). Instrumental determinants relate to business performance parameters such as sales, marketing, and operations of the relationship. Interpersonal
factors expose determinants such as trust, loyalty, commitment, values, and social/cultural customs from a people perspective. Partnerships transpire between organisations. However, the interaction between people, within the partnerships, determine the outcome (Bantham, 2010). Instrumental factors can be controlled, thus measured, via contractual agreements that define governance, responsibilities, and rewards. However, considerable value is created through actions that are not included in contracts and bonds (Aminoff & Tanskanen, 2013). Furthermore, the parties agree to activities each will perform, the processes and procedures that govern the relationship and the incentive scheme. “Interpersonal factors provide psychological rewards that dominate exchanges of money and goods” (Cannon et al., 2010, p. 509). Interpersonal involves relations between two or more people. Factors of satisfaction such as trust, commitment, and loyalty, become evident in business exchange and is expected through organisation culture, individual experiences, and shared beliefs (Abdul-Muhmin, 2005).

2.5.2 Factors that Influence Relationship Satisfaction

Organisations develop relationships to overcome uncertainty, fulfil dependence and gain cost/competitive advantage. The stages of a relationship and the position of an organisation in the marketplace, largely, determine the factors of relationship satisfaction (Powers & Reagan, 2007). For example, reputation is important at the initiation stage and commitment is important at the maintenance stage. However, power and dependence are important throughout most stages of the relationship (Powers & Reagan, 2007). Power is the ability of one member of the relationship (and SCM) to control another’s decision variable (Belaya & Hanf, 2009).

Needs fulfilment and achieving expectations are the characteristics of satisfaction (Naudé & Buttle, 2000). Bantham (2010) describes satisfaction as the affective outcome of a dyadic partnership and embraces both tangible and intangible results as contributing factors. Abdul-Muhmin (2005) refers to tangible and intangible factors as institutional and interpersonal factors, respectively. The tangible results are quantifiable business metrics like production, sales achievement and profitability. Intangible factors are difficult to quantify. They encompass factors such as knowledge, communication, trust and commitment, to name a few. Success and satisfaction are used interchangeably or act as “proxy” or “surrogate” for each other. However, Bantham (2010, p. 20) noted that success
is largely based on tangible performance achievements while satisfaction focuses on the relationship as a whole. The holistic approach includes intangible and tangible factors. For the purposes of this study, satisfaction is employed to evaluate business relationship outcomes. The views on satisfaction differ with regard to the importance placed on different factors and as mentioned, commitment, trust, power and dependence factors are popular. While there is empirical evidence backing the popularity of these factors, the study intends exposing perceived satisfaction factors without preconceived notions.

Literature exposes a number of studies around the factors that contribute to relationship satisfaction (Anderson & Narus, 1990; Bagdoniene & Zilione, 2009; Mohr & Spekman, 1994; Morgan & Hunt, 1994; Morris, Page, & Brunyee, 1998; Palmatier, Dant, Grewal, & Evans, 2006; Powers & Reagan, 2007). Bagdoniene and Zilione (2009) and Morris et al. (1998) cited around thirty and twenty-three factors, respectively, that influence a relationship. Appendix A contains an extensive list of research that covers independent factors, mediating factors and taxonomies of factors.

Independent factors of satisfaction have been covered extensively in the literature. See Table 2-1, below, for factors that emerge consistently in the literature.

Table 2-1: Independent Factors

<table>
<thead>
<tr>
<th>Commitment</th>
<th>(Chinomona &amp; Pretorius, 2011; Davis, 2008; Gil-Saura et al., 2009; López Sánchez, Santos Vijande, &amp; Trespalacios Gutiérrez, 2010; Powers &amp; Reagan, 2007; Wu et al., 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>(Dowell &amp; Morrison, 2013; Kwon &amp; Suh, 2004; Parvinen &amp; Niu, 2010; Mornay Roberts-Lombard, 2010; Theron, Terblanche, &amp; Boshoff, 2012)</td>
</tr>
</tbody>
</table>

Commitment and trust factors are the most common of all factors (Emberson & Storey, 2006).
Popular mediating factors in relationship satisfaction assessment are illustrated in Table 2-2.

**Table 2-2: Popular Mediating Factors**

<table>
<thead>
<tr>
<th>Commitment - Trust</th>
<th>(Bianchi &amp; Saleh, 2010; López Sánchez et al., 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Dependence</td>
<td>(Belaya &amp; Hanf, 2009; Benton &amp; Maloni, 2005; Meehan &amp; Wright, 2011)</td>
</tr>
</tbody>
</table>

Relationships form between people within organisations and relationship assessments, typically, are around the quality of the social exchange between people (Emberson & Storey, 2006). While the studies mentioned approached relationship quality as a rational and well-defined business exchange process that results in long-term relationships, the interactions, hence, the relationships are not always rational and predictable. The relationship is subject to change to accommodate competing priorities and business strategy that is dictated from upper echelons that render unimportant or less important interpersonal relationships between people in organisations (Emberson & Storey, 2006).

The number of factors exposed is not the issue as the literature has exposed many. The issues are around scarce studies that expose perceptions between partners in a relationship, the motivation of the parties for being in the relationship and the context (industry and country) as critical influencers (Bantham, 2010).

### 2.5.3 Measuring Relationship Satisfaction

“Perception is the organisation and interpretation of incoming sensory information to form inner representations of the external world” (Gross & Humphreys, 2010, p. 225).

Factors that affect satisfaction are based on perceptions. Sanzo et al. (2003) use affective measurement, which is the satisfaction of one party with the other, to describe the measurement of satisfaction. Assessing satisfaction, according to Bantham (2010), requires a holistic view of the relationship rather than just tangible aspects like sales figures. Measuring relationship satisfaction takes into consideration past, and present experiences and is a predictor of future experiences (Lam, Shankar, Erramilli, & Murthy, 2004). The research methods for relationship assessment consists of groups of predetermined factors,
sets of individual predefined factors, individual factors, bivariate combinations, and multivariate analysis (Hennig-Thurau, Gwinner, & Gremler, 2002).

Cannon and Perrault (1999), based on empirical research, propose a taxonomy of six high-level dimensions or connectors that characterise the buyer-seller relationship with antecedents (market, supply, etc.) as input and customer satisfaction as an output. Lamming, Cousins, and Notman, (1996) proposed Relationship Assessment Programmes (RAP) model, which articulated a joint dyad assessment scheme.

Multivariate research methods facilitate studies of relationships through multiple factors and the interplay or effect they have on each other (Morgan & Hunt, 1994). Multivariate factors commonly researched include commitment-trust and power–dependence combinations. Bivariate factor assessment takes into consideration two factors as the only or most important ones for relationship satisfaction consideration, such as trust and satisfaction (Bianchi & Saleh, 2010; Dou et al., 2009; Naudé & Buttle, 2000; Phambuca, 2006). The multivariate and bivariate methods are essential in understanding relationship satisfaction. However, the issues that surface from these methods are around research bias, researcher assumptions, and preconceived ideas of the factors that come into play in relationship satisfaction. The ICT industry in South Africa, due to scarcity of research, requires an introductory knowledge of relationship satisfaction between Vendors and VARs. Once all the relevant factors are exposed without constraint, further research, utilising either qualitative and quantitative methods or both, is suggested to understand the interplay between factors. While the quantitative approach is not wrong, it is insufficient at this stage due to the lack of research (Emberson & Storey, 2006). Exposing nuances, deeper insights and attitudes is important considering the lack of knowledge around Vendor-VAR relationships.

In assessing the quality of a relationship, understanding the perspective of one entity results in an incomplete and biased assessment especially considering relationship asymmetry (Kim, Park, Ryoo, & Park, 2010). The objective of the study is to expose perceived satisfaction insights from both perspectives. Measuring just one person’s opinion in a multi-person relationship does not entirely represent the level of satisfaction between the organisations as there several specialised and focused individual relationships taking place between the organisations (Austen, Herbst, & Bertels, 2012). Austen et al., (2012) argued
that this form of representation poses issues around individual bias, company bias, and interpretation issues especially in technical environments. While this may be a limitation, Vendors and VARs have designated relationship managers responsible for the overall relationship within the dyad.

2.6 The ICT Downstream Supply Chain in South Africa

Information and communication technologies (ICT) is the integration of hardware and software into systems that store, support and transmit unified communications consisting of voice (audio), video and data between homogeneous and heterogeneous systems (Murray, 2011).

The ICT industry falls within the realm of SCM and as articulated earlier in the discussion of SCM, the ICT industry consists of upstream and downstream activities, which is orchestrated by the focal organisation. The focal organisation in the context of the research is the ICT Vendor. From an upstream perspective, the Vendor is responsible for product or service innovation and coordination of suppliers in order to realise a product or service that is of value. The Vendor also controls the activities in the downstream side, which is geared toward purveyance of products and services to customers whether it is directly or indirectly. The downstream actors involved in the purveyance of products or services to customer consist of VARs.

As discussed in the introduction, the purpose of the research is to better understand the motivation for ICT Vendors and VARs relationship formation and expose the perceived factors that affect relationship satisfaction from both perspectives.

2.6.1 ICT Industry Landscape in South Africa

ICT is integral to a nation’s competitive progress (Kyobe, 2011a). ICT can level the playing field when competing with developed nations through product development, efficient economic activities, governance and social upliftment of people (Thompson & Walsham, 2010). More importantly, ICT minimises proximity disadvantages. Having said this, South Africa dropped three places in the World Competitive Yearbook ranking, from fiftieth in 2012 to fifty-third in 2013 (World Competitiveness Center, 2013) which has current and future economic, social and political implications.
ICT spending in South Africa is estimated to reach US$ 18.1bn by 2017 (Van Zyl, 2012). ICT spending in South Africa in 2011 reached US$ 12.1bn (IDC, 2012). South Africa is the world’s twentieth largest consumer of ICT in the world and ranked eighth in terms of ICT to GDP spending (DTI, 2011). The internet economy contributes 2% to GDP and e-commerce is growing at 30% per annum (Goldstruck, 2012). The country has a fixed line penetration of 9.3%, mobile penetration of 114% and 9.5m internet users, with projections of steady growth. The price of bandwidth in South Africa is $37.91/Mbps which is expensive relative to the global average of $8.86/Mbps (Mybroadband, 2012). According to Goldstruck (2012), South Africa is ranked fifth in Africa in terms of internet users and significantly worse than Cape Verde, Tunisia, and Mauritius in terms of penetration. The reason cited for lower penetration is due to the cost of internet and broadband access. South Africa’s financial markets are rated sixth worldwide, have favourable laws governing intellectual property and piracy, and rated well in terms of ICT adoption and diffusion within businesses (Dutta & Mia, 2011).

Although the statistics mentioned is positive largely, there are issues in South Africa with respect to ICT. Poor adoption of ICT at the individual level is highlighted due to poor education, especially around math and science, and cost of ICT being the key contributors (Dutta & Mia, 2011). In a study by Fuchs and Horak (2008), it was identified that a critical barrier to ICT adoption in South Africa is not due to liberalisation of ICT sector or availability of internet services but due to major social problems that are fuelled by economic and historical (apartheid) imbalances. ICT skills shortage is a significant problem in South Africa due to migration of skills to other countries, the challenges within the education system, perceptions of ICT and the South African labour law (de Villiers, Johnson, & Cremer, 2012). The South African labour law and Broad Based Black Economic Empowerment (B-BBEE) has restrictive guidelines on employment. Hence, causing a possible shift from ICT as a career choice (de Villiers et al., 2012).

From an ICT industry perspective, the volatility in the industry caused by the dotcom bubble, the economic woes of key ICT development hubs like USA and Europe and the speed of technological change has resulted in poor perception of the industry (de Villiers et al., 2012).
Figure 2.5: Illustration of ICT Downstream SCM (Compubase, 2010a)

The structure of the ICT downstream SCM is illustrated in Figure 2.5. The colour shading is not accurate as will be highlighted further down and this is due to generalisation of countries in Europe, Middle East and Africa (EMEA).

Vendors', also known as manufacturers and original equipment manufacturers, core business is manufacturing of ICT products and services. Independent Software Vendors (ISV) are present in South Africa contrary to the illustration. However, discussions of ISVs are outside the scope of the study. Telecom Operators (TO), in the South African context, fulfil both VAR and Vendor roles. Examples of TO in South Africa are Telkom, Cell C, Vodacom, MTN and Neotel (SouthAfrica.info, 2013). Vendors sell products and services through VARs or directly to customers. VARs consist of distributors and resellers. Distributors, for example Comstor and Axiz Workgroup, procure products directly from Vendors and resell, with or without, benefit to sub distributors and resellers. Resellers, depending on accreditation status and economic status, procure products directly from Vendors or through distributors and sub distributors. VARs include organisations, whose core competencies are around business consulting, such as Accenture, KPMG and
PriceWaterhouseCoopers (Compubase, 2010a). In addressing the generalisation of the depiction (shading), South Africa has representation of most “channel” types.

2.6.2 The ICT Vendor in South Africa

The literature survey for ICT Vendors or ICT SCM in South Africa revealed there is limited literature. The literature review around SCM in South Africa exposed SCM within the food industry, the automotive industry and agricultural industry (Ambe, 2012; Naude, Ambe, & Kling, 2013; Parker, 2007; Roberts-Lombard, 2009). While the elements of SCM in terms of processes and methodology are similar, the particularities and characteristics of the ICT industry are different to the automotive industry or the agricultural industry. An industry “is a group of firms producing products that are close substitutes for one another” (Sharp, Bergh, & Li, 2013, p. 45). Focusing on a specific industry does present limitations around generalisation but on the other hand, focusing on more than one industry minimises the focus (Sharp et al., 2013). However, this is an opportunity for further research around comparing industries.

There are approximately two hundred and twenty Vendors in South Africa (Compubase, 2010a). Most ICT Vendors in South Africa, such as Microsoft, Hewlett Packard (HP), Huawei, ZTE, Samsung, Apple, Cisco, IBM, Oracle, and Intel, to name a few, are examples of international organisations. These organisations, in order to have a presence in South Africa, are products of internationalisation and typically are at stages 2 and 3 (Figure 2:6).
There are some VARs in South Africa such as Accenture, Wipro, KPMG, and HCL that are examples of international organisations.

Internationalisation is described as an organisation’s conscious effort in increasing foreign market activity through processes of adaption, increased international operations and involvement (Chetty & Stangl, 2010). Internationalisation of the organisation has resulted in the organisation exporting products and services from local markets to foreign markets, largely based on foreign market knowledge. In doing so, it has adopted a phased or stages approach (Vahlne & Johanson, 2013). The internationalisation process (Figure 2:6), according to Vahlne and Johanson (2013) is based on an organisation’s knowledge acquisition and learning over time. This progresses into further activities around commitment, and investment. Morschett, Schramm-Klein, and Swoboda (2010) propose similar foreign market entry modes in the form of export considerations, licensing agreements, joint venture relationships, and sole venture undertakings.

Understanding the internationalisation of organisations helps frame the discussion around Vendor-VAR motivations in forming relationships and the satisfaction resulting from the relational exchange. The vendor organisations have limited presence in a foreign country and are reliant on the VAR to provide resources in order to scale operations in local markets (Parvinen & Niu, 2010). In the first stage, the organisation operates within local and close proximity markets and may fulfil some orders from foreign countries. As the knowledge around foreign markets improve and the organisation’s confidence level increases, the organisation employs agents in the foreign market and conducts indirect export (stage two) through these foreign representatives. As market knowledge and confidence improves and resources can be committed to the foreign market, the organisation establishes a local entity in the foreign country (stage three). In the final stage (stage four), the organisation establishes manufacturing and production facilities in the foreign country.

The internationalisation process has received attention by the original authors citing evolution due to globalisation and the newer view that organisations join existing networks and become insiders rather than progressing through stages (Johanson & Vahlne, 2009; Vahlne & Johanson, 2013). Ford and Redwood (2005) argued that organisations do not create relationships or networks but join existing networks of relationships. An organisation’s network is defined as a set of entities or objects of social networks that have
interdependencies which are reliant on direct and indirect relationships (Chetty & Stangl, 2010). Johanson and Vahlne (2009), in a revised paper on the internationalisation of the organisation, acknowledge this “web of relationships” and network effect as result of connected relationships. Research supports this idea that an organisation’s motivation to internationalise is based on network ties (Sharma & Blomstermo, 2003).

Organisations entering a foreign country adapt their marketing mix, such as product, price, promotion and place, to the destination market (Omar & Porter, 2011). On the opposite spectrum of adaptation is standardisation, in which the marketing mix remains constant regardless of the markets addressed. Levitt (2006), a proponent of standardisation in a global strategy, argued that organisations can satisfy customers demand for low cost products and achieve economies of scale if a standardisation approach is adopted. Omar and Porter (2011) articulate several opinions and conclude that decision to standardise or adapt should be based on risk whether its competition, political and economic. Even if there is product fit in foreign markets, the place, price, and promotion aspects need to take into consideration influencing factors such as VAR, cost, culture, and environment (Omar & Porter, 2011). These will invariably cause a need for adaptation in order to be accepted. Adaptation is an important relationship factor (Mukherji & Francis, 2008). Adaptation is not just about the costs and risks associated with products or services but includes the risks and costs attached to contractual, social, economic, and political considerations as well (Morschett et al., 2010). Moreover, these additional considerations have an influencing effect on the choice of foreign entry mode the organisation adopts. These choices include arm’s length dealing through exporting and licensing or relationship centric partnerships, joint ventures and sole ventures. Adaptation is especially important when the organisation engages with VAR and takes steps to foster stronger, flexible relationships through behavioural approaches rather than relying solely on contractual obligations (Mukherji & Francis, 2008). Furthermore, Mukherji and Francis (2008) state that adaptation is not incumbent upon either party. However, ignoring the local context and its attributes could be perceived as imbalance in the relationship despite acceptance in foreign markets.

Selecting the right VAR for an organisation is critical as it will be an extension of the organisation and a frontline barrier to competition (Parvinen & Niu, 2010). The selection process, as mentioned in the relationship development section (page - 14 -), is motivated by
uncertainty and dependence, and results in reciprocity in the form of resource and economic commitment. An assumption of internationalisation is that an organisation has a competitive advantage. Competitive advantage is achieved through the organisation’s strategy to use internal resources (strengths) in addressing external opportunities thereby neutralising external threats and mitigating internal weaknesses (Barney, 1991). Competitive advantage is the ability of an organisation to do something better than its rivals. Porter (1996) argued that business strategy is about creating a difference through delivery of a superior product or a comparable product at a lower cost. This difference should be used to challenge incumbent players and/or create a new market and attract partners. This competitive or comparable advantage will motivate partners to act on behalf of a Vendor. Recruitment of partners is not one sided nor is it a pure bilateral discussion. It is a multifaceted appreciation of interrelated entities (Spekman, Kamauff Jr, & Myhr, 1998). This is due to globalisation and the unprecedented access to knowledge and information (Ritzer, 2008). Therefore, the perspectives of all stakeholders and local context are important in partnership decisions.

As opposed to a pure knowledge and commitment based approach to internationalisation (Vahlne & Johanson, 2013), organisations nowadays are internationalising based on network relations (Johanson & Vahlne, 2009; Sharma & Blomstermo, 2003). In addition, costs and risks are critical influencing factors in the choice of foreign entry mode.

### 2.6.3 The ICT Downstream VAR in South Africa

The ICT industry in South Africa, from a downstream perspective, is similar to most developing countries with Vendors selling products and services through VARs (Compubase, 2010b). There are approximately five thousand VARs in South Africa based on criteria that an organisation has a minimum annual revenue of R4 million or generating more than 50% of annual revenue from ICT related activities. From a geographical dispersion in South Africa, 60% of ICT Vendors and VARs are located in Gauteng Province, 14% in the Western Cape Province, 10% in Kwazulu-Natal Province and 16% distributed among the remaining six provinces (Compubase, 2010b).

Vendors, globally, are focusing on quality in relationships rather than quantity of relationships in order to reduce costs, develop superior products through innovation, and improving the productivity of the relationship (Bantham, 2010). Depending on the type of
partnership that is suitable to the relationship, whether it is strategic or operational ((Mentzer, Min, & Zacharia, 2000), the criteria for the partnership will vary accordingly. The ICT channel (Vendor and VAR) landscape in EMEA had a 46% change from 2002 to 2012. The reasons cited were attrition, mergers and acquisitions (Compubase, 2013). While the percentage change is alarming, the absolute number of VARs has not changed and is attributed to foreign and new market entrants.

The role of the VAR includes, but is not limited to, promotion, deployment, implementation, and support of various technologies under the ICT umbrella. VARs consist of partners, agents, and resellers, with some fulfilling distinct roles like distributors, consultants, system integrators, and retailers. As noted by Compubase (2010a), the ICT downstream SCM has shifted from pure resellers to now being VARs together with advanced integration capabilities. More services, bundled with hardware, are needed to avoid further attrition of VARs due to challenging economic times and very low profitability on hardware (Pieterse, 2013).

Although figures for South Africa are not available, globally, Vendors are conducting the majority of their business through VARs. For example, $36 billion, which is approximately 80% of Cisco Systems’ annual revenue, is conducted through partners (Whiting, 2013). Microsoft has around 640,000 channel partners who employ approximately 6.1 million people and generate within the VAR network around $580 billion in annual revenue (Microsoft, 2011).

Although a generalised depiction but for illustrative purposes, Figure 2:7 (below) demonstrates the different accreditation requirements for Cisco (Vendor) and the VAR. The x-axis denotes the different VAR partnership levels. The y-axis denotes the steps and requirements for each partnership level. The cost or investment of the partnership increases according to the partnership level. The operational, tactical or transactional partnership would be the “Select Certified” in Figure 2:7. Strategic or relationship centric partners would be classified as Silver and Gold certified.
Cost driven motivation has been the only differentiator between suppliers and buyers (Ellram, 1995) and still continues to be in operational relationships but no longer the key performance metric of a strategic partnership. Value (expertise, insight and innovation) in terms of contribution to the partnership (and product development) is more important (Spekman et al., 1998). This does not imply that cost is not important. Due to the global economic slowdown, cost containment within the supply chain is critical (Ferrari, 2012).

Operational engagements are transaction-centric and time constrained. The literature emphasises longevity as key criteria for successful strategic partnerships (Choi & Hartley, 1996; Ellram & Krause, 1994; Spekman et al., 1998).

When cost and price are the key measure of an engagement, “maximum competition” through maximum interested players yields the best results (Spekman et al., 1998). However, as marketplaces evolve, holistic approaches to competitive advantage are necessary. While this does not negate cost as a factor, value as mentioned is more important. Strategic partnerships, nowadays, tend to be fewer but stronger contributing relationships (Lemke, Goffin, & Szwejczewski, 2003).

The organisation’s (Vendor) and local partner’s negotiation position, whether strong or weak, depends on power derived from being irreplaceable due to resource ownership (Pfeffer & Salancik, 1978). Partnership discussions are initiated from many angles such as a
partner approaching a Vendor, a Vendor approaching a partner and multinational partners, such as Tata Consultancy Services and HCL Technologies, which are expanding into overseas markets.

While the literature captures the supplier and buyer selection criteria sufficiently, the context, as influencers, is not adequately mentioned. These influencers, in the local context, include government through B-BBEE, corporate social responsibility programs (education) and customer preferences. B-BBEE is an important influencer as Vendors and VARs have to be cognisant of applicable compliance, such as employment equity, not only when participating in state tenders but also when dealing with local companies (de Villiers et al., 2012). Local companies achieve levels of B-BBEE compliance through scorecards. Scorecard levels, amongst other criteria, take into consideration a qualifying organisation’s network of suppliers and partners and their B-BBEE status (DTI, 2003).

2.6.4 Institutional Environment Influence

2.6.4.1 The Economic Effect

South Africa is no different to mature economies around the world and are impacted, positively and negatively, in terms of economic purchasing power due to currency fluctuations (Ryan, 2013). The positive implications are around foreign direct investment, export of goods, increased purchasing power when the local currency is strong and offshoring. The negative implications are around importation of goods and services and the reduction of purchasing power due to currency fluctuations and weakness. At the end of 2011, importation of ICT goods amounted to 8.4% of total goods imported into South Africa (WorldBank, 2012). The implications for ICT adoption is around lower purchasing power which results in decision making that impacts skills development, procurement of professional services to roll out ICT projects and delaying of ICT projects due to affordability. The positive implication of a weaker currency, from an ICT perspective, is the attractiveness of South Africa’s ICT products and services to foreign.

2.6.4.2 The B-BBEE Effect

In 1994, the democratically elected African National Congress (ANC) replaced the National Party (NP) as the ruling party in South Africa (Southall, 2007). Prior to this, business ownership and preferential treatment was limited to the minority White population
(Chabane, Roberts, & Goldstein, 2006). Subsequently, business ownership and activities started to change with emergence of the Black population as the new business owners and drivers of the economy. The ANC government focused on dismantling historical, apartheid era, barriers to international trade (Chabane et al., 2006). Black Economic Empower (2003) and Employment Equity (Republic of South Africa, 1998) policies have been revised to be more inclusive of the Black population. The revised policy is B-BBEE. B-BBEE in its most simple definition is the economic empowerment of Black citizens. In the context of B-BBEE, “Black” is an encompassing term for all non-white people (Ntim & Soobaroyen, 2013).

Furthermore, B-BBEE, as an affirmative action policy, includes South African woman, labourers, youth, and people with disabilities in order to redress past apartheid imposed imbalances (Republic of South Africa, 2003). B-BBEE “Codes of Good Practice” or scorecards are a standard framework for measuring and monitoring the act across industry segments (DTI, 2003). Of particular relevance to this research are the scorecards that concern skills development, ownership, and preferential procurement. All have implications for the Vendor and VAR around accreditation and enforcement of partnerships without consideration for an organisation’s internal policies.

While the realignment of the country’s economic policies after the apartheid era are necessary, critics highlight exploitation by the privileged few, reverse apartheid phenomena and economic corruption in government (Southall, 2007). Southall (2007, p. 67) argued that B-BBEE has made a very small group of Black entrepreneurs - “empowerment elite” and politicians extremely wealthy. This is frightening away investment. In addition, the scorecard rule amounts to interventionist policy in that government dictates ownership and internal strategy of the organisation (Iheduru, 2008). Iheduru (2008) argued that organisations accept state interference if it directly or indirectly promotes the organisations’ interest. However, acceptance also reaffirms the states interventionist policies such as B-BBEE, promoting and supporting semi-government organisations like Telkom that control the countries bandwidth and access (Fuchs & Horak, 2008), and restriction of frequency spectrums.
2.7 Identified Gaps within the Literature

Research exists around the factors that influence relationship satisfaction from a dyad perspective and captured in Table 9-1, Table 9-2 and Table 9-3 (Appendix A). However, despite existing knowledge, the following gaps have been identified.

Summary of gaps identified - three key areas:

- Relationships occur between two or more people (and organisations). However, the identified relationship assessments are largely around perceptions from a single perspective. It behoves the researcher to gain both perspectives in the quest to understand relationship satisfaction (Bantham, 2010; Belaya & Hanf, 2009; Kim et al., 2010). In exploring research around relationship satisfaction, two additional gaps have been identified. Firstly, the motivation for being in a relationship is not exposed and understanding this is important especially if there are power-dependence factors in play. Secondly, the research approach, largely approaches the phenomenon from a quantitative and positivist approach, thereby minimising the opportunity to expose deeper insights through subjective interpretation.

- Research within a specific industry assumes shared knowledge and similarities in structure that complement findings. However, dissimilar industries minimises the focus and exposes the findings to variables that are uncommon between industries (Sharp et al., 2013). Industry specific research poses limitations in terms of generalisability. However, this also results in the opportunity for further research. The literature and academic focus on ICT industry supply chain is lacking but important enough to warrant attention (Balocco et al., 2012)

- Studies (see Appendix A), within a South African context, are available across various industries such as agriculture, automotive manufacturing, public sector, transportation, retail, food and financial services. None has been identified from the literature review that exposes relationships within the ICT industry in South Africa.

The research intends contributing to knowledge in the context of South Africa and the ICT industry by addressing the identified gaps and exposing areas for future research.
2.7.1 Relationship Assessment from Both Perspectives

Relationships entail two or more parties and affective measurement (Sanzo et al., 2003) is the satisfaction of one with the other within a relationship. Based on this, understanding relationship satisfaction has to be assessed from both perspectives despite the outcome being perceptions (Bantham, 2010). Relationship satisfaction from the literature revealed a few papers that embrace both perspectives (Ambrose, Marshall, & Lynch, 2010; Anderson & Narus, 1990; Brito & Mariotto, 2013; del Bosque Rodríguez, Agudo, & San Martín Gutiérrez, 2006; Kumar, 1996; Mohr & Spekman, 1994; Morris et al., 1998). Apart from the Banham (2010) study, the mentioned papers were all restrictive in that preconceived factors was paramount to the study. Several papers (Abbad, Paché, & Fernandez, 2013; Chinomona & Pretorius, 2011; Gil-Saura et al., 2009; Panayides & Venus Lun, 2009; Phambuca, 2006; Powers & Reagan, 2007; Roberts-Lombard, 2009; Van Wyk & De Jager, 2009) explore just a single perspective, either the buyer’s or seller’s. Hence, the findings represent one perspective.

2.7.1.1 The motivation for Relationship formation

In order to understand relationship satisfaction within a dyad, it is important to understand the motivation of the dyad for being in a relationship. Some aspects of a business relationship can be attributed to institutional, tangible and economic factors, such as product, price and performance, that is governed by contracts (Abdul-Muhmin, 2005; Bantham, 2010; Sanzo et al., 2003). However, beyond this there exists a social context, an attraction between organisations that motivate relationships (Aminoff & Tanskanen, 2013) and is largely based on interpersonal, intangible and non-economic factors (Abdul-Muhmin, 2005; Bantham, 2010; Sanzo et al., 2003). Attraction is defined as a force - “a force is defined as fostering voluntarism in purchasing and marketing exchanges pushing buyer and supplier closer together in a mutual advantageous relationship” (Aminoff & Tanskanen, 2013, p. 165). What attracted the entities to enter into a relationship becomes the basis on which the relationship is measured (Hald, Cordón, & Vollmann, 2009).

The literature is scant around drivers of relationship. Some papers focus on common motivation factors such as dependence (Belaya & Hanf, 2009; Heijden & Vink, 2013; Laaksonen, Pajunen, & Kulmala, 2008; Mysen et al., 2012; Powers & Reagan, 2007), and others focused on uncertainty (Kim et al., 2010; Mukherji & Francis, 2008; Phambuca, 2006;
Srinivasan, Mukherjee, & Gaur, 2011). Included within the papers are bivariate factors such as power-dependence and power-uncertainty indicating the possible imbalance based on the entity with the scarcest or most demanded resources (Barney, 1991; Pfeffer & Salancik, 1978). The gap in knowledge, from an ICT and South African context, is the lack of clarity around the motivation for Vendors and VARs to be in a relationship.

2.7.1.2 Research Method: Uncovering Deeper Insights

The existing knowledge (Day, Fawcett, Fawcett, & Magnan, 2013; López Sánchez et al., 2010; Mukherji & Francis, 2008; Mysen et al., 2012; Parvinen & Niu, 2010; Theron et al., 2012; Vinhas & Gibbs, 2012) begin with predetermined factors, such as trust, commitment, power, dependence and adaptation that are deemed applicable based on valid literature investigation. However, the gap in knowledge is drawing these factors from both stakeholders of a relationship, especially in the ICT industry in South Africa, where existing knowledge is scarce (Nyaga, Lynch, Marshall, & Ambrose, 2013).

Relationships are human centric, complex and emotive (Thomas et al., 2013). Despite this, most research conducted around Vendor - VAR relationships take a positivistic and quantitative approach to understanding the factors that influence relationships (Belaya & Hanf, 2009; Kim et al., 2010; Powers & Reagan, 2007; Srinivasan et al., 2011; Wu et al., 2012). The benefits of a positivistic approach are many and include objectivity; focus on single reality, generalisability; and testing hypotheses, models, and frameworks. The intended research will take an interpretive philosophical position and deductive reasoning based on the use of existing theory to gain an understanding of the deeper insights and underlying meanings of the perceived factors that influence relationship. The interpretive approach helps understand human behaviour in social and organisational surroundings (Klein & Myers, 1999). Moreover, it has the potential to provide deeper insights, meanings, and patterns in relationship phenomena. A qualitative approach is intended to tease out perceptions, feelings and interpretations, which are subjective but rich in meanings, from participants.

2.7.2 Industries are different

Industry specific research uncovers the shared knowledge, structures, and environment, within which similar organisations operate. This also facilitates better generalisation of the
theory. Performance, a factor of satisfaction, is directly related to the structural characteristics of the industry (Porter, 1980). Influence within the industry is often overlooked due to historical broad level classification and referencing of production and manufacturing (Chiasson & Davidson, 2005). Furthermore, Chiasson and Davidson (2005) argued that industry or “organizational population, or set of organizations” is representative of specific market structures, technologies and knowledge resulting in production of similar products and services. Organisations operating within the same environment take on similar structures and “adaptive capabilities” when influenced by similar environmental variables such as culture and regulation (Hannan & Freeman, 1977). Furthermore, industries are susceptible to change based on specific triggers that only have an effect on that particular industry.

2.7.3 South Africa is Unique

In selecting South Africa as the context for the study, the generalisability of the research across countries is minimised. Generalisability has to take into consideration similarities and differences in market structures, economic, social, political and human interaction aspects (Mayring, 2007). Based on this premise, using studies that have a context outside of South Africa will not be an accurate representation of the country and its peculiarities. Moreover, the views of South African experts and stakeholders, within the industry, have been overlooked (Lemke et al., 2003). Studies explored (see Appendix A), do not provide guidance on inferences that can be generalised. Hence, all aspects are open to interpretation and multiple meanings.

The context, South Africa, has an effect on the relational exchanges and performance of the relationship (Palmatier et al., 2006). The South African context exposes unique policy issues around mandated partnerships through the Broad-Based Black Economic Empowerment policy (B-BBEE). The implications of B-BBEE include participants of a relationship that are trapped due to policy mandates that force them into or out of a relationship, nepotism and corruption (Kruger, 2013). With ICT being a cornerstone of a nation’s progress, understanding this critical relationship is important. Failure to expose positive and negative elements of the relationship could have consequences for South Africa’s competitive advantage, which includes equalisation and unemployment reduction, due to barriers in diffusion and adoption of ICT across the nation.
In conclusion, there is no research found that focuses on relationship satisfaction between ICT Vendors and VARs in South Africa. The quality of the relationship, specifically around motivation and satisfaction, between ICT Vendor and VAR is unknown especially in South Africa and research is needed in this area (Mysen et al., 2012). The method for collecting data was qualitative in nature to benefit from exposing stakeholders underlying feelings, opinions and perceptions. A theoretical framework was used to guide and inform the study as this is also lacking when exposing factors that influence relationship satisfaction (Parvinen & Niu, 2010). The research will minimise the gaps identified and contribute to knowledge.
3. Theoretical Framework

Several theoretical methods are available for guiding and informing this paper. These are discussed below. The purpose of social theory in research is to inform and guide the researcher in interpreting and explaining the what, why and how of phenomena (Klein & Myers, 1999; Robson, 2011). The criteria for shortlisting theoretical models were based on the research phenomenon so the theory needed to have a strong element of human relationship assessment in a networked B2B environment.

In investigating theoretical models that can guide and inform research, especially around relationships, some theories within the summary by Eiriz and Wilson (2006), as seen in Figure 3:1, is assessed for suitability. The above summary does not include IMP Group’s Interaction Approach which is an empirically tested model that analyses relationships as interactions (Håkansson, 1982) and is included in the assessment.

3.1 Overview of Business Relationship Theories

For purposes of this study, several theories were evaluated for suitability around relationships, partnerships, and networks. The disciplines investigated including economics, psychology, sociology, and organisational sciences. The specific theories assessed included Grounded Theory (Glaser & Strauss, 1967), Actor Network Theory (Latour, 2005), Principal Agency Theory (Laffont & Martimort, 2002), Resource Dependence Theory (Pfeffer & Salancik, 1978), Social Exchange Theory (Emerson, 1976; Homans, 1958; Kelley & Thibaut, 1959) and the Interaction approach (Håkansson, 1982).
The gap in literature warrants a Grounded Theory (GT) (Glaser & Strauss, 1967) method in order to build theory that closes the gap in knowledge. With grounded theory, data is collected in incremental stages. In parallel transcribing, coding and theory formulation occurs iteratively until the researcher has achieved a plausible outcome. In assessing other approaches, GT was abandoned due to lack of informing and guiding theory, which is the foundation of GT.

Actor Network Theory (ANT) (Latour, 2005) effectively takes into consideration the interplay and influences between people and organisations as a network of relations. The actors for purposes of this study are the people, organisations, and the environment that includes political (policy), economic (price/cost), and social (culture). ANT suggests that preference in interaction results in patterns which in turn results in hierarchy. In the context of this study, if superimposed, ANT could describe the ICT Vendor or VAR relationship, its economic power through resource control and institutional environment in South Africa.

When an organisation internationalises through partnership agreements in foreign markets, it does so in order to employ existing expert knowledge of the partner. Principal Agency Theory (Laffont & Martimort, 2002) argued that over time, information asymmetry occurs in that one party has more information than the other and the resulting belief is that the party with better information is acting in their own interest and/or risk adversity is unequal. While the theory is pertinent to partnership problems and the resolution thereof, the missing elements are the factors that assess the quality of the relationship.

The power of one entity over another in the quest to control critical resources such as organisations, materials and people is the premise of Resource Dependence Theory (Pfeffer & Salancik, 1978). While the theory centres on control in relationships and consideration for environmental influences on the relationships, the theory is focused on a single factor of the relationship, which is power. The power factor is often paired with dependence in multivariate analyses (Emerson, 1962) which is an important assessment of relationships. The owner of the resources has the power to control the relationship.

Social Exchange Theory (SET) underlines processes that lead to satisfaction in exchange relationships and facilitates outcomes in dependency and uncertainty situations (Cannon & Perreault Jr, 1999). SET has its roots in economics, psychology and sociology (Eiriz & Wilson, 2006; Emerson, 1976) In economic exchange, those who give to others, expect to get from
them and those receiving from others are pressured to reciprocate (Homans, 1958). SET involves mutually beneficial exchange thereby resulting in a social bond or relationships between individuals, organisations, and groups. The relationship is measured in terms of the reward and costs. Rewards are mostly non-financial and include recognition, commitment, and power. Costs include time and effort. The basis of a relationship is to maximise reward and minimise cost. The theory is lacking around consideration for the environment, exchange processes and business relationship development.

Although the Interaction Approach (IA) has limitations, which are discussed later, the model considers the people-centric nature of business relationships.

### 3.2 The Interaction Approach

The Interaction Approach (IA) or Interaction Model, see Figure 3:2, is a theory that explains relationships as interactions within industrial business networks over a long term (Håkansson, 1982). Interactions and relationships are the cornerstone of IA. The theory is an outcome of empirical research undertaken by the International Marketing and Purchasing (IMP) Group. The model describes the development of relationships as a series of interactions between individuals representing businesses.

![Figure 3:2: Illustration of the Interaction Approach (Håkansson, 1982)](image)
3.2.1 History of the Interaction Approach (IA)

In a research project spanning five European countries and researchers from various European countries, the Interaction Approach was developed. This model was empirically tested in a study of one thousand business relationships. The aim of the project was to gain a comprehensive understanding of business relationships. In order to generalise the findings, the study was conducted across five European countries. In addition, the aim was to have a diversified technological backdrop so that the important influence of technology is considered. Although the aim was to understand business relationships, the human element, such as the social and psychological factors, are critical to this relationship. This was addressed through investigations into generalised perceptions, attitudes, and analysis of specific relationships.

From a theoretical perspective, the objective was to develop guiding and informing tools, in the form of concepts, models, and frameworks, that help understand and describe the buyer–seller relationships and the factors that influence these relationships. In order to test the theory, company cases were used. The cases represented different industrial markets and within each of the cases, specific situations were identified to analyse relationships therein.

3.3 Variables of the Interaction Approach (IA)

The model consists of four types of variables that influence the dyadic relationship. The organisation and individual variables describes the actors involved in the interaction. The interaction processes describes the series of exchange events. The environment element defines the external factors that influence the relationship. The “atmosphere” variable describes the ambiance that has an influence on and can be influenced by the relationship.

3.3.1 Interaction Process

The theory aims to challenge the notion that purchasing or selling behaviour is discrete in industrial networks. It is relationship based, intimate (close) in nature, long term, and involves a complex set of interactions. Ford et al., (2008) argued that interaction is a confrontation process in a relationship that results in change and transformation of participating organisations’ resources and activities. Furthermore, interaction is not isolated and minor but a major means through which businesses relate to each other. Without interaction, these resources and activities would not amount to business value. Interactions
become so significant that organisations take on exchange organisations’ characteristics (Blois, 1972). Blois (1972) furthermore concludes that less significant and influential organisations are finding it difficult to maintain their managerial independence when dealing with large customers, suppliers and buyers.

As depicted in Figure 3:2, these interactions are a result of a series of episodes or social exchanges, between buyers and sellers that are based on product/service, information, financial, and social exchanges as discussed within the Relationship Interaction Processes section (page - 14 -). As the frequencies of episodes grow, it will evolve into normalisation. Due to this acceptance, the exchange episodes are incorporated into standard processes and procedures within the dyad. The IMP Group call this routinization. Routinization over time leads to relational development or relationships and institutionalisation.

Apart from exchange episodes, the relationship over time could include adaptation. Adaptation is the repurpose, adjustment, or customisation of products, services, processes, and procedures by a dyadic party that is specific to the relationship. Adaptation is an important factor in relationship satisfaction (Mukherji & Francis, 2008). Adaptations can include cost reduction, interaction changes, and changes to the marketing mix of product, price, place, and promotion.

3.3.2 Organisations and Individuals

The “organisations” and “individuals” variable suggests that understanding the organisational characteristics of the organisations within the dyad and the persons representing these organisations are important to the interaction and relationship. Social and psychological aspects influence the interaction in business relationships and contribute to atmosphere or satisfaction. Both, human and business relationships have been discussed in sections 2.1 and 2.2, respectively.

An organisation’s characteristics around technology, innovation, strategy, and structure have an influence on the relationship. Issues such as size of organisation in terms of financial strength, number of employees, and geographical dispersion have a direct bearing on the relationship especially in terms of power, dependence, quality of interdependence and reciprocity. The structure of the organisation could have an impact on the levels of relationships due to bureaucratic barriers or hierarchical boundaries. The organisation’s
position in the marketplace, in terms of competitiveness, is a factor that influences the quality of the interactions. Dominant organisations may dictate terms and conditions of the relationship.

The people within an organisation have an impact on the relationship through aspects such as education levels, culture, language, and quality of employment in the organisation. Relationships develop from interaction between people. According to Maslow, people have needs and are motivated to satisfy their needs (Gross & Humphreys, 2010). Subsequently, the quality and satisfaction of the relationship and interaction is determined by an individual’s motivation. This does not mean that a person may not be motivated to achieve the best possible outcome for the organisation.

### 3.3.3 Environment

Environment has been defined as “anything not part of the organisation itself” (Ryu, Cho, & Kim, 2013, p. 153). Business do not operate in isolation (Naude & Badenhorst-Weiss, 2012) therefore are influenced by the environment. The relationships between businesses cannot be assessed without consideration for the institutional environment (IE). IE is defined as “the set of political, economic, social and legal conventions that establish the foundational basis for production and exchange” (Yi, Liu, He, & Li, 2012, p. 691). Henisz and Delios (2002) explain IE as the political institutions that are responsible for policymaking and regulation, the economic institutions responsible for monetary structures and production, and the socio-cultural institutions responsible for beliefs, and traditions. Fundamentally, IE is characterised by rules and regulation that facilitate levels of acceptance or legitimisation and are critical influencing factors in the relationships.

The market structure takes into consideration aspects that facilitate exchange. These aspects include the level and extent of competition, whether it is a buyer or sellers’ market, and most importantly, whether there is a need for the organisations’ products and services.

### 3.3.4 Atmosphere

Atmosphere is the outcome and condition for new and on-going relationships. In the context of the study, atmosphere comprises the factors that influence current and future relationship satisfaction (Sutton-Brady & Cameron, 2002). The atmosphere of the relationship is influenced by the characteristics of the relationship, which is often complex,
and asymmetrical in terms of size, resources, contribution, and activities. This leads to power-dependence (PD) issues that come into play in the event of conflict, competition, and availability of alternatives. PD in relationships can be assessed in terms of the closeness of the individuals within the relationship, the appreciation for mutual benefit, and the conflict or cooperation setting the relationship finds itself in. Although contract and legal bonds bind the relationships, the interactions rely more on informality in solving problems. Snehota and Håkansson (1995) argued that contracts are ineffective in conflict and uncertainty situations.

Although the atmosphere of the relationship is the outcome of satisfying or dissatisfying exchange, resulting in dynamic relations, there are factors that minimise this instability. The longevity of the relationship, the routinization of episodes, and the well-established expectations of the relationship are important in riding out periods of unease. Atmosphere is a result of social bonds that have a closeness aspect to it. The advantages and disadvantages can be assessed from two dimensions, economic and control. The economic dimension is focused on cost management. The closer the relationships between parties, the better the cost-benefit results that are realised through transaction cost management, production efficiencies and cooperation in the logistics. The control dimension entails reduction in uncertainty through better communication and collaboration. The advantage of a close relationship or one with an atmosphere of cooperation and collaboration could mean one organisation receiving forecasting and operational data from the other organisation. This can lead to efficiencies in production and operations. However, PD issues are always present in relationships, whether visible or underlying the relationship. When PD becomes overwhelming, it could be perceived as an imbalance in the relationship.

**Power/Dependence (PD)**

Power is the ability that one entity (A) has in a relationship, to control and influence the other entity (B)'s decision-making capabilities thereby limiting B’s options (Belaya & Hanf, 2009). This definition is consistent with IA (Håkansson, 1982) which goes further to state that power is linked to value - a value or need that one party possesses which the other party does not. Power is not permanently attached to one entity and changes based on resource dependence. Dependence is directly linked to power in that the PD distribution in a relationship is in direct contrast to each other. The greater the dependence of one entity
(B) on the other (A), the lesser the power commanded by entity B within the relationship which is further exacerbated when alternatives are limited or non-existent (Håkansson, 1982).

As the organisation’s relationships develop, the relative PD will shift accordingly. Management of the perceptions resulting from this shift is critical to relationship satisfaction. The imbalance is a result of one party having resources that the other requires which is the foundation of relational exchange (Emerson, 1962; Pfeffer & Salancik, 1978). To arrive at point where one entity is more powerful than another entity within the relationship entails a value capturing and ownership strategy leading to an imbalance in exchange relationships (Meehan & Wright, 2011). The assumptions underpinning PD is one of balance and imbalance within a relationship (Hallén & Sandström, 2013). When resources, regardless of whether it is product, human resources or real-estate centric to name a few, are held by one but in demand by another, results in an imbalance in the relationship (Meehan & Wright, 2011). While potentially viewed as negative, the imbalance is opportunistically capitalised upon thereby producing exchange activities that are mutually beneficial (Belaya & Hanf, 2009).

Power (and dependence) is omnipresent within business relationships and is activated voluntarily or involuntarily as and when needed (Hingley, 2005). Furthermore, Hingley (2005) stated that power, through coercive and non-coercive mechanisms drives cooperation and coordination and is integral to business relationships.

**Cooperation or Conflict**

“Cooperation is the willingness by both parties to work towards common benefits” (Sutton-Brady, 2000) and “indicates an attitude towards common work” (Hallén & Sandström, 2013).

At the core of cooperation is mutual benefit for invested parties, with the outcome being an expectation of reciprocity over time (Brito & Mariotto, 2013). To realise cooperation, the goals of the involved organisations must be to some extent aligned. In addition, adaptation of product, business processes and practices when combining resources to achieve mutual benefit. In a cooperative arrangement, the parties distribute activities either informally or formally (Bengtsson, Hinttu, & Kock, 2003).
On the opposite continuum of cooperation is conflict, which is characterised by disagreement (Håkansson, 1982). Conflict has been defined as incompatibility between organisations around something that is deemed important to one organisation (Laine, 2002a). Later studies that are based on IA (Hallén & Sandström, 2013; Sutton-Brady, 2000) have replaced conflict with competition due to the assumptions that when organisations are not cooperating, they are competing. Sutton-Brady (2000) argued that competition leads to conflict. However, conflict (and harmony) is a normal occurrence within business relationships and is not necessarily based on competing for the same end customer, which is economic exchange based (Laine, 2002b). Conflict can arise within a partnership due to information sharing or lack thereof and outcomes of positive or negative social activities (Bengtsson et al., 2003). Often, conflict arises out of negative or positive perceptions that are held by one party and not by the other (Sutton-Brady, 2000).

The underlying assumptions of cooperation, cooperative or cooperativeness within business is the sharing of information and willingness to understand (Hallén & Sandström, 2013). Without these in place, conflict arises and has implications for future exchange. It can be positive through conflict resolution and the partners grow closer. Negative outcomes could take the path of relationship dissolution or the organisations and individuals pull apart from each other (Laine, 2002b).

**Closeness**

When businesses embark on a relationship, the relationship formation does not follow a set of predefined steps to achieving success (Emberson & Storey, 2006). Furthermore, Emberson & Storey (2006) maintained that organisations have to contend with barriers that include cultural anomalies such language and organisational values, social differences especially between people, technological disparities in systems and processes, and business fundamentals such as size of organisation, strategy and business models. Another view is that closeness indicates the differences and similarities between entities in a relationship around issues such as culture and social familiarities (Hallén & Sandström, 2013).

If closeness had to be determined according to the stages of relationship development model - Interaction Approach (IA), stage four would be the stage in which closeness is best advocated (Håkansson, 1982). Stage four is characterised by continuous and successful interactions and (large) deliveries, mutual dependencies, social distance is minimised and
personal relationships are in place (Srivastava & Singh, 2013). Closeness could also be articulated through distance characteristics such as social, cultural, time, technological and geographical (Håkansson, 1982). The social distances expose familiarity elements with commonality, understanding and appreciation thereby contributing to minimising the distance. Cultural differences firstly are around communication barriers such as language and secondly around business values, processes and strategy.

Time distances facilitates trust specifically around honouring ordering and logistical commitments such that business partners can enter into long range planning and forecasting both internally and with partners outside the immediate supply chain with ease of mind. With technology abound and historical processes and systems adopted by organisations, minimising the technological distance may require adaptation. Adaptation can be as acute as product changes, business process reengineering or simple front end, and superficial tweaking to minimise the gaps between trading entities. Geographical distance entails physical distance between organisations and steps to lessen this distance include flexibility across the board such as timeliness in ordering, embedding contacts within collaborating organisations and utilisation of visual technology for communication.

Closeness is an outcome of long-term relationships versus short term, transactional exchanges (Srivastava & Singh, 2010). When positive experiences are favourable, this results in continued involvement and interaction. The exchange is mutually beneficial to the point that it becomes ongoing. Adaptations of processes and products are common when relationships are deemed close. Organisations, to a lesser extent, consider alternatives and price as motivating and negotiating factors. Closeness requires investment of human resources into relationship recruitment, enablement and growth (Nielson, 1998).

**Expectation**

The nature of expectations is implicit, explicit, realistic and unrealistic meaning that expectations could be known, implied, achievable or unachievable (Mittilä, 2002). Expectations formulate as an outcome of “routinization” of exchange episodes over a long period (Håkansson, 1982). According to IA, following on from routinization is institutionalisation in which the parties do not question expectations. However, business relationships evolve due to environmental influence and market changes therefore expectations are susceptible to change (Mittilä, 2002). Expectations are embedded in the
interaction, are modified over time and become relied upon as a guideline for what the relationship is expected to deliver. Atmosphere or satisfaction is about the expectations that people and organisations have of the relationship. Ascertaining whether expectations in a relationship have been achieved is difficult as it is perception driven (Bantham, 2010). In addition, perceptions of expectations are influenced by “social structures” and “institutional context” (Smirnova, Salmi, & Blomquist, 2012, p. 3).

Expectation gaps develop over the long term as a result of differences within the dyad around expectation (Smirnova et al., 2012). The implications of expectation gaps could include conflict, separation and reduced exchange. However, adaptation is critical requirement in long-term relationships as organisations change to accommodate the environment and partners.

3.4 Suitability of IA to Study

IA is suitable to this study as the study is focused on inter-organisational relationships which is an outcome of long term interactions (Borgström, 2010). In addition, the approach to understanding interaction in networks supports the research context, which is the ICT industry and SCM. The model differentiates between transactional exchanges, operational or short-term exchange episodes and long-term or strategic relationships, which are suitable due to the scope of the study being long-term relationships. At the core of IA is the consideration for the strong human element in business interactions. IA “highlights the importance of relationships in business markets” (Sutton-Brady, 2001, p. 7).

3.5 Limitations with Interaction Approach (IA)

There are limitations to IA. The factors contained within the “atmosphere” variable are insufficient to describe business interactions or the emotional state of a relationship (Hedaa & Törnroos, 2007). There are well over thirty factors that can be used to describe relationship satisfaction (Bagdoniene & Zilione, 2009). The outcomes of “atmosphere” variables, power/distance, co-operation, closeness and expectations, are other emotional factors such as trust, loyalty, involvement, conflict and flexibility. Power balance or imbalance is a result of resource dependency, which results in interdependencies. Interdependencies are at the “heart” and “inherent characteristic” of relationship interactions (Hakansson & Ford, 2006, p. 11). What is also unclear from the “atmosphere”
variable is whether it describes the emotional state of the dyad or the companies’ emotional state, if that is possible (Hedaa & Törnroos, 2007). For purposes of this study, the atmosphere, emotional state and satisfaction is addressed from an individual’s perspective. Having said this, the individual influences the organisation and is influenced by the organisation. With limitations, arise opportunities. The IA model has been extended to reflect relationship satisfaction factors not present in IA model but exposed by the study. Sutton-Brady and Cameron (2002) similarly extended the model to include trust and culture factors; and argued that perceptions of satisfaction within a relationship differ.
4. Research Method

This section covers aspects such as the position of the researcher with respect to the research, the purpose of the study and the strategy for acquiring data. The target population is critical to the success of the study and within this section; the sample and sample frame are discussed. The data collection and analysis sections discuss aspects such as timeframes, the techniques used to sort and query the data and steps taken to ensure reliability and validity of the study. There are procedural aspects, such as ethics approval from the university, which is made available for scrutiny. Justification and reassurance is discussed with supporting documents provided in the Appendix H and Appendix I. The section concludes with a discussion on timeframes, resource requirements and budget related matters.

4.1 Research Paradigm

4.1.1 Philosophical Perspective

In order to understand and appreciate relationships between Vendors and VARs, which are characterised by deep, underlying and multiple perceptions, the ontological position taken for this paper is that of subjectivism and constructivism (Jewitt, 2010). The stance taken was suitable to the inquiry due to the dominant human element. Understanding the human element within relationships require flexibility in interpreting the feelings individuals have about business counterparts. These perspectives contribute to the atmosphere and satisfaction of the relationship. Adopting an objectivistic position will negate interpretation and formulation of patterns in order to develop a rich picture that incorporates varying viewpoints and opinions (Saunders, Lewis, & Thornhill, 2009).

The epistemological stance taken in this paper, in trying to understand relationships, is that of an interpretivist. Adopting interpretive field study has enabled a deeper appreciation for the underlying issues, insights from experts and perceptions from participants to ensure a rich, fuller description of ICT downstream relationships (Klein & Myers, 1999).

Instead of truth being objective and singular, truth in the context of the inquiry was emergent, subjective and multiple due to the nature of human beings. A qualitative approach was suitable to better understanding the topic and the social interactions between ICT Vendors and VARs (Naude et al., 2013). Quantitative analysis is focused on
proving single truths as opposed to qualitative methods that aims to expose less obvious information (Crouch & McKenzie, 2006).

4.1.2 Research Approach
The literature review revealed a paucity of study on the research phenomenon. While this opened an opportunity to develop theory through an inductive approach, a few theoretical models could be applied to the study (Saunders et al., 2009). Hence, a deductive approach to the research phenomena was adopted. Interaction Approach (IA) (Håkansson, 1982) is a popular and empirically tested model that focuses on relationships between individuals and organisations in a business context. Deductive reasoning supports the use of existing theory, the accompanying generalisation and applying the theory to test research claims. With the use of theory there are limitations imposed on the study. As Yin (Saunders et al., 2009) points out, continuous reference to the theory is required even during data analysis. However, Creswell (2013) cautions against trying to containerise data when using a theoretical lens. The limitation in the context of the study has been utilised to extend IA by complementing existing dimensions of the “atmosphere” variable with additional factors that resulted from the study. In addition, the “environment” variable has been extended to reflect specific industry and country context aspects.

4.1.3 Extent of Researcher Interference and Bias
The nature of interpretive philosophy is the appeal and acceptance of the subjectivity (Walsham, 2006). Addressing personal bias requires transparency (Klein & Myers, 1999). The researcher has worked for ICT Vendors from 1997 to 2012. Daily engagement with VARs was a necessary requirement of the job. It is impossible to remove all personal bias based on the researcher’s history within the industry (Walsham, 2006). However, being aware of biases is important to minimising it. Measures to minimise bias was taken such as validating interview data transcripts with participants, using several sources and cross-checking with existing literature (Myers & Newman, 2007; Saunders et al., 2009).

The questions for the interviews have been tested for personal bias by means of a pilot study. The pilot study tested the interview questions with handpicked representatives from the ICT Vendor and VAR community. During the pilot study and after the interview, the participants were requested to provide feedback on the questions asked and the questioning style of the interviewer (Saunders et al., 2009). The feedback around personal
bias was that it was not detected and the participants did not feel like they were being influenced. Feedback from the pilot study and the interview questions were presented to fellow and senior students for feedback. The pilot study is discussed in section 4.3.4.

Identification of interviewer bias is possible through journal keeping in which thoughts around the subject matter are kept and compared during data collection and analysis. A sample journal is located in Appendix C. The interview recordings are assessed for activity that steers participants in a particular direction. Hence, maintaining the same format from question to question and interview to interview is critical to minimising personal bias (King & Horrocks, 2011).

4.2 Problem Statement and Research Questions

As mentioned in the literature review, relationships occur between people that represent organisations such as Vendors and VARs. In order to assess relationship satisfaction, considering all perspectives is likely to reveal a truer picture of the relationship satisfaction. The motivation for developing and remaining in a relationship has profound effects on other factors of relationship satisfaction. For example, if the motivation to be in a relationship was based on resource dependency, the resulting power shift could have an impact on perceived commitment, loyalty and trust (Belaya & Hanf, 2009). Therefore, consideration of the motivation was important for understanding other perceived satisfaction factors from both perspectives of the dyad.

Research, that is representative of the given relationship, i.e. ICT VARs and Vendors, is lacking from a relationship satisfaction perspective (Parvinen & Niu, 2010). Based on an extensive literature review, this dearth in understanding applies to South Africa as well.

4.2.1 Problem Statement

In order for ICT Vendors and VARs to build lasting relationships, the motivation and other perceived factors that affect the satisfaction of the relationship should be understood from both perspectives. However, this is not the case in existing literature, which could negatively influence the diffusion and adoption of ICT in South Africa.
4.2.2 Research Questions

Based on the literature review and the selected theoretical framework adopted, the research questions are as follows:

Main Question: What are the factors that effect relationship satisfaction between ICT Vendors and VARs in South Africa?

Sub Question 1: What are the motivating factors for ICT Vendors and VARs entering into a relationship?

Sub Question 2: What are the other perceived factors, from both perspectives, that influence the ICT Vendor and VAR relationship satisfaction?

Sub Question 4: What effect does the environment have on the given relationship satisfaction?

Sub Question 5: What relationship assessment methods, such as surveys, focus groups and meetings, are used to determine satisfaction in a relationship between ICT Vendors and VARs?

Located within Appendix D is a correlation between the research questions and the interview questions. The results, extrapolated from the pilot study, indicate that the interview questions are adequate to answer the research questions. In addition, the interview questions are suitable for achieving the research objectives.

4.3 Research Strategy

“The purpose of interviewing, then, is to allow us to enter into the other person’s perspective” (Patton, 2002, p. 341).

The research strategy involved semi-structured interviews with participants from the ICT Vendor and VAR community in South Africa (Saunders et al., 2009). Semi-structured interviews are consistent with IA theory. During the development of IA theory, a team from several European countries conducted empirical research through semi-structured interviews with over one thousand relationship dyads comprising of industrial buyers (VAR) and sellers (Vendor) (Håkansson, 1982). This study undertook a similar approach albeit on a much smaller scale.
In subsections that follow, the primary data collection method, the interview questions, the study setting and the pilot study are discussed.

4.3.1 Semi-Structured Interview

One of the objectives of the study was to uncover the underlying feelings, thoughts and perceptions from the given relationship. Therefore, semi-structured interviews as a primary data collection method is suitable (Saunders et al., 2009). This enabled the formation of a rich description and depiction of the state of the relationship between ICT Vendors and VARs in South Africa. In order to extract this information, the research instrument utilised must facilitate rather than constrain the flow of information (Myers & Newman, 2007). The experience of the researcher in conducting interviews was critical to achieving the desired outcome.

The risks with the instrument and setting was around the Hawthorne effect and the amount of data generated (Myers & Newman, 2007). The Hawthorne effect has to do with the artificial behaviour of participants, such as boasting and being flamboyant, when under inquiry. This risk is lessened due to multiple sources of inquiry. However, the risks with voluminous data are that it could lead to oversight and inaccuracy. “The challenge of qualitative analysis lies in making sense of massive amounts of data” (Patton, 2002, p. 432). To overcome this problem, thematic analysis techniques were used and discussed in section 4.6.1.

4.3.2 Semi-Structured Interview Questions

Structured interview questions are fixed and delivered exactly as planned without deviation. Semi-structured interviews were conducted as flexibility was essential during data collection (Saunders et al., 2009). The semi-structured interview questions, although predetermined, allowed the interviewer flexibility in providing explanations, clarification and ordering of questions that suited the flow of the interview. The predetermined questions in a semi-structured interview are a rough guide for the interviewer and left open to improvisation (Myers & Newman, 2007). The questions (see Appendix J) were open-ended that allowed a free flowing conversation that exposed the participant’s knowledge and opinion.
4.3.3 Study Setting

The data collection environment took place in a contrived setting. A contrived setting or environment, as opposed to a non-contrived setting, is artificial and controlled as opposed to one that is natural and uninhibited (Patton, 2002). The reasons for choosing a contrived setting is mainly around ease of access to participants who were largely located in Gauteng Province. Moreover, there was the risk that participants could have declined for confidentiality reasons. Examples of contrived settings include telephony and electronic mediums such as the internet. Conducting qualitative interviews over telephony and electronic mediums have benefits for both the participant and researcher. Recent findings indicate that telephony as a medium for qualitative research is complementary and a fit (Cachia & Millward, 2011). The benefits include easier access, time convenience and cost effectiveness (Saunders et al., 2009).

There are disadvantages to these interview mediums – on the one hand, there are hindrances to developing trust due to lack of face-to-face interaction. On the other hand, the researcher’s ability to control the environment could be concerning, possibly due to the researcher’s inexperience. In order to minimise the disadvantages, the Cisco (2009) web conferencing (WC) tool was used. WC is ideal for conducting interviews as the participants are geographically dispersed throughout South Africa. WC advantages include voice (audio), visual (video) and graphical user interface (GUI). GUI enables participants to share data and capture notes during the conversation. There are limitations to WC interviews around availability and quality of the medium, especially video (King & Horrocks, 2011). Audio, video and data can be recorded, allowing the researcher to focus on the interview. The WC tool was used for audio recording purposes only. Hence, the limitation around video quality is minimised.

A participant template document, together with the interview questions (see Appendix J) was used for each interview to ensure that questions supporting the problem phenomena were responded to directly or indirectly. In addition, pre and post interview protocols such as opening and closing statements, study description, confidentiality and approval of audio recording was included in the document.
4.3.4 Pilot Study

In order to test the interview questions, a pilot study was conducted with four participants representing large and small Vendors and VARs. Pilot studies are important in validating the interview questions (Creswell, 2013). However, semi-structured interview questions serve mainly as a guideline for the interviewer.

During the pilot study, one participant responded directly and succinctly to each question which resulted in all the predetermined questions being asked in the predetermined order. This interview was the shortest in the pilot study. The brevity of the interview could be attributed to the researcher’s interviewing experience and addressed through better interviewing techniques and additional participants (Morse, 2000). In transcribing the first participant’s recorded audio into text, the following were identified as areas requiring improvement: lack of follow up questions, lack of clarity seeking questions and persistence in asking all questions causing interruptions to the conversation (Myers & Newman, 2007). For the remaining three participants, some of the questions were not put to the participants. The unasked questions were addressed indirectly during the conversation. The conversations with the latter three participants were longer and exposed richer data for use during the analysis phase.

The results from the pilot study indicated that the questions, the intended sample frame and the interviewing style are suitable for purposes of this study. Table 9-6 (Appendix D) illustrates a correlation between the pilot interview results, the interview questions and the research questions for confirmation purposes.

4.3.5 Establishing a common understanding of the Relationship concept

During the pilot study, it was identified that establishing a common understanding of two key concepts, relationship and satisfaction, was important to ongoing discussions and the outcome of the study as a whole. After the pilot study, the interview template was modified to accommodate two additional clarifying questions around the relationship and satisfaction concepts in order to establish mutual understanding (see Appendix J, questions 1a and 5c). The additional questions were deemed successful as subsequent interviews were not only based on a common understanding of these essential concepts but they also evoked richer conversations.
4.4 Target Population

In qualitative research, the sample size is small as the purpose seeks to go beyond the façade and obvious meanings (Crouch & McKenzie, 2006). The sample size was based on the concept of saturation (Mason, 2010). Saturation, within qualitative methods, entails having a sample size that is large enough to accommodate and represent diverse opinions. Mason (2010) argued that at some point in qualitative studies, the data collected becomes repetitive, superfluous, and reaches a point of diminishing returns.

A research population is the entire set of units from which research findings draw inference (Lavrakas, 2008). The research phenomenon and research questions centred on the ICT industry in South Africa. Therefore, the target population was the ICT Vendors and VARs in South Africa. As this was a qualitative approach, the researcher collected data through semi-structured interviews with representatives from nine ICT Vendors and VARs.

4.4.1 Sample

A sample is a subgroup, piece, portion or segment of the total population (Saunders et al., 2009).

“Samples for qualitative studies are generally much smaller than those used in quantitative studies” (Mason, 2010, p. 1). This claim is supported by Onwuegbuzie and Leech (2007) and Guest, Bunce, and Johnson (2006). For the type of study intended, Onwuegbuzie and Collins (2007) recommended ten or less participants. In another study, findings support up to twelve participants in a sample before saturation is reached (Guest et al., 2006). In determining, the sample size for a qualitative research, the sample should not be large as the focus is on extracting rich data rather than generalisation and should be adequate to achieve “theoretical saturation or information redundancy” (Onwuegbuzie & Leech, 2007). Based on this, no theoretical minimum or maximum sample size were predetermined, as the study focused on achieving saturation. Achieving saturation is reliant on several factors such as scope of study, complexity of topic and quality of data (Morse, 2000). Theoretical saturation was achieved after nine interviews and discussed in section 4.6.5.

Interviewing a variety of people facilitates the emergence of varying opinions, underlying meanings and provides “triangulation of subjects” and voices (Myers & Newman, 2007, p. 17). There are two sample frames identified for this research. One sample frame consisted
of large and SME VARs. The other sample frame consisted of Vendors that had products
categorised as Enterprise Communications Infrastructure (ECI) according to International
Data Corporation (IDC) (IDC, 2013). Categorising Vendors in South Africa into small, medium
or large organisations, based on employee count, is not an accurate representation of the
organisation. This is attributed to international Vendors (and some VARs) employing a
channel model that relies on VARs for resources (Parvinen & Niu, 2010). For example,
Microsoft has 274 employees in South Africa (Mail & Guardian, 2012) and globally have
99139 employees (Microsoft, 2013). Based on this, Microsoft in South Africa should be
classified as a SME, which is not an accurate representation of the organisation. For
purposes of the study, the ECI list, which is discussed further down, was utilised without
further categorisation of Vendors.

A non-probability technique based on purposive or judgement sampling method was used
to select the initial sampling frame (Saunders et al., 2009). The initial sample frame was
based on International Data Corporation’s (IDC) list of Enterprise Networking Vendors (IDC,
2013) as depicted in Table 9-7, Appendix E. A follow on action was to use the Vendor
sample frame as informants to identify important VAR relationships. This is called the
snowball sampling method (Saunders et al., 2009). VARs were also used to identify key
Vendor relationships.

4.4.1.1 Achieving a Vendor Sample Frame

ICT as a population is huge. Burglar and fire alarm systems, fibre optic cables, gaming
consoles and joysticks, telecommunication exchanges, cellular networks, satellite
equipment, televisions, data communication networks, personal computers, intelligent
household appliances, and smart phones are some of the products classified under ICT
(OECD, 2009). Information about ICT Vendors and VARs in South Africa is scarce. Industry
specific reports, containing detailed information on Vendors within a country, are available
through organisations such as IDC. The reports cost upwards of US$ 10,000 with no options
for academic purposes. While having such a report is ideal, it is unaffordable. In order to
isolate a sample frame that could yield the intended results, a classification system was
sought that could provide information on ICT economic activity and products.

For statistical and economic purposes, Statistics South Africa uses the Standard Industrial
Classification (SIC) system for categorisation of economic activities (Statistics South Africa,
SIC was developed in United States of America (USA) and used until 1997 (Pierce & Schott, 2012). From 1997, the USA uses the North American Industry Classification System (NAICS) (Pierce & Schott, 2012). The United Nations (UN) have developed and maintain the International Standards Industrial Codes (ISIC) for statistical reporting (UN, 2008). ISIC covers two major areas, which are activity and product classification. All the classification systems mentioned facilitate the flow of information and support monitoring, analysis, and evaluation of economic activities. While the codes are helpful, the classifications are broad, generalised, overlapping, outdated, inaccurate and difficult to interpret (Christensen, 2013). Furthermore, it is of limited use in identifying industry specific artefacts (Forbes & Kirsch, 2011).

In order to narrow down the population to a manageable sample frame that is relevant to the purposes of this study, the IDC categorisation of products was used. This yielded results that could satisfy the purpose, objectives, and answers to the research questions by facilitating the selection of Vendors that met the criteria for the study and the subsequent selection of VARs. The IDC categorisation corresponds largely to NAICS, SIC, and ISIC codes which are located in Table 9-8, Appendix F. The table might be incomplete, and inaccurate due to the vastness of codes, classification techniques, and vagueness (Christensen, 2013).

For purposes of this study, IDC’s “Enterprise Communications Infrastructure” (ECI) intelligence framework is suitable (IDC, 2013). ECI is suitable as the coverage includes enterprise networks (wired and wireless), network management, network virtualisation including Software Defined Networks, Network Security, Unified Communications including video and voice communication, and Data Centre technologies that support enterprises and cloud computing. The list of ECI Vendors (Table 9-7, Appendix E) considered within ECI is comprehensive and sufficient for purposes of this study. The list has been refined by removing Vendors that have no presence or limited presence through VARs in South Africa.

**4.4.1.2 VAR Sample Frame**

The sample frame for VARs had been established based on the ECI Vendor list. The Vendors’ websites and email communications to the Vendors have been used to produce a list of VARs for the sample frame. In addition, Vendors were asked to provide names of VARs that could inform this research. This is based on the snowball approach (Saunders et al., 2009).
In order to have representation from various size VARs, the number of employees is considered as access to annual revenue for large privately owned VARs and SME VARs are not possible due to confidentiality. Based on this limitation, the number of employees based on National Small Business Amendment Act (2003) had been used for VAR classification. The smaller VARs typically have an operational relationship with Vendors versus a strategic one, meaning that the dealings are through intermediaries such as distributors or large VARs (Niu, 2009).

The original ECI list contained 90 ICT Vendors. During qualification of the ECI Vendor list, a criterion of presence in South Africa and having at least one VAR was applied to the list. This resulted in 40 Vendors and 88 resellers that qualified (Table 9-7, Appendix E). Several Vendors have no presence in South Africa. However, they do have VARs acting as agents on their behalf. For purposes of this study, the number of Vendors and VARs were sufficient due to the qualitative nature of data collection.

Once the interview process began, the snowball technique was applied to grow the identified sample frame of Vendors and VARs. However, just one participant materialised from the snowball technique.

### 4.4.2 Profile of Participants

The profiles of the nine participants that participated in the semi-structured interviews are documented in Table 4-1. Most participants were contacted through details located on Vendor and VAR web portals, with one referred to the researcher through the snowball technique adopted for the research (Saunders et al., 2009).

<table>
<thead>
<tr>
<th>Vendor/VAR</th>
<th>Alias</th>
<th>Position</th>
<th>Race/Gender</th>
<th>Location</th>
<th>Interview Date</th>
<th>Origin of Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAR</td>
<td>CL01</td>
<td>General Manager</td>
<td>White/Male</td>
<td>Gauteng</td>
<td>August 2013</td>
<td>South Africa</td>
</tr>
<tr>
<td>Vendor</td>
<td>V01</td>
<td>Channel Manager</td>
<td>Indian/Female</td>
<td>Gauteng</td>
<td>August 2013</td>
<td>United States of America(USA)</td>
</tr>
</tbody>
</table>
While the Vendors that participated in the research are international organisations, the VARs that participated are typically home-grown although one VAR is an international organisation (i.e. VAR CL02). VAR CL03 is an example of a South African home-grown organisation that has a large international presence. All participants of the study were based in Gauteng Province, South Africa. Due to the geographical distance, web conferencing services was utilised for audio communication and audio recording. The video feature was not utilised due to possible quality issues and consideration for participant mobility.

The participants were selected based on their position within the participating organisation and their role within the B2B relationship. The participants could also be differentiated by their race/gender as the participant list consisted of female, male, White, and non-white participants. None of the participants was Black. The positions occupied by most of the participants were closely related to channel or partner management. Others occupied roles that are more senior. However, the contribution was consistent with channel manager
counterparts. The position of the participants for purposes of the research is ideal, as the knowledge is profound considering that they are experts and stakeholders of ICT Vendor-VAR relationships (Klein & Myers, 1999).

4.5 Data Collection

Yin (Saunders et al., 2009) suggested that during data collection and analysis, the theoretical lens should be used throughout the research to guide and inform to ensure consistency. Within IA, the “atmosphere” variable has four factors that describe relationship satisfaction (Håkansson, 1982). These four factors formed the basis for thematic analysis coding. Although, the factors are “preconceived”, the factors were not prevalent until the data analysis and coding stages. The factors were discussed in section 3.3.4.

When suppliers and commercial buyers deal directly, there develops an emotional bond, an intimacy and interdependence that is stronger than the economic bond. Hence, a human-centric qualitative approach is suitable to uncover the deeper meanings (Blocker, Houston, & Flint, 2012). A number of relationship management studies (Du, Lai, Cheung, & Cui, 2012; Oosterhuis, Molleman, & van der Vaart, 2013; Powers & Reagan, 2007; Mornay Roberts-Lombard, 2010; Srinivasan et al., 2011; Vinhas & Gibbs, 2012; Wu et al., 2012) have adopted a quantitative approach with the results not revealing the underlying thoughts, opinions, and feelings of the participants.

4.5.1 Data Collection Method

Through semi-structured interviews, data was collected from both Vendors and VARs of various sizes. For convenience, WC was used and proved effective. The audio part of the interviews was recorded. The audio recordings were transcribed into text and stored in password protected Microsoft Word documents. In addition to data collection through the interview, the researcher took notes and maintained a journal. A disadvantage to semi-structured interviews was the vast amount of data that was collected. According to Patton (2002), this could lead to oversight. Oversight was minimised through intense and iterative data analysis.

4.5.2 Timeframe

The timeframe of the study was cross-sectional whereby data was gathered once through semi-structured interviews (Creswell, 2013). The interviews were conducted over a three-
month period between August 2013 and November 2013. This approach was adequate for the type of early inquiry and due to limitations around the researcher’s time. Further inquiry over a longer period of time, where variables such as policy and economic changes occur, could expand the knowledge. The duration of the longitudinal study is dependent on whether there are changes over a period of time (Saunders et al., 2009). Economic changes could include market changes such as the shift from buyer to seller markets and vice versa. Political changes could include changes in policy and governing parties.

4.5.3 Reliability and Validity

Qualitative validity indicates that mechanisms are in place to ensure the findings are accurate, while qualitative reliability asserts that the study is consistent and replicable by different researchers in different settings (Creswell, 2013). Within an interpretive approach, subjectivity is profound. Hence, reliability, especially around replication of the study is very difficult (King & Horrocks, 2011).

However, there are steps that facilitate reliability within qualitative methods. Creswell (2013) recommended the following procedures:

- During the interview, crosschecking took place to ensure common understanding between participant and researcher.
- The transcripts were checked for inaccuracies and mistakes. All transcripts were communicated back to the participant for validation.
- There was consistency in definition of the codes in order to avoid duplication and multiple meanings. The codebook (Appendix G) has been enhanced with additional codes to account for factors not present in IA.
- Transparency in how the raw data was analysed and interpreted.

Qualitative validity determines the accuracy of the findings from the perspective of the researcher and participants. The following validity processes are adopted and based on recommendations from Creswell (2013):

- The research instrument could weaken validity. However, the instrument has been tested in a pilot and initial findings indicated suitability in addressing the research problem and questions.
• In order to triangulate findings, secondary data from literature was consulted to validate findings. Validation in this respect did not mean that the literature supported the study findings but more importantly, was used to compare studies of a similar nature.

• The researcher consulted with industry experts and participants from both the Vendor and VAR community to assess the accuracy of the findings.

• “Thick, rich descriptions” placed the reader in the study and helped validate the findings (Creswell, 2013).

• The researcher bias has been noted and precautions proposed that minimise bias.

• Inaccurate representation of the data and resulting themes are possible. However, the raw data was authenticated with the participant and the resulting themes were crosschecked with experts from the field.

• A heterogeneous sample frame is another form of validation in that Vendors and VARs of various sizes were interviewed (Patton, 2002).

While replication of the study may be difficult due to the subjectivity and interpretation, the validity of the findings has been consistently assessed for accuracy.

Data collection and analysis in qualitative studies must be done simultaneously (Marshall & Rossman, 2010). They contend that as data is collected, it is categorised and characterised for qualification purposes and further examination.

4.6 Data Analysis

The objective of data analysis is to begin with as many categories as necessary and narrow down the categories to as few as possible so that the remaining few categories articulate theory formation, support or extend theory (Creswell, 2013).

The limitations with using a theoretical framework is mainly around linking the data back to the underpinnings of the model (Saunders et al., 2009). The Interaction Approach (IA) framework, specifically the “atmosphere” variable is limited to four dimensions (factors), which are power/dependence, cooperation, closeness and expectations. These factors formed the basis of a codebook for use during data analysis processes such as categorisation and coding (see Appendix G). The philosophical stance taken is that of an interpretivist in
order to expose, without limitation, the underlying and multiple perceptions of relationship satisfaction. This presented an opportunity to extend the IA framework by adding factors not present in the “atmosphere” variable (Hallén & Sandström, 2013; Sutton-Brady & Cameron, 2002).

Data analysis entails recognising themes, patterns and relationships in the data collected (Saunders et al., 2009). Identifying interesting aspects and relationships in the data depends on the theory employed, if any, and the research phenomenon or research topic that is being addressed (Braun & Clarke, 2006). Open coding was used when text was deemed interesting but could not be tied directly to the factors within the theoretical model used (Saunders et al., 2009).

4.6.1 Thematic Analysis Process

“Themes are recurrent and distinctive features of participants’ accounts, characterising particular perceptions and/or experiences, which the researcher sees as relevant to the research question” (King & Horrocks, 2011, p. 150).

The analysis of data followed the thematic analysis model proposed by Braun and Clarke (2006), which is illustrated in Figure 4:1. “Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data” (Braun & Clarke, 2006, p. 79). In searching for themes within the acquired data, it was paramount to find textual phrases, concepts and quotes that supported the research question, research objectives and helped solve or better understand the identified problem and phenomenon.

A theoretical framework based on Interaction Approach (Håkansson, 1982) was used to guide and inform the study. Hence, thematic analysis is tied to the theory underpinning the
study (Braun & Clarke, 2006). Due to the limited identified studies in South Africa and the ICT industry, two methods are employed for data analysis. The first method is based on theoretical thematic analysis due to the use of existing theory. The second method is based on an inductive thematic analysis approach due to the limited research and the quest to uncover emergent data relevant to the industry and context.

According to Braun and Clarke (2006), theoretical thematic analysis is necessary for proving a claim but results in poorer descriptive data. In contrast, an inductive thematic approach results in flexibility to explore, in an uninhibited manner, the deeper and underlying meanings especially when prior studies are limited. Themes derived from an inductive process are closely related to the data whilst the themes emanating from a deductive or theoretical method are driven by the underlying theory used (Braun & Clarke, 2006).

The raw data from all the interviews were categorised and coded, initially according to the factors within IA theory. Categories of data not easily tied to the theory generated additional categories that emerged from the data. “Unitising” data in which portions of data are attached to the categories was carried out throughout the data analysis (Saunders et al., 2009, p. 493). The search for key themes and patterns took place throughout the data analysis process and was iterative (Creswell, 2013). The process ended when further reduction was impossible and the outcome informed the research phenomenon.

Although, the research approach is deductive, there are similarities with grounded theory in terms of thematic analysis, specifically the three coding processes discussed below (Braun & Clarke, 2006). The discussions around the stages of thematic analysis and the comparisons with inductive methods, specifically grounded theory, are similarly described by Braun and Clarke (2006), Creswell (2013) and Saunders et al.(2009).

4.6.2 Getting Familiar with the data

During the interview, notes were taken in a journal (Table 9-5, Appendix C) to record interesting aspects that emanated from the discussions, points that required clarity and corrective action reminders for future interviews. After the interviews, the recorded audio was transcribed into data and stored in password protected Microsoft Word documents. Although transcribing was a “time-consuming” process (Braun & Clarke, 2006, p. 87), it was beneficial as an appreciation for the messaging contained within the discussions began to
emerge. All audio recordings and portions of recordings were listened to several times in order to capture as accurately as possible the semantic, emotion and expressions. “A ‘verbatim’ account” of the interview (Braun & Clarke, 2006, p. 88). At this stage, a point was made not to identify themes or patterns but to listen to the data. However, a journal was maintained (Table 9-5, Appendix C) to keep track of interesting aspects, early impressions and quality, with respect to content, of interviews.

The documents were imported into Atlas ti and grouped into a single hermeneutic unit. Atlas ti is an example of computer aided qualitative data analysis software (CAQDAS) (Saunders et al., 2009). Grouping several files into a single hermeneutic unit or project facilitates better analysis across multiple files for example: correlation of themes, patterns and quotes, content analysis from a word count perspective and graphical representation of emerging themes.

4.6.3 Generating initial codes or coding

Coding is a labelling process for the categories of data identified (Creswell, 2013). Coding narrows down the conversation into segments and ideas that can be analysed and further reduced as similarities in the data are identified (Gibbs, 2008). A few coding terms require further explanation:

- Open coding is similar to the unitisation process and entails formulation of initial categories of the raw data. Elements of this coding step is referred to as “descriptive coding” wherein the code name is descriptive (King & Horrocks, 2011, p. 153).

- Axial coding entails a process of interrelationship and connecting categories. King & Horrocks (2011) identify this step as interpretive clusters of categories are assessed against the research question/s.

- Selective coding entails arriving at a theory and overarching themes (King & Horrocks, 2011). Although, existing theory is used, the extension thereof is similar to developing theory in an inductive approach.

As the study is based on existing theory, which is the Interaction Approach (IA) (Håkansson, 1982), the codes are largely based on four factors contained within the “atmosphere” variable. As mentioned, the purpose of the study was applying IA to the ICT industry and South African country context. As mentioned in section 3.5, there are over thirty factors
that contribute to relationship satisfaction (Bagdoniene & Zilione, 2009) as compared to the four factors contained with IA. For these reasons, the coding was based on researcher judgment and meaning extracted from the interview dialogue. Furthermore, IA was extended to accommodate categories and codes not easily linked to IA theory.

At the outset of the data analysis, a combined list of possible relationship satisfaction factors, as articulated by Bagdoniene and Zilione (2009) and Morris, Page and Brunyee (1998), was captured in Atlas ti as possible codes and themes (see Table 9-10, Appendix G). This resulted in consistency in codes and themes. Although, duplications due to synonyms was minimised, there was slight overlapping of codes initially but this was completely eradicated as understanding of the data evolved. As the data was scanned, interesting data was compared with the code list to identify a match. When a suitable match resulted, the data was tagged with a code. During data analysis interesting, informative and unusual aspects of conversations was tagged as quotes for further analysis and reference. After the seventh interview, the code list was modified so that codes with no use, up that point, were removed.

### 4.6.4 Searching, Defining and Naming themes

A theme is a common and unifying idea or message that is a recurrent element in the data (King & Horrocks, 2011). The messages and meanings from discussions with participants became familiar after several iterations of audio and data transcripts examination. As the data was scanned at a high level initially and subsequently more closely, portions of text was identified as important and interesting and something that helped shed light or expand knowledge on the factors that influence and shape relationship satisfaction (Braun & Clarke, 2006).

Initially, 87 codes, that were deemed interesting and important, emerged from the coding exercise (Figure 4:2). Within Figure 4:2, the numbers next to the code indicates the number of times portions of data were cited with the code. A follow on exercise was to group similar meaning codes to codes or factors that are contained within the Interaction Approach theory (see Table 9-10, Appendix G). In addition, codes that did not tie easily into the theory were consolidated into newly defined codes. This step resulted in twelve codes, four of which are tied to the theory. The consolidation of codes into overarching themes required, firstly, listening to the audio recordings to establish tone, context and unusual aspects.
behaviour, secondly, to ascertain if any ambiguity was present in questions and responses (Myers & Newman, 2007).

![Figure 4:2: Initial Codes Cloud – extracted from Atlas ti](image)

The code names and themes resemble factors that describe satisfaction such as trust, power and dependency. As mentioned, the IA theory limits satisfaction factors to just four factors. However, several studies (Bagdoniene & Zilione, 2009; Morris et al., 1998) describe in excess of nineteen factors that influence relationship satisfaction. While governed by the theoretical model used, the data not only corroborated the theory but also helped expand the theory by revealing prevalent factors that seem relevant and important in the chosen industry and country context. This is not to say that the existing theory has excluded these factors altogether. However, it is possible during initial theory development that some factors were viewed as uninteresting for reasons that could include the country context, industry, environment or period, to name a few.

Throughout the analysis, the data, coding and themes were assessed for ambiguity, overlap, consistency, match to theory, relevance to research objectives, research phenomena and coherence (Braun & Clarke, 2006). The data supported the mentioned checklist items, the application of theoretical model in the ICT industry and South Africa as context. This has been discussed within the findings section.
4.6.5 Theoretical Saturation

In an iterative process, the conversations were scanned for interesting and pertinent phrases that were tagged as quotes. In addition, portions of texts that were deemed interesting, important and new were tagged with codes. Codes where re-used throughout the document as common themes, patterns and language emerged. This process was applied to all interview documents.

The steps mentioned also facilitated testing for saturation with respect to themes, patterns and ideas in the emerging data. The objective of the saturation activity was to analyse the data for newness and uniqueness in the information that could contribute to existing findings.

After the seventh interview, any additions to the code list would have signalled the lack of saturation as new information was uncovered that warranted a code not contained in the existing code list. There were no additions to the code list. At the end of the eighth interview, it became apparent that the issues were pervasive and recurrent. A ninth interview was conducted. The data analysis, although interesting from an individual perspective, did not expose new or unique themes but complemented what was already opined. Based on the definition of theoretical saturation, it was concluded that no further interviews were required.

4.7 Access, Ethics and Confidentiality

Initial access to Vendors transpired via email and telephony, which was based on their website contact details. Progressing from initial contact to a participant agreeing to be interviewed was based on demonstrating the value and contribution the study would make to the country and industry (Saunders et al., 2009). It behoves the researcher to be transparent and honest during the initial contact with participants as this establishes credibility that enables freer discussions during the interview. Subsequent access took place via email and telephony to pre-identified participants within Vendors. Emails were used to schedule calendar appointments and communicate web conferencing details such as telephone numbers and access codes. Access could have been problematic. However, the snowball method, through recommendations, established credibility of the study and facilitated referral of participants (Saunders et al., 2009).
Participation in the study was voluntary and had been documented in the letter to the potential participants (see Appendix I). Participants were made aware that participation and the resultant data was confidential with no names of persons or organisations being referenced in any revision of the report. The participants were entitled to leave the interview or study at any stage without consequence. As the interviews would be recorded, this information was made known in the information letter with an option not to be recorded.

Important considerations:

- Confidentiality is critical as the subject matter is sensitive and could have an impact on relationships between organisations and individual contributors. Hence, anonymity of participants and organisations is critical.

- Full disclosure notices were communicated and discussions took place with participants on nature of the study, the intended use of data and the benefits/risks for the participants.

- The interview questions (see Appendix J) were made available to the UCT Ethics Committee for review and approval.

- Consent forms (see Appendix I) were requested in advance of data collection exercise but just one participant satisfied this require. However, oral consent was obtained and audio recorded as part of the interview process.

- An ethics application form was made available to the UCT Ethics Committee for approval (see Appendix H) and subsequently approved.

- The participants were reminded that proceedings were being recorded. This could have affected the data as participants could have exuded abnormal behaviour, referred to as the Hawthorne Effect (Myers & Newman, 2007). However, this was not evident in any of the interviews. Most participants demonstrated a professional, knowledgeable and fervent demeanour throughout the interviews.

- The data collected was stored in password-protected files. Once the researcher’s supervisor has indicated that supporting data like audio files, and transcripts, are no longer required, these will be destroyed.
• An aliasing system is used to track, monitor and reference participant data. For example, Vnn = Vendor nn; CSnn = Channel (VAR) Small nn; and CLnn = Channel Large nn. This has contributed to confidentiality.

• Aliasing is also applied to names of organisations that are referred to in the research data. Different sets of random alphabets and an organisation descriptor, for example XYZ [large Vendor], were used to replace organisation names in order to strengthen anonymity. This makes piecing the discussions together, in order to expose an organisation, difficult.

• A master file that is password protected is maintained in order to track the names of participants and the audio/data files.

• An important consideration is to ensure the data is not misrepresented, fraudulent or harmful (Saunders et al., 2009). Please refer to section 4.5.3 for steps taken to mitigate aforementioned issues.

Gaining access was as important as maintaining access. Hence, ensuring commitments to participants and the organisations they represent are honoured. “Member checking”, refers to a participant’s validation of the researcher’s ethics, the data transcripts and the study and is a form of validation from inception of the study till the end (Creswell, 2013). All participants were sent a copy of the data transcript. They were asked to notify the researcher if anything concerned them. No concerns were raised in subsequent replies.
5. Findings

The findings chapter presents an analysis of the data as recorded in the semi-structured interviews with ICT Vendors and VARs. The first part of the chapter articulates the study findings in relation to IA but in the context of the ICT industry in South Africa. Subsequent sections expose findings that are not easily tied to IA “atmosphere” variables but deemed important from the interviews. The environment in the ICT industry in South Africa is unique and the findings of the study expose this in sections that deal with B-BBEE, currency and gender. The chapter also brings to the fore unexpected findings such as the deep influence customers have on ICT SCM.

The original illustration of IA comprised of four factors under the “atmosphere” variable as shown in Figure 5:1.

![Figure 5:1: Adapted Interaction Approach (Håkansson, 1982)](image)

The “atmosphere” variable, as mentioned in the literature review section (see 3.3.4), is relevant to the research as it is the outcome, measurement and basis for relationship satisfaction. Based on thematic analysis, covered in section 4.6, the themes resulting from
the coding and categorisation phases are Power/Dependence (IA), Cooperation, Closeness (IA) and Expectation (IA), which are all based on the original theory (see “atmosphere” box in Figure 5:1). The findings also allow for an extension of the model due to additional factors emerging from the study. These emerging factors are Commitment, Communication, Trust, Loyalty, Profitability and Value, which are highlighted in the red box in Figure 5:1.

The study also revealed additional factors within the “environmental” variable, shown in the blue box in Figure 5:1, which are specific to the ICT industry and South African context, namely: Broad-based Black Economic Empowerment (B-BBEE), currency, economy and gender, resulting in the model being further extended. As discussed in the literature review section, “environment” variables have an influence on the relationship of the dyad - indicated with the blue arrows in Figure 5:1. The “environment” variable in the South African context has an influence on the industry. This emerged from the interviews and data analysis.

5.1 Power/Dependence (IA)

“Power resides implicitly in the other’s dependence” (Håkansson, 1982, p. 380).

The Power/Dependence (PD) factor has been introduced in the literature review section. However, the analysis has uncovered interesting and important sub-factors for these concepts, which is further elaborated on below. These include dependence, access and availability of alternatives, knowledge, mutual benefit, negotiation and reward/recognition. These sub-factors are elaborated on from a data analysis perspective and expanded further within the discussion section (6.1). Some of these sub-factors, such as dependence, the availability of alternatives and negotiation, are antecedents to PD while others, such as mutuality, knowledge and reward/recognition are consequences of PD. An awareness of the antecedents and consequences of PD allows for a better understanding of PD balance. PD balance (or imbalance), in the literature, is indicated as the “matching” of dependence with availability of resources (Hallén & Sandström, 2013, p. 119). PD balance, typically, shifts in favour of the owner of demanded resources. PD evenness is determined and dependent on various sub-factors such as human resource capabilities and competence and technology (products and services) demand. Furthermore, the availability of alternatives, the value potential of a relationship and the reward/recognition prospects could shift the
PD balance. For example – unique and high demand resources (people and technology) could result in an imbalance in negotiations, benefit and reward/recognition, when alternatives are limited.

5.1.1 Dependence

Dependence is driven by the need for resources such as people and products that another owns or is in control of. What is evident from the data is that there exist interdependent relationships between Vendors and VARs in the ICT industry downstream SCM in South Africa, which are driven by the lack of locally developed technology, the lack of technical and business skills and the lack of funding. Although, the relationships are interdependent, imbalances exist due to distribution of technology, services and skills. Despite the pervasive imbalances, the interdependence is significant enough for partnerships to exist. After all, business organisations are in existence to make money.

“IT’s the product, it’s the profitability in selling it, it’s the after sales backup, it’s the ability of the manufacturer to create market pull (demand) for its products, it’s the brand, a well-known brand, reputation of the supplier” (CL01).

As can be seen from the above viewpoint of a VAR (CL01), the Vendor has products, services capabilities and a demanding marketplace. The Vendors’ dependence on VARs is mainly around human resources (skills) and logistics, such as inventory management and payments, which are necessary to ensure market penetration and growth.

5.1.1.1 Skills Dependence

The lack of skilled human resources is a key driver of dependence especially on the part of the Vendor. Moreover, the limitation around hiring of local resources by Vendors due to their business model creates further dependency on the VARs. The business model mentioned centres on a limited presence in South Africa therefore, the reliance on local VARs for resources. ICT Vendors are evaluated by investors and industry analysts on the performance of the business. Employee productivity is an important consideration in determining the health and attractiveness of an organisation. Due to this performance indicator, the number of employees is strictly controlled as adding employees reduces the employee productivity ratios. For these reasons, Vendors (and VARs) tend to outsource non-core functions such as logistics, facilities management and menial administration to
third parties. Highly skilled, expert and strategically important roles are employed by the organisations. Vendors cascade this practice to their foreign entities so depend on VARs for skilled resources. This is evident from V03’s comment, below:

“We have a lack of skilled resources and as a multinational lack the ability to actually employ those skilled resources” (V03).

VARs are to a lesser extent limited in terms of hiring capability. This is not to say that VAR key performance indicators are different to their counterparts or multinational competitors. Bridging the skills requirement is a vital role of the VAR and a key value that the reseller brings to the partnership. Providing people services are a core business activity of the VAR.

5.1.1.2 Technology Dependence

VARs, within South Africa, lack access to technology innovation, locally developed and produced products and services. Even when technology innovation occurs, the start-up organisations move to countries where funding is available and a lucrative, technology hungry market is in place. VARs have been impacted by this migration as local businesses have supported and been built around the technology and the start-up Vendor. CS01 explains:

“We used to use a technology called X by a company EQY [start-up Vendor]. It’s fantastic technology that was developed by South Africans that passed it to Silicon Valley, they set up shop there and it was huge. They got acquired by KJY [large Vendor]. Can you imagine the scale of the destruction on your business”?

The technology dependence is exacerbated for a number of reasons. Vendors influence customers and create demand for their products and technologies. Customers are seeking competitive advantage in the market place and turn to technology to achieve that. VARs promote technology with customers as it drives profitability. VARs are always looking for technology that will differentiate them from others. This very often involves attracting Vendors into the country and offering investment gestures to secure exclusivity. CS01 stated:

“We identify as a business key technologies, within niche areas that we perceive as what the market requires, we build those relationships. If we didn’t have those relationships we might as well, to be honest, we might as well not have the business”.
This demonstrates that identifying and focusing on the right technology is critical to VARs survival and profitability. Reselling commoditised technologies is hardly profitable although adding services could change this. Due to mergers and acquisitions, that is driven by head office, the situation in South Africa changes substantially. Very often, the dominant or acquiring organisation dictates the strategy and goals of the “new” organisation thereby causing local relationships that existed prior to the transaction to be modified or suspended. What once was a fruitful, personal and meaningful relationship between a Vendor and VAR is no longer the case as the controlling entity’s existing relationships are solidified and expanded at the expense of the acquired or smaller entities relationships.

Dependence largely, in the context of the ICT industry in South Africa, is mutual and reciprocal. Vendors and VARs have needs that are fulfilled within the dyad. The alternatives to the way the ICT downstream supply chain is currently realised would entail significant changes in business processes, employment and relationships.

5.1.2 Access to and availability of Alternatives

Salient points from the literature review section (see 2.6) are reviewed. Vendors sell products and services through VARs. VARs sell Vendors’ products and services verbatim or add some value in the process. Typical choices available as alternatives to Vendors include competing resellers and dealing directly with strategic customers. The alternatives available to VARs are competing products and services from other Vendors. In addition, the VAR recruits and introduces new, start-up or niche Vendors into the marketplace. Reasons cited for having alternative suppliers or resellers is to manage dependency and uncertainty.

One of the reasons for organisations to be involved in a relationship is due to the scarcity or lack of alternatives whether it is products from a VAR’s perspective or VARs from a Vendor’s perspective. In addition, the cost of pursuing alternatives is another consideration. This is consistent with views expressed during the interviews. Whilst pursuing profitable ventures was an important motivating factor for being in the relationship, the lack of alternatives was another reason cited.

As mentioned, locally developed products are lacking in South Africa. CS01 stated that the alternatives available to South African VARs are limited with respect to home-grown technology. Hence, sourcing technology from international Vendors is the only choice. As
mentioned, the alternatives available to the VAR are competing products, positioning alternate technologies and finding untapped customer segments. None of the Vendors or VARs interviewed had exclusive relationships in place. From a VAR perspective, the reasons included the lack of loyalty on the part of the Vendor, the lack of trust and to lesser extent driven by customers’ demand for choice.

Another aspect to alternatives is promoting Vendors’ (and VARs’) products that have “country of origin” that are favourable. Unlike some countries where the “country of origin” is a deal breaker, South Africa is not known for policies that restrict importation due to political bias. An example where “country of origin” is an issue is in Saudi Arabia and United Arab Emirates, where products emanating from Israel are not allowed. However, there are times when perceived high quality is attached to a country; customers may request technology from that country. Another example is around financial aid. When financial aid is used to procure technology, the donor country may stipulate that their country’s products be chosen.

The Vendors’ reasons for having many similar relationships in place were to satisfy customers’ governance requirements such as having three quotations during procurement. Other reasons are to create and fulfil market demand and mitigate risks associated with having limited relationships. Vendors take measures to ensure that customers of their products and services have access to multiple competing VARs. This not only facilitates better pricing but also better support from VARs due to competitive pressures. Importantly, customers typically compare several quotations before making a buying decision. This forces Vendors to have several competing partners. Although the industry is aware of this, CS01 believed:

“Vendors don’t communicate well and what the integrators[VAR] don’t sometimes understand is that the Vendor’s primary concern is to make sure that their customers are happy. This is why they tend to get more than one partner in the industry or in the market”.

Vendors create demand for their products, which causes the power balance to shift to the Vendor. VARs have no choice but to align with the Vendor due to customers asking for a Vendor’s product by name. A pertinent quote to support this is provided by V05, “I think if you got a really good technology and the technology sells itself and customers really enjoying working with that technology, it’s kind of won the battle”. CL02’s organisation is a
relatively new VAR in South Africa. The organisation took the approach of aligning with Vendors that had the power balance in their favour when they entered the market: “Because VXB has come into the market about four years ago, you need to align yourself with a manufacturer /vendor who have a very good footprint in the market, in terms of business opportunities, credibility, etcetera”. This allowed CL02’s organisation to focus as the industry had already rationalised around a technology Vendor.

Partnerships help minimise uncertainty. However, there are risks associated with having too few relationships. The expression “don’t put all your eggs in one basket” is apt. Apart from providing competing options for customers, Vendors also put in place several competing VARs to mitigate risk associated with having a single or significant VAR that brings in the majority of business. When Vendors and VARs establish an initial presence in a foreign country, the market is surveyed for partners that have an established presence and customer base from which to work. This is evident from a relationship that spanned a quarter of century. However, the relationship has evolved from one that was exclusive to one that is substantial but not exclusive, as both parties have realised that it is too risky and limiting.

An example of where risks have been a serious concern is articulated by a “Relationship Manager” who said:

“VAR K was both an ally and a risk to YTR [large Vendor]. Why? It was an ally because it was a Vendor YTR’s biggest business partner; they were semi-loyal. They were a risk. However, because they contributed 70% of YTR’s total partner number [revenue] which meant that if VAR K suddenly had a change of heart and decided to step out of bed with Vendor YTR and step into bed with another player, we were screwed. We didn’t have a significant, second largest partner who would be able to step in quickly and aggressively fill their shoes”.

International Vendors and VARs rely on just a few relationships when first entering a market. Through learning and further commitment to the local market, these organisations develop other relationships. This enables growing into other areas that partnerships can help expedite. Should a single relationship remain in place or be allowed to grow into one that is dominant, issues could arise that could be disruptive to an organisation’s business.
From the data, it is clear that having access to alternative products and/or services is a strategic business decision that, if not taken, could result in the demise of a business. In order to mitigate such risks, a VAR that relied on hardware and complex solutions from Vendors has developed its own intellectual property (IP) through cloud-based platforms. Achieving this was easier as the VAR employed its own integration capabilities. This VAR contends that relying on Vendors is lessening due to the demand for utility-based services (cloud computing) that reside on the internet. CL03 claimed, “What you are seeing around the world is more S.I.s [VARs] building their own platform. Cloud platforms are the obvious example in this day and age, where people want their own platforms in order to differentiate themselves”. While this creates opportunities to pursue alternatives, the reality is that the Vendor and VAR now compete not only for traditional services business but also for this new emerging service. In a discussion with CL03, an example was cited where both the VAR and Vendor have competing cloud-based services. However, the VAR is able to differentiate itself based on local billing, local language interaction, local currency and local support.

While cloud computing is emerging, the Vendor-VAR landscape could change drastically. When discussing alternatives for taking their products to market in place of the reseller model, V04 suggested that, an alternative at hand was to sell their products online and utilise collaboration technology - such as web conferencing - to address their customer install base regardless of size. V04 stated that although online commerce is viable for simple license renewals, small and large customers may not appreciate dealing electronically especially when designing and implementing complex systems. In addition, demonstrating human emotions and expressions by either party is an important part of the exchange process.

Power/dependence is fuelled by the lack or abundance of alternatives. Business wisdom entails having access to alternatives, when available. However, an organisation without resources and no value to trade has to succumb to the entity that is controlling the resource or value. From a Vendor perspective the cost implications in not having VAR relationships, apart from direct customer engagement activities, is immense due to capabilities needed in a country such as logistics, customer care and financial teams. The value that the VAR brings to the partnership is fulfilling the scaling requirements through human, administrative and technical resources. V04 relies on VARs and had this to say, “We largely
invest in maintaining those relationships because we’ve got in excess of 300,000 small companies in South Africa that we deal with. You need to have a partner base that has that ability to scale across the different customer segments as well”.

5.1.3 Mutually Beneficial Relationships

“They (large Vendor) provide world class equipment and I supply the best available skills and together we do some good business” (CS01).

Mutually beneficial relationships are essential to quality business relationships. When the dependency aspect is significantly skewed and the alternatives are limited to non-existent, the relationship can still be mutually beneficial. However, imbalances may arise and negotiation within the relationship may be disproportionate. When there is no benefit, tangible or intangible, rationally it makes no sense to be in a relationship. Throughout the study, organisations mentioned that they have mutually beneficial relationships with their business partners. The relationships tend to be reciprocal but not always equal amongst partners, based on value contribution as a key determinant. The value contribution is discussed in section 5.10 and imbalances within relationships are discussed in section 5.2.1.

In the previous two sections, it was argued that the demand for resources and the ownership of resources play a critical role. However, despite Vendor-VAR relationships being perceived as imbalanced, there is mutual benefit and acts of reciprocity in the relationship. A large Vendor believed in this and argued:

“Fundamentally, the vendor and partner relationship is a quid pro quo relationship meaning that both parties put something into it and both parties gain something out of it” (V04).

Although, to an extent, dependency may play a role in mutually beneficial relationships, the parties have some contribution that both parties value and they maintain the relationship in order to continue receiving that value. Organisations that participated in the research indicated directly and indirectly that they are in business relationships because there is mutual benefit. Mutual benefit could be interpreted as value. The value could be monetary in nature or lack monetary characteristics but have some sort of strategic value - such as a bargaining tool that serves as an alternative relationship or product should the need arise. Profitability as a value is important to most businesses and it is no different in South Africa.
Hence, for a large VAR, “mutually beneficial would mean we are both making decent profits and growing market share” (CL03).

Organisations, i.e. reputable ones, enter into relationships with the firm understanding that “a successful relationship is one where both parties get something that they value out of that relationship and that makes a successful relationship” (V04). However, this is not always the case as organisations and individuals pursue their own plans that could be contrary to the organisation and the relationship’s goals. People and organisations are driven by reward and recognition. As you can tell from the discussion below, the promise of rewards caused a small VAR to go into liquidation. According to V01, “We at JXQ [large Vendor] were responsible for one of the partners called XYK shutting down its stores. So, we went to them with a conversation around collaboration and said, “If you skill up and invest we’ll make sure that we pass all of our leads to you.” The small VAR assumed mutually beneficial relationships was a pervasive paradigm in the large Vendor organisation. However, “We didn’t have the support inside [large Vendor] and everybody passed all of those leads to BJK [large VAR]”. The small VAR sustained losses in excess of $4.5M and could not survive. While this example is more about trust, mutual benefit or win-win exchange is a cultural quality that should be driven across organisations. In several other examples, individuals exude behaviour that is selfish and results in the detriment of others. CS01 highlights this point from a conversation he was involved in, “I’m going to do whatever it takes to make my number [target] and if that means that I have to break a relationship and do upsetting stuff to make my numbers, that’s what I’m going to do”. This excerpt indicates the impact individuals have on the organisation and its relationships. Human beings are driven by reward and recognition.

5.1.4 Reward and Recognition

“The principle of the matter was that when you’re dealing with partners you need to find a way to make every partner feel that they are special and important and that without them the multinational [Vendor] will not be able to do business in South Africa” (V01).

In a highly competitive industry such as the ICT industry, good relationships are paramount to both Vendors and VARs. Ceteris paribus, mutual benefit in a relationship is an expectation and contributes significantly to satisfaction. People, regardless of whether in the workplace or personal setting, have a desire to be recognised and rewarded for their
sacrifices. Incentives provide motivation not only to continue with the behaviour but to improve as well. “When you know a vendor is satisfied with you is when you get awarded. Those awards carry so much weight”, was how CS01 summarised recognition. In the ICT industry, typically the Vendor rewards and recognises the VARs. Recognition within any industry carries weight in terms of credibility especially if it is bestowed by an industry leader. Recognition schemes are ways to drive and control behaviour.

As was evident from discussions with a few participants, conflict often results from a lack of recognition. Understanding counterparts in relationships requires more than just accepting the manifested emotions such as ego and arrogance. Behind the emotions, at times there are business issues that require attention. In dealing with conflict, V01 explained that addressing “ego satisfaction, reassurance and recognition” was the starting point before business issues could be discussed. While it can be argued that people must exercise restraint with emotion, especially in a business environment, it is difficult to separate the person from the business and personal environments. People express themselves in different ways when seeking attention.

CS01 said, “When they [customer and Vendor] are working on big opportunities and at the early cycle of opportunity they already involve you”, this is the pinnacle of recognition.

The key findings indicate that PD in the South African ICT context is rampant. The business environment could be characterised as one that is mixed. Relationships are cooperative, competitive and conflictual all at the same time.

5.2 Cooperation

“It’s a constant co-working; it’s a constant understanding of aligned strategies” (CS01).

Cooperation is necessary in business relationships as it is the willingness of the parties to work together to achieve an outcome that is beneficial. The degrees of cooperation could vary from being opportunistic to strategic. Opportunistic cooperation involves transaction exchange over a short period. Strategic cooperation could involve simple adaptation of products and process or could be complex and involve joint product development that spans years. In the context of ICT downstream SCM, cooperation lies mainly in the middle of the continuum that was explained.
In the context of the study, cooperation is driven by the need for resources whether it is products, services or human resources. Cooperation, to an extent, is governed by contractual obligations. However, reasonable portions of cooperative arrangements are left up to the people within the participating organisations to facilitate and influence through interpersonal relationships. Cooperation, if not clearly understood and negotiated, could result in an imbalance in terms of contribution, nonalignment and conflict. Cooperation, more commonly could give rise to effective communication, knowledge sharing and competitive advantage.

In the following sub-sections, cooperation is elaborated on through discussion of competitiveness within the Vendor-VAR channel landscape, consideration for organisation size, the importance of alignment, conflict management and ability of partners to extend value. These are critical to cooperative agreements, without which the relationship stagnates.

5.2.1 Mapping the Channel Landscape

“We have changed the incentive structure. We have changed the tools. We have changed the systems. We have changed reporting. This is driven from a corporate perspective. It leads to dissatisfaction with partners because it creates uncertainty” (V04).

It is normal for industries to evolve as new technologies come into the existence and older technologies become obsolete and commoditised. Vendors and VARs alike have expressed dissatisfaction around changes that are so profound that they cause significant losses. VARs and Vendors are chasing productivity and profitability targets, thereby causing disruptions to existing business processes. The disruptions are deeper when multiple partnerships are in place and the business environment has to be changed to accommodate each partnership. V04, a large Vendor, expressed concern as their partner landscape was undergoing significant changes that were initiated by their head office. The costs of the changes were mainly borne by the local reseller as accreditation, customer segmentation and credit lines were “updated”.

5.2.1.1 Competitiveness

V04 had this to say about the changing competitive landscape from their perspective: “Our traditional competitors have changed. We are now competing with the likes of cloud
providers like Amazon and Google. We are competing with the likes of an Apple and an Android”.

Vendors and VARs are reporting that traditional competitors have changed. A Vendor said that their new competitors are mobile devices and another Vendor said a critical threat is from open source developers especially around business applications like Customer Relationship Management and mobile applications. Both Vendors and VARs see cloud computing as an opportunity and a threat. The disadvantages of cloud computing technology, from a Vendor and VAR perspective, are centred on the reduced capital expenditure by customers due to the internet-hosting nature of cloud computing. The other risks are the new market entrants are “virtual” and have a lower operating cost model. There are benefits, which include new opportunities to develop locally significant applications, build data centres for application hosting and partner with virtual organisations to localise their offerings.

5.2.1.2 Guiding or Manipulating the Business Relationship

The sentiment expressed by Vendors and VARs alike is that there are issues around favouritism, organisation size, imbalance in investment and unfair competitive practices. Partners make promises that do not come to fruition and sometimes causes businesses to fail. Powerful Vendors unduly influence and manipulate VARs and steer them in the direction that suits the Vendor. This “guidance” is not always with bad intentions as the Vendor has access to the market landscape and can identify the gaps in the market that are not being addressed. Vendors, unbeknown to other resellers, have similar discussions. For example, while smaller VARs perceive that they are unjustifiably manipulated, V01 has had similar discussions with their larger VARs about their market segment focus. In this case, the large Vendor was engaged in all segments. V01 believed that with the significant investments made by both the VAR and Vendor in terms of people, skills and demand generation activities, the size of the deals in segments like the SME did not justify the investments made. The discussions across the board were around aligning the resources on bigger deals. VARs believed that while the strategy made sense to focus on large opportunities, the underlying business fundamentals did not completely support the strategy. VARs were relying on business deals that are regular exchanges albeit with a lower
overall deal size. Large deals, according to most VARs, happened periodically but were risky in terms of win probability and timing.

The relationships in place are the outcome of business planning. Most organisations have short term and long term plans. The basis for these could be product and technology driven, customer segment driven or diversification driven. V01, says the relationships in place are not accidental and off the cuff thinking but well thought out from a tactical and strategic perspective. The tactical perspective entails satisfying immediate business priorities and aligning the resellers to those through incentives, persuasion and coercion. The strategic perspective is longer term, so from V01’s comments it could be 3 years and beyond. The strategic perspective is focused on the organisation’s technology roadmap, the organisations market ambitions and new business initiatives. The ICT downstream SCM is aligned accordingly. Another consideration in the tactical and strategic thinking is to prune, recruit and grow VARs and Vendors to the desired outcome that suits the business. In addition, partners are categorised according to perceived value with some being categorised as opportunistic and others strategic.

5.2.1.3 Does size of organisation matter?

In comparing engagements between small organisations and large organisations, the size of the organisation matters. Small organisations tend to be nimble and respond a lot quicker to business partners. In describing his experiences when dealing with large and small organisations, CS01 said that the small Vendors were agile, nimble, competitive and highly responsive. However, he also said that smaller Vendors lacked market share, customer references and tools to support partners. He stressed that customers were particularly keen to see how other customers used the technology but these references were not forthcoming and difficult to get. Customers often reverted to safer choices despite the smaller Vendor’s offer of better technology and pricing.

An important consideration in understanding impact of organisation size on business relations is around ability to respond to customer and partner needs. Larger organisations are inflexible and display a lack of urgency in interchange. This is evident from an example provided by CS01: “I applied to X [large Vendor] once for special bid pricing for a significant customer and it literally took the guy six months to get back to me with a response in terms of pricing. Whereas, we won the business with Y [small Vendor] eventually and it took them...”
two days to get back to us”. This situation could be due to CS01’s standing with the Vendor and their perceived value of the relationship.

CL03 believes that niche or small Vendors have the resources to focus on emerging and niche technology areas. This is unlike large Vendors who have products but lack the resources and focus. The challenge with large Vendors and large VARs is that they have inherent competitive structures within their organisations. Divisions or business units compete based on technology and customer segmentation. An example provided by CL03 highlights the issues that arose from misalignment and communication breakdown. In a consultative role, a large VAR helped Service Providers (SP) create packaged solutions for the SP’s SME customers. However, this resulted in conflict situations with two other divisions within the VAR organisation. The first team impacted by this was the VAR division that was focused on selling solutions to SME customers. The second team affected was the SP division of the VAR who now had customers moving to the external SP to take advantage of the packaged solution. This is not an isolated incident and happens often to Vendors and VARs.

Having worked for large Vendors and a large VAR, V04 believes that size of organisation and contribution/value to the relationship is a consideration during interactions. The most important reason is centred on the size of credit facilities that have been established between VARs and Vendors. Having this in place, allows deals to flow quicker through customer and VAR processes. If small VARs have credit facilities, it is much smaller than large VARs. However, small VARs tend to work through intermediary organisations such as distributors to overcome credit line problems. This results in delays to the ordering process, which adds risks to the overall deal. Other reasons include extent of presence in the market place and influence over key decision makers. V04’s comments capture this point: “I don’t think I would have gotten the same level of service, the same level of support, the same level of follow-up as I had when I worked for GRQ [large VAR]. I think my size would have mattered. I think that’s an important distinction”.

5.2.2 Are Contributions to the Relationship Equitable?

In cooperative relationships, the premise is that there is some value contribution by the parties involved. How equitable are the contributions is dependent on the power balance within the relationship. As has already been discussed, the power balance is determined
largely through resource dependency. What emerged on several occasions is the promise of business through leads and customer engagements if accreditation is achieved and in lieu of favours. While, at times reciprocity does occur, most often, it does not. As mentioned, a small VAR went bankrupt due to promises of sales leads not materialising. Another example of a small VAR (CS01) that was on the losing end after having invested in people, skills and building relationships with customers only to be sidestepped by the Vendor who decided to pursue the customer directly. CS01 claims, “I’ve invested all skills, I’ve invested all my time in this customer and look what the Vendor is doing. They’re selling direct” (CS01). Other VARs reported similar behaviour and incidents.

What is evident from both sides, i.e. the Vendor and VAR, is that the larger and dominant players in the industry tend to dictate the terms and conditions of not only the relationships but also the exchanges, episodes and transactions. A large Vendor concurs with this: “Sometimes I do get the feeling that as a big American corporate we’d like to strong arm the business partners” (V03). The commitment by smaller organisations to cooperation seems to be higher. This could be attributed to them trying to create a space for themselves in a very competitive environment and are amiable to business partners and customers in order to win mindshare. CS01 drew a comparison between small and large organisations in addressing customer issues: “We had the CTO [start-up Vendor executive] come to South Africa out of Canada to make sure that the customer is happy and get the perspective of the customer etc., versus a big company, a big vendor in South Africa like VNZ [large Vendor] or QSF [large Vendor] where they’ll send an account manager and that’s about it”.

Largely, accreditation programs stipulate the partnership levels that Vendors have in place for organisations wanting to be recognised as an authorised reseller. The higher the aspiration, the more investment is required. The challenge for Vendors and VARs is that there are no guarantees that the investments will be recuperated and business opportunities will be forthcoming. Accreditation provides VARs with the opportunity to compete with others for business. Apart from the investments in products, people and skills, retaining talent is very difficult. This is not only due to limited ICT skills but also due to the limited number of B-BBEE preferred candidates. CL01 expressed his concerns:
“The partner feels I got these engineering guys that I’ve got to certify so I’m going to spend quite a bit of money on that. The problem with that is, I’m not even sure that I’ll be able to retain the skill in the company”.

Retention strategies are paramount to resolving the challenge of losing skilled ICT practitioners. The industry is in a vicious cycle with respect to poaching as competitors are offering ever-escalating remuneration packages. However, a few companies are adopting what seems to be an effective approach, which is making investments in developing a wide skills base. V03 addressed this problem through setting up a local training facility. In an effort to increase the number of participants that attended training, they offered volume based pricing so training became cheaper as more people attended. A VAR had this to say about an initiative they were running to help minimise the issues, “we recruit people straight out of college and provide them ground up technical skills”. The intention is to recruit people that become committed to the organisation, at least for the duration of the internship. If the culture of the person and organisation match, the relationship tends to last according the VAR.

“Coopetition”, which is an arrangement that resides between cooperation and competition (Osarenkhoe, 2010), was highly regarded as an alternative to developing in house skills. V04 claimed that they have small VARs that are highly skilled in very specific areas of a product and have proven to be indispensable to not only the Vendor and customer but also competitors alike. They have created a market for themselves for highly specialised skills, that are difficult to achieve and not easily available.

Another point that contributes to imbalance in the Vendor-VAR relationship is the practice of Vendors not only sell their products via VARs but also compete with the VARs for the value-added services business. CL03 emphasised the importance of services in building a sustainable business on the back of selling products. However, CL03 also stated that one reason for conflict situations is when the Vendor not only endorses several VARs selling products to a customer but also competes against VARs for various services. The services business is important to VARs survival.

Personal relationships play a role in business exchange. Often, Vendors and VARs are positioned in deals based on personal relationships with other stakeholders such as Vendors or VARs, customers and business consultants. This could be construed as unfair practices to
competing organisations and be considered illegal and unethical. However, at times, the Vendor may have reasons for promoting a certain VAR as it is in the best interest of the customer. Some of these reasons could include history of successful projects and better financial terms, for which certain VARs are known. There are times that powerful VARs are promoted in deals due to bullying of local Vendor organisations by the influential VARs. All the VAR has to offer is better pricing rather than a superior offering. This sentiment is expressed by a Vendor, “And some partners [VARs], by nature, are bigger than others, therefore they’re more aggressive and they may have better relationships into the organisation [Vendor] and it’s not necessarily fair, but their relationships often affords them better discounts, rather than pure business value”.

5.2.3 Alignment

“Alignment” and “focus” were terms used interchangeably in the interviews. VARs wanted to capitalise on a Vendor’s market presence therefore, they aligned themselves with the Vendor’s push into those markets. VARs align themselves with a Vendor’s short and long-term strategy and shape their organisations to reflect a similar structure. This is evident by the structures in place in both types of organisations such as Technology Segments, Customer Segments, Presales Engineers, Sales, Solutions Architects and management functions. This facilitates better discussions and relationships between organisations due to having counterparts with similar responsibilities.

Although alignment is important between Vendors and VARs, alignment seemed more important to VARs. VARs wanted to be aligned with Vendors on customer engagements, product development and with what the Vendor brand represented. There were points in the discussion where VARs considered themselves an extension of the Vendor’s organisation. An example was given where a VAR adorned the logo apparel of the Vendor in delivering services on behalf of the Vendor. While this strengthens the bonds between partners, it marginalises the local organisation. It promotes barriers to creating local brands that are recognised, which is another reason, a VAR is developing its own intellectual property around cloud computing and services.

Alignment also meant joint customer planning exercises that took place between a Vendor and VAR. As one VAR (CL01) put it, “There has to be the critical alignment in terms of market drive. If there’s not that, then we are going to go into the customer shooting each
other”. These feelings on joint customer planning came across several times and supported both a positive and negative outcome. From a positive perspective, V01 described a time when they aligned with their large VAR and won every opportunity they jointly focused on. On the negative side, although there was alignment in place on a customer opportunity, the Vendor decided to pursue the customer directly and not through the VAR.

Alignment is effective when the stakeholders, such as the customer, sales, technical resources and management are aligned. Alignment quickly falls apart as human emotion takes over. A VAR talked in detail about individuals within both organisations having “personal vendettas” which culminated in communication breakdown and conflict situations. While the deal was not lost to either the Vendor or VAR, the uneasiness within the relationship continues. Had the sales representatives discussed their priorities and the importance the deal had on their commitment to their organisations and to their income, a cooperative outcome was easily achievable.

Alignment is not only about making choices about which Vendor or VAR to work with. Alignment is centred on ensuring that the Vendor or VAR is well positioned with decision makers such customers and consultants. As one can tell from the conversation with CL02, a deep understanding of the Vendor products and services was important when positioning a solution to the customer’s problem or need: “So it’s really from our perspective, understanding the technologies and the vendors well and being able to guide the client with what would work best for that particular need” (CL02). It is more important that the VAR, in this case, is seen to be Vendor neutral and positioning what is best for the customer in order survive and prosper.

Alignment is difficult to achieve in such a competitive environment. Vendors have a multi-VAR strategy and VARs have a multi-product strategy. What came across clearly was the use of bullying tactics and threats should something not go one’s way.

5.2.4 Conflict Management

“If you don’t do this, I’m going to make sure so and so phones X [CEO]”. And the response was, “If you do this, I’ll make sure you never see any business from HJN [large Vendor] again” (V01).
Within all the interviews, there was a distinct underlying impression that the relationships were characterised by continual conflict. The channel managers interviewed, referred to themselves as referees as they were managing conflict situations almost daily. The reasons for conflict as deduced from the data transcripts are varied but mainly centred on factors such as communication, trust/honesty, imbalance, emotion and short sightedness. Surrounding these issues, are expectations that do not transpire. Expectations at times could have been explicitly set by one party or could have been a case of referral from previous experiences. Apart from emotion and short sightedness, the other factors mentioned are expanded upon in subsequent sections.

With respect to emotion and emotional behaviour, relationship managers were managing frequent conflict situations between individuals in both organisations. The emotional behaviour at times became personal with attacks focused on the person. What can be surmised from the data is emotional outburst were driven by individual’s egos and individuals focused on their own goals. This is consistent with V01’s assessment in which “nine out of ten times, it's not business-based, it's purely emotion-based”. Once the emotional aspects are removed, the situation is easier to deal with. V05 believed that understanding the conflicting party’s issues and comparing that to the facts, did not necessarily solve the issue but helped contain it better. In a professional setting, comments like “reaching across the table and grabbing each other” seemed like an oddity or an exaggeration. However, the data consistently highlighted highly emotional episodes as an outcome of conflict.

It was found that for data that was categorised or themed as “conflict”, the discussions around the “conflict’ appeared to be one where the parties were focused on immediate exchanges. It appeared that short-sightedness prevailed over long-term relation exchange. The ICT industry is small to the point that Vendors and VARs, at the individual level, are friends. The participants, apart from CLO2, all worked for other Vendors or VARs in South Africa. More importantly, the customer base is static and maintaining a professional demeanour despite things not going your way is a respected characteristic. Chasing all deals all the time demonstrated a lack of focus.

Overseas organisations that have the principal-agent model in place protect themselves from corruption accusations, as there is an isolation layer between them, the customer and
the authorities. While, it did not come across as a form of corruption or governance issue, it was mentioned a few a times. An example was given by a Vendor (V01) where VARs are coerced into placing orders that have not reached the ordering stage yet. This is to satisfy not only local commitments but also commitments to the parent companies. The situation becomes concerning when after a few months, the order has to be cancelled as there was no merit to the order. This, obviously, causes further strain and conflict in the relationships and exacerbated by people that have not been involved in the situation and do not understand the facts.

All the points mentioned highlight the need for relationship management skills and business management skills so that conflict situations can be minimised and properly managed. Apart from building technical and sales competence, managing the business is equally important.

5.2.5 Capability, Capacity and Competence

“If you spread yourself too thin and you will, at the end of the day, risk your relationship ultimately with the client” (CL02).

Achieving cooperation within a relationship is dependent on ensuring the motivation for being in the relationship is strong and the entities have the capacity in terms of resources that could be allocated to the relationship. Not only is capacity necessary, the right capacity is critical so that tasks and projects can be effectively undertaken. Therefore, capacity with the right capability adds value. Vendors and VARs are more open in providing referrals and recommendations to others when they know that the resources of those companies are competent. One of the reasons for some organisations getting more business than others lie in the comfort others have in their capabilities, capacity and competence. V02 identified a critical gap in the VARs he worked with and it was mainly around competence. While competence is not only about attending a training course, it does minimise incompetence. V02’s partners were running after all deals and forecasting inaccurately to his organisation, resulting in missed forecasts and a poor reflection on the South African operation. While, experience is an acquired skill, following tried and tested methods such as thorough qualification of opportunities, helped improve the forecast figures and helped reduce the “opportunity” list and focus on deals that were real and winnable. V02 exposes this issue with VARs, “There are a lot of these guys who will chase any deal that’s out there even if
they don’t have an opportunity to win a deal. Just the fact that there is a deal, they will put resources into that rather than developing deals that are actually winnable for them” (V02).

When an organisation understands their capability and has an appreciation for what the market needs, then aligning those two results in value. Value, of this nature, can be utilised to develop new opportunities and relationships. CL02, in approaching South Africa as a new market for their organisation took the approach to understand their capability, align with partner in a specific customer segment and industry and focus to avoid “trying to deliver on thirty different solutions with thirty different permutations of any given solution” (CL02).

Competence in business relationships enable alignment and better exchange outcomes such as profit, customer satisfaction and repeat business. The lack of competence results in inefficiencies in business processes, loss of opportunities and lack of focus. Focus directs an organisation’s capabilities towards opportunities that are not only lucrative but also feasible in terms of winning. Some Vendors have a myriad of products but lose deals to niche product Vendors because their VARs are trying to cover everything. This is despite the lack of capacity and capability on the part of the VAR. Fundamentally, it is about competency in business management that aids in planning, prioritising and qualification of opportunities so that resources are maximised. Vendors accuse VARs of being tactical in their interaction with customers. This is highlighted by V02, “You still trying to get them [VAR] to speed up from selling the product and try to get them to focus on a customer segment that works together for you and them”.

Competency at the individual level is based on the abilities of people. Competencies, in the Vendor-VAR world and specific to customer facing personnel, are demonstrated through customer relationship management, technical skills and business skills. Individuals are successful with customers when they are seen as authorities and experts, which results in trust formation. The challenge is that older people in the channel have experience and exposure, which is not the case with younger people who have the academic and technical knowledge. V02 consistently raised the point that more than 80% of their revenue is generated by less than 10% of the people employed by their accredited VARs. Unfortunately, coaching and mentoring is not taking place and this is bound to widen the skills gap. CL02 had this to say, “I believe that South African companies are not doing
enough to have shadow programs and graduate programs. BEE is all about making sure that you have the right employee equity for show”.

The key finding of the study with respect to cooperation is that relationships in the ICT industry in South Africa traverse the cooperation-competition continuum on a frequent and transactional level. Organisations, in order to survive, use whatever capability is that their disposal, such as the use of alternatives when it is opportune and alignment when suitable. In situations such as these, conflict is inevitable but survivability and profitability are foremost for Vendors and VARs.

Cooperation, collaboration and cooperation are words used interchangeably but gathering from the data, it is about working together to achieve something that is of value. The closeness factor seemed to have a lot of commonality with cooperation. However, there are distinct characteristics of closeness such as culture, language and social peculiarity.

5.3 Closeness
Closeness and distance are opposing factors on a continuum and indicates to some extent the similarities and dissimilarities in interpersonal and organisational relationships. Some of the dynamics associated with closeness from an interpersonal and organisational perspective include culture, language, value systems and technological parity. Closeness in business relationships are influenced by a myriad of factors such as socio-economic conditions, political climate, demographic variables and history.

5.3.1 Organisation Culture
Organisation culture has been discussed several times during the interviews. Most participants believed that organisational culture does play a role in ongoing economic exchanges. CL01 alluded to the influence culture has on his decision-making: “Let’s take RYJ [distributor], if they had vastly different cultures then why would I buy from them”? Another aspect that became evident during data collection and analysis is around the cultural differences between organisations’ local and head-office. Two examples were given around the micro management, lack of trust and lack of empowerment displayed by, in these cases, Asian parent companies. According to V03 and V04, American organisations enforced head-office or companywide culture into the local organisation and country. These included setting “very tough” and at times unachievable goals. In addition, the approach to enforcing
cultural values, in this case achieving aggressive target, was pervasive and did not deviate from global practices to accommodate local issues such as frequent employee strikes and fluctuating currencies.

In a diversified landscape such as ICT, the business partners have to adopt differing approaches to dealing with each of the business partners. Vendors and VARs that participated in the study interact or are part of organisations that originate from Germany, France, Japan, India, China, United Kingdom, Canada and USA. All these countries’ cultures are different to South Africa’s business and social culture. Asian organisations were portrayed by the participants to be sceptical. Western organisations, according to participants, adopted a more trusting position with respect to business partners and interactions. V02, a representative of an Asian organisation, found that their head-office culture continually clashed with cultures of local organisations. This has proved to be counterproductive. Interactions with French counterparts were perceived to be arrogant and not open to discussion. Germans are known for being process oriented and driven by strict adherence to guidelines, which seemed to come across as indifferent and inflexible. V03 suggested that organisations required a different style of engagement to be effective. According to his experience with two large partners, it showed that the one was very process oriented in their operations, while the other was inclined towards family oriented type operations.

Organisations are different and have characteristics that are common and contrasting with other business partners. Finding the middle ground is a continual battle according to V03, “Some of the business partners have a much looser philosophy and trying to match the two up does bring some considerable challenges” (V03).

5.3.2 The Cultural Influence on Interpersonal Relationships

South Africa is known as the rainbow nation due to the many cultures, languages, religions and race groups. The business language in South Africa is English but there are 11 official languages. According to CL02 and V01, the ICT industry is dominated by White male individuals, with Afrikaans commonly spoken in business. This creates further exclusion.

Within the industry, there are cohorts that have an affinity based on how long they have been in the ICT industry, gender, language and race. CS01, a Coloured (mixed race) male,
has been in the industry for over 15 years and still finds that barriers are in place between business partners around “racial boundaries and religious boundaries”. The social interaction between people does contribute to a better work environment as it fosters a sense of inclusion, which female and non-White participants felt was not forthcoming. They believe that there are blurred lines when it comes to personal relationships and business relationships, as often they seemed to be one. However, V01 spoke of a case where personal relationships became a business obstacle as the interpersonal relationships soured. Business meetings were characterised by vulgar language, outbursts and posturing. “And, therefore, it was almost as though familiarity bred contempt” (V01). Despite this, breaking pass the emotional bonds that people share is very difficult even if the social profile such White/Black, Afrikaans/English/Xhosa is fitting.

Within a few discussions, the participants claimed that getting attention was difficult if there were no social or cultural ties. Being able to do a job was a significant hurdle. CL02 described her ideal work relationship to be one where, “if I’ve got an emergency do I get a meeting with the MD this week as opposed to three months’ time”. In addition, CS01 described situations in which if there was no business to discuss, there was no interaction or communication. For these reasons, CS01 believed that racial, cultural and religious barriers are widespread. CL03 summarised the environment between Vendors and VARs aptly, “As we all know the contract is the basis of our engagement but when people are involved, you see both sides of the emotional continuum”. He also characterised the relationships as something that is bred and thrives on trust. When trust diminishes, relationships fail. However, this is not supported by the rest of the participants who see trust as just one aspect of the relationship. What is agreeable between participants and articulated by CL03 is that “most of the business probably is based on emotion and most big deals have a huge element of relationship and emotions built into it” (CL03).

The findings suggest that in building and sustaining business relationships, culture does play a role. Overcoming organisation and societal cultural boundaries is a daunting task for relationship managers. Relationship managers are meant to facilitate productive discussions and economic exchange between individuals within their organisations. However, when cultural differences arise between head-office and the local office, conflict occurs. V04 described a situation in which significant and frequent changes were emanating
from the parent organisation, which had to be communicated to local partners. These were the comments by V04 on the situation, “They range from anger to lots of anger. It can get exceptionally emotional. People take out their frustrations on people”.

When organisations work well together, albeit not all the time, they start mirroring each other’s culture to the point, “they become an extended part of your own team” (V02).

The key finding from the study with respect to closeness is that international and national organisations have different cultures that at times are forced on dyadic entities which results in conflict. Furthermore, South Africa’s history, which was marked by years of discrimination and racial divide, continues to play a role in business interactions through interpersonal relationships.

5.4 Expectation

“I think there is certainly less opportunity for conflict and emotion if the processes are clearly defined and clearly followed. Once again, it’s all about expectations” (V03).

Expectations within the context of the study vary from discount structures, knowledge sharing, market-demand and customer relationship management. Although organisations have been in a relationship for long periods, partners will often try to push the limit on the parameters governing the relationship, such as discount structures and delivery schedules, to get a better deal. While this is a normal occurrence, it does lead to conflict when a request cannot be fulfilled. In addition, the people responsible for the local relationship have very little authority and rely on higher management to make decisions. This is time consuming and further exacerbates the situation on the ground. Organisations maintain central control of key decisions such as discounting and pricing for governance and process reasons. This does mean that the local resources are not empowered. Two distinct factors emerged from the data that were related to expectations and they were around discount and the market.

5.4.1 The Discount Discussion

One of the trends identified is the lack of transparency and the inconsistency in the way discounting structures are implemented and enforced. Very often, the perceptions of discounts are tied into favouritism and discrimination. Favouritism results when Vendors and VARs have preferred partners that they would like to deal with when they have an
upper hand (power) in an opportunity or deal. This translates into expectations of better deal conditions that are very ambitious and at times unachievable. V03 described the situation as follows, “It’s usually around expectations. If we get into a particular deal they [VAR] have an expectation of what discount they require”. This expectation, largely, is based on experiences. Moreover, when the partners were not transparent with each other, uneasiness resulted. V03, further stated, that should VARs be upfront about what they need to win the deal, it facilitates an easier discussion rather than a guessing game but this level of transparency is not forthcoming, neither is it reciprocal. As stated, the Vendor representatives in the country are limited to what they can authorise. However, Vendors, VARs and customers are aware of “special” discounts that have become the norm rather than the exception. With respect to discrimination, V01 clearly voiced the preferred partner strategy they adopt at the behest of others. This is abhorred by smaller VARs such CS01 but until they show a Vendor differentiated value, this will continue.

5.4.2 Whose Market is it?

VARs expect Vendors to create a market for their products. When Vendors do create a market, VARs capitalise on this by aligning with Vendors to pursue the market. In discussions with CS01 and CL02, they were clear about “piggy backing” on the push into the market by Vendors. All the resellers spoke of aligning with the Vendor, which indirectly meant that they capitalised on the demand and market generation activities by the Vendor. Another, CL03, surrounded the demand for the Vendor’s products with “a sustainable services business”. On the other hand, Vendors are expecting VARs to develop the market. When this does not happen, the Vendor takes direct control of the customer relationships to secure the relationship in the interest of the Vendor. VARs respond, firstly, by complaining about the imbalance of the situation and secondly, by introducing competitors into the customer environment. Imbalances in the relationship have been addressed in section 5.2.2. V02 suggested that this expectation by VARs “puts the OEM [Vendor] office in the developing countries under a huge amount of pressure”. The expectation described goes against the notions of relationships and partnerships.

Vendors and VARs govern the relationship with contracts. There are costly accreditation requirements and sales targets that are stipulated by the Vendor for the VAR to achieve. There was consensus by the VARs and one Vendor that the obligations seem to be
unidirectional. Based on this, VARs are expecting the Vendors to create and sustain market demand. V03 acknowledged, “We do put a lot of pressure on them [VAR] to increase the sales targets every year and I think we’ve had some push back over the last one or two years”.

Expectations can lead to either satisfaction or dissatisfaction. According to V04, “Satisfaction for me is just setting an expectation and meeting it”. More importantly, when expectations are set and then are reneged upon, trust issues arise. V01, from experience, suggested, “It’s a clear understanding of who wants what and why? And, if you’re going to commit to whatever it is that’s on the table, make sure that you can deliver”.

The key finding from the study is that expectations appear to be fluid due to continual negotiations and detraction from existing contractual agreements. The case in point is around discounting and the numerous documented and undocumented promises that are in play at any given time.

5.5 Commitment

“We want to work with you. Let’s work together in a segment that’s untouched” (V01).

The above quote is powerful in that it captures the essence of commitment. However, the rest of story does not have a pleasant conclusion. The reseller sustained losses as the commitment was not honoured in the Vendor organisation beyond the Relationship Manager. The commitment factor has come up several times during the interviews and data analysis. Very often, commitment seems unachievable as the actions and interactions do not support the concept of commitment. Some of these have been mentioned such as sidestepping partners to secure a customer commitment, reneging on promises that result in the demise of a business and unfairly asking for commitment from others without reciprocity.

5.5.1 Perceived Commitment versus Actual Commitment

In a relationship that is bound by relationship commitment, the partners agree to work together in order to achieve mutual benefit. While the participants interviewed, raised commitment as an issue several times, the landscape did not seem conducive to commitment, as espoused in the literature, which is discussed in section 6.2.1. The typical antecedents of commitment are trust, a certain amount of loyalty and value. With the
models in place by most Vendors-VARs, the focus is not necessarily on gaining the
commitment from the dyadic partners but securing the commitment from customers. Once
the customer commitment is secured, the owner of the commitment is under no obligation
to commit to anything. CS01 believed that being a small business necessitates “owning” the
customer, as they cannot compete on price with large organisations that get “special”
pricing. “That to us is completely, completely critical. We have to own that end customer”
(CS01).

Commitment also came across as a transactional requirement as opposed to a strategic one
that is longer term and more involving. CL02 typified commitment as being able to call an
executive when an emergency arises. CL03’s organisation has been in a very long
relationship with a Vendor and acknowledges that there has been turbulence in the
relationship but says that they are committed to each other. However, the rest of the
interview with CL03 exposed deep trust and loyalty issues that did not seem like a
relationship that is based on commitment.

5.5.2 Is Commitment a fair request?

Throughout the interviews, it became apparent that within nearly every deal or opportunity,
there was a certain amount of negotiation and agreement. Even with these agreements or
“commitments” in place, there was uncertainty. The uncertainty, very often, stemmed from
experience and trust issues. More importantly, it seemed like reneging on commitments
was reciprocal in the relationships.

Contractual obligations enforce just a few aspects of commitment. According to CL03,
“Contracts are signed, filed and forgotten about. It’s the human element that takes over”.
The human element is responsible for putting in place commitments on the back of
negotiations. Maybe the industry is configured in such a way that it makes it difficult to
secure proper commitment. This could be due to the highly competitive nature of the
industry, the changing dynamics that customers create or based purely on risk aversion.
What came across from the data is that the ICT industry could be referring to different levels
and types of “arrangements” as opposed to commitment. These could be based on
opportunity, transaction, customer or segment but commitment as an overarching concept
seems to fall short as the fundamentals to commitment are missing.
A key finding from the study indicates that “commitment” came across as completely flexible, valueless and easily transferable. Moreover, “commitment” appeared to be based at a transactional level as opposed to the overall relationship.

5.6 Communication

“One of the biggest values our partners give us is insights into what the market expectations are. Not just from a SWC [large Vendor] perspective but also from a competitive perspective” (V04).

Communication, in this context, entails the exchange of information between the stakeholders such as Vendors, VARs and customers. Exchange of information is necessary as it facilitates better understanding. The quality and quantity of information sharing is largely dependent on the characteristics of the relationships such as trust, commitment, loyalty and value.

5.6.1 Enabling Communication through Trust and Transparency

Underlying any relationship is communication. The study reveals that a critical barrier to effective communication is trust and transparency. Vendors and VARs know that the information they share could be divulged to competitors. V01 highlighted this issue, “When you’re talking to five different partners and you’re the person who knows what discounts you giving them, you can’t really maintain transparency”. In a multipartite world such as the ICT industry, communication is critical but what is communicated is even more critical. In a multidimensional and hierarchical organisation such V01’s, very often there were serious communication failures. One example stands out where V01’s organisation came to an arrangement with a reseller about placing an advanced purchase order in anticipation of winning a deal. In return for this “favour”, the VAR was promised better discounts. However, the Vendor reneged on this arrangement due to poor communication within V01’s organisation. “Once again, principles weren’t followed through, so when the order came in and the partner looked for the new discount the previous conversation is conveniently forgotten. Therein lay another emotive situation which began to breed a sense of distrust between partner and account manager” (V01). There are similar examples from both perspectives and proper documentation could minimise the issues. However, documentation processes may also impede economic exchange due to governance.
5.6.2 Communicating Satisfaction

Communication from a satisfaction perspective seems to be well established. Vendors and VARs have both indicated that there is regular communication in which satisfaction/dissatisfaction issues are raised between them. There is the odd case of a small VAR that claims, when a Vendor is unhappy, they do not communicate and are difficult to reach. While this is not a satisfactory business process, the lack of communication is an indication of their lack of satisfaction. What came across very strongly is that both Vendors and VARs felt no qualms about expressing their dissatisfaction (and very seldom satisfaction) to their business partners. V03 spoke about his communication process with VARs, “I have bi-weekly meetings with the executives and I ask for feedback as much as possible. I want to get it from the horse’s mouth”. A large reseller, had this to say, “We tell them pretty quickly when we’re not satisfied with each other” (CL03). Apart from the interpersonal aspects of communicating satisfaction, most relationships have in-depth key performance indicators (KPI) that easily show the health and wealth of the relationship. The KPI discussion typically originates from the Vendor.

In multidimensional and hierarchical organisations, that have several departments and business units, establishing whether the key individuals and stakeholders are satisfied is complex and a daunting task for both Vendors and VARs. Frequent communication helps expose issues but if communications are not reaching stakeholders of the relationship such as buyers, technicians and marketing, this results in conflict situations. Poor or no communication also results in misinformation and uncertainty. V04 said, “As an example some of our biggest partners you have relationships with ten, twenty, thirty people in a single partner. It is not a single relationship”.

The satisfaction communication tools (surveys, focus groups, meetings, interviews) were mostly available from Vendors to evaluate VARs. However, one large Vendor had a VAR help desk, which was managed by a third party organisation and collected VAR complaints, suggestions and feedback throughout the year. VARs resellers relied on the human element to communicate satisfaction. The tools used by the Vendors were typically reseller surveys and customer feedback surveys. It seemed like assessing satisfaction was one-sided in that the VAR was always under scrutiny. Vendors do have customer satisfaction tools to assess customer perceptions of satisfaction.
5.6.3 Knowledge Sharing

Vendors and VARs place a significant amount of importance on exchange of information making it a critical factor of success. The content and types of information exchanged varies between Vendors and VARs. Knowledge sharing as a communication factor can be assessed from two aspects as noted from the data. The first is around technology, services and product information. The second is centred on market information, which highlights the mutual dependency roles the partners play.

The knowledge that VARs find interesting and valuable is similar to the Vendor. However, VARs place more importance on knowledge transfer around products, competence and reward. For a VAR to promote a Vendor’s product, apart from competitive terms and conditions, it is critical for them to have the ability to successfully implement an ICT product and service. Achieving such competencies requires Vendor specific technology (product and services) training. In most Vendor accreditation programmes, VARs are mandated to attend training courses. In some cases, the VARs are required to pass an assessment, which serves as an indication of competence. Vendors are also keen to ensure VARs are trained and confident with their technology, products and services. VARs tend to promote that with which they are confident. As you can tell from V04’s comments, the relationship is dependent on training to ensure skills are up to the desired levels. “QWN [large Vendor] puts up training, product and the technology into that relationship and from a partner perspective they put in their skills and geographical coverage into the relationship” (V04).

The reward aspect deals with the benefit for successfully selling a Vendor’s offering. What has also been established is that the VARs want to know what the future holds in terms of Vendor offerings as demonstrating longevity to a customer is important to securing a deal. V03 articulated their approach with respect to knowledge, “It’s around the systems that we provide to the business partners as far as keeping them up to date with the products, where the product is going and delivering on those road maps”.

The second aspect to knowledge sharing is market information. Vendors rely on the field representatives for information that helps deliver products, technologies and services that will be consumed and are competitive. As mentioned, Vendors employ very few people in the local country. The VAR becomes the eyes and ears of the organisation. Vendors seek knowledge from VARs in the form of business environment, market situation, forecast data...
and customer activities such as tenders, product requirements and purchasing power. V04’s organisation relies on VARs for local knowledge that can help price, position and promote products without which, a generalised approach to the local market is taken. Having said this, Vendors are still providing different packages, which may be unnecessary and expensive for local consumption. CL03’s organisation is respected by Vendors for not only providing valuable market information but also by taking a seat on a Vendor’s technology advisory board.

In a transparent and amicable relationship, the partners will look for ways in which to enhance the relationship so that the relationship is viable and fruitful. While the antecedents of unrestricted knowledge is based on trust and commitment, varying degrees of knowledge sharing is required to start building levels of trust and commitment. There are basic levels of knowledge sharing such as imparting of knowledge that is specific to product expertise, processes and competency, without which, the relationship could be in jeopardy.

One distinct realisation from the data and talking to participants is that they appreciate they are not in exclusive relationships with a Vendor or VAR but they want to be treated with importance. Some want to be heard despite their size, while others want reasonable response times and not to be ignored for long periods.

The key findings from the study indicate that communication is critical to the relationship. The quality and quantity of communication is largely dependent on antecedent factors such as trust, commitment and loyalty. However, the ICT industry continues to thrive through adequate knowledge sharing and information transfer on a need-to-know basis. The industry partners are satisfied with how relationship quality is communicated which is largely face-to-face, albeit at times this can be emotionally charged.

5.7 Trust

“The partners just didn’t trust you when you said you wanted to work with them and you could support them” (V01).

As can be seen from V01’s statement, building trust does not happen instantly and is difficult to attain. It is increasingly difficult to have trusting relationships based on a poor record of accomplishment. Two aspects seem to be important to both Vendors and VARs when building trusting relationships. The first aspect is succinctly put by V02, “You’ve got to
be able to trust the partners to be able to take the product to market and not devalue your product with the customer”. From a country perspective, Vendors and VARs build trust on a multidimensional level that takes into consideration the technological level (products and services), stakeholders (customers, business consultants) and the interconnected SCM (alliances, other channels). The Vendor has to trust the VAR to represent the Vendor’s product with the utmost integrity and not cause harm to the Vendor’s reputation and brand. When the Vendor perceives that this is not happening, the relationship becomes strained. As mentioned, the Vendor resorted to engaging directly with customers. In retaliation, the VAR introduced competitive products to the customer.

The second aspect is articulated by V02, “You are at risk by forecasting the deals they provide because their forecast lands up being part of yours” (V02). The Vendor has to trust the financial information such as forecasts, customer budgets, bid pricing and discounts provided by the VAR as this information is cascaded from the country level up the organisational hierarchy until it reaches central and executive decision makers. The consequences of these not materialising, results in undeveloped orders being placed and mistrust characterises the relationship. Both areas mentioned, i.e. product importance and financial information accuracy, are equally critical to VARs who use the information for staffing requirements, budgeting and business planning.

From a VAR perspective, several aspects contribute to a trusting relationship. The VAR makes significant investments in accreditation, skills and resources and expects reciprocity in terms of successful deals. When this does not transpire, trust dissipates and conflict arises. The relationship between the Vendor and VAR seemed one sided in that the Vendor expects as many VARs as possible to be promoting their products in a single opportunity. In return for promoting the Vendor’s products and not a competing product, they are “allowed” to participate and are rewarded with special discounts. Further benefit is realised from the customer opportunity being restricted to a certain accreditation status and customer segmentation level such as Platinum/Gold/Silver status and Enterprise/SME segmentation, respectively. Another, behaviour that emerged was Vendors responding to customer tenders on behalf of preferred VARs. V01 argued that although these tactics worked, excluded VARs were learning and adapting to survive. Trust issues were
manifested through reduction in information sharing between the VAR and Vendor and significant jostling for the customer’s attention.

CS01 described how VARs such as themselves overcame the large Vendor strategy through proactive recruitment of niche Vendors from outside South Africa. These small but niche Vendors, according to CS01, offered superior products that had better features and were better priced and were welcomed by customers. Customers began to ask for “best of breed” products to satisfy a need - as opposed to using inferior but familiar products. Some large Vendors promoted the benefits of single Vendor sourcing for “end to end” and “wall to wall” solutions. However, as remarked by CL03, for risks and technology reasons, customers preferred products from multiple Vendors. VARs realised the importance of South Africa on the global economic stage and applied this advantage in bringing new technologies and Vendors into the country. This helped customers to compete with better and cost effective technologies. It also helped the ICT industry overcome limitations around Vendor policies, commoditisation of products by VARs and supported the constant infusion of emerging technologies into the country. The challenge, as previously mentioned, is that smaller Vendors are acquired by larger Vendors.

5.7.1 Transparency

Both entities had expressed importance of transparency in a trusting relationship. Transparency, from the VAR perspective, was centred on the ability of the Vendor to be forthcoming with respect to collaborating arrangements on deals, the financial restrictions imposed on the local Vendor organisation and the turnaround time on requests. According to V02, they are aware of the issues faced by the VAR and appreciate the uncomfortable position of the VAR. This is what he had to say, “As a partner, you know, he’s sitting in front of the customer, the guy wants the pricing; you know, today, tomorrow or the next day. He’s not prepared to wait three weeks”. However, the decision expected is not quick or simple as the Vendor in South Africa is empowered up to a certain discount level. After which, the request has to be escalated within the Vendor organisational hierarchy. The VAR sees this as stalling tactics, ulterior motives and lack of transparency on the part of the Vendor. V02 believes that situations like these breed mistrust.

Another aspect of transparency that is misunderstood by both parties is that of confidentiality. Not disclosing “privileged” information comes across as a lack of
transparency. V01 says maintaining transparency is difficult in a competitive environment such as the downstream ICT supply chain. She says that in some customer opportunities, she interacts with more than five VARs and cannot disclose discount levels offered to each one. Maintaining so many different agreements that are adhoc in nature and undocumented had led to conflict and trust issues.

5.7.2 The Origins of Trust

Interactions involve people. As mentioned, people are influenced not only by cultural and social aspects but also by historical interactions. Despite historical and successful interactions, the findings do not indicate a shift to a trusting relationship between Vendors and VARs. Deals may exchange hands based on experience. However, it does not mean that trust was the deciding factor. It could mean that alternatives are limited and the selection is based on the best of the worst – “It’s who do you trust more?” (V01). Throughout the interviews and the data analysis, it was difficult to pick out a situation in which trust was the fundamental reason for interaction. Interaction was largely driven by the need for resources, whether it was product, services or skills. CL03 talked about trust as being based on integrity and one that is built over time. However, he also said that being a commercial venture with profitability as the underlying measure, meant that “all the intent in the world, all the integrity” without profitability would cause the relationship to fail.

What emerged from the data is that people on an interpersonal level trust each other. As mentioned, relationships traverse the business and personal space for a number of participants that were interviewed. There were examples cited in which people committed to each other but were overruled by the organisation’s decision makers. What also emerged is that there was conflicting contributions around race and gender. Addressing the race factor first, CS01 believed that race was a barrier to developing meaningful and trusting relationships. V01 supported CS01’s position to some extent and described how many of the individuals enjoyed both business and personal interactions. However, this also facilitated exclusion of other individuals who were White and male. From the study, it is inconclusive that race is a critical influencer on trust as the issue was raised by just one person and not supported by other non-White and White participants.

From a gender-trust perspective, V04 believed that her gender was not an issue, as her credentials were well known in the industry. This allowed her to focus on building trust
through commitment and execution. On the other hand, CL02 believed that her integrity was questioned, as she is female. Therefore, developing trusting relationships did not materialise until she “transferred” her thoughts and ideas to a male counterpart and supported him. V01, V04 and V05, all female, believed that their gender is not an issue when it came to trust as they believed that trust was based, largely, on familiarity and successful past interactions. CL02, although an ICT industry veteran, has been in South Africa for less than a year.

Information exchange has been exposed as the most important aspect of trust in B2B relationships. From a communication perspective, both entities rely on trusting and transparent communication that is based on experience and past interactions. Commitment, on several occasions, was the trigger to a trusting information exchange as is evident from V01’s statement, “And if you’re going to commit to whatever it is that’s on the table, make sure that you can deliver”. From the data, the antecedents of trust are transparency, integrity and credibility. The consequences for a lack or diminished trust are conflict and highly emotional engagements. Trust typically develops between individuals but is marred by other stakeholders in the relationship such as customers and the Vendor/VAR organisations. Customers will manipulate Vendor-VAR relationships to get better pricing and a better deal. This is apparent from V03’s viewpoint, “Customers will tell you one thing but what actually happens seems to be different”. CS01 suggests that when the foundation of a Vendor and VAR are not solid, the customer will “horse trade everybody” meaning they will pursue the divide and conquer strategy to get a better deal.

The key findings from the study around trust are that relationships do not appear to be based on trust, which is a long-term orientation. Relationships appear to function based on transactional arrangements. There are other perceived factors, such as commitment, communication and loyalty, which hinges on trusting relationships. It is evident from the findings of the study that these other perceived factors are impacted by the lack of trust.

5.8 Loyalty
Loyalty indicates a long-term relationship built on successes (Large, 2011). In addition, Large (2011) argued that loyalty entails repeat behaviour whether purchasing or re-patronising, with commitment being persistent despite institutional and environmental changes.
It is evident from previous sections that the industry is configured in a way that makes it difficult for the Vendor-VAR dyad to build trust, develop commitment and have loyalty. The ICT industry is competitive to the point that it can be described as a matrix of Vendors, VARs, Products and Services. Whether loyalty is an antecedent or consequence of trust, the ideal place to describe the findings would have been under the trust section. However, loyalty was brought up several times by the participants and is worthy of a separate discussion.

The focal point for Vendors and VARs is the customer. While both entities spoke of loyalty as a critical satisfaction factor, the loyalty factor did not seem to fit with the type of relationships described during the data collection. On several occasions, loyalty to the customer was raised as critically important to not only brand protection, winning deals but also business survival. CS01 clarified this point, “Loyalty to the business is to actually ensure that we own that end user [customer]”.

The word loyalty was mentioned 22 times and coded 19 times. However, the findings revealed that when loyalty was mentioned in the interviews, most of the times, it referred to “owning” the customer relationship. “Owning” the customer relationship has been discussed several times in previous sections and mainly revolves around securing the customer’s buying decision and preference. On other occasions when loyalty was mentioned, it supported the determination of “owning” the customer relationship. For example, V01 described a conversation between her and a VAR, “Well, that’s great PTR [large Vendor], you’re not backing me so I’m going to take in a competitor solution”. This type of comment was a common occurrence throughout the data. Hence, in narrowing down the loyalty factor, loyalty was more about the customer or opportunity than on the long-term relationship satisfaction.

An example of loyalty, albeit from one side and in contrast to the previous example, seems to portray loyalty in a relationship. A VBQ Channel Manager described how their partners behaved on a regular basis, “All of our large partners, the only hat that they put on when they go in and speak to their customers is the VBQ one”. Two points emerge from this quote. Firstly, loyalty seemed to be one sided and in VBQ’s favour. Secondly, in the absence of alternatives, loyalty seems like the only option. The one-sidedness of loyalty was seen in several conversations but further investigations revealed that PD was influential in
the loyalty imbalance. When a partner “owned” the opportunity or had an upper hand, then loyalty from multiple VARs was required. A contradictory but normal occurrence is revealed by V05, “If a partner was not committed and really not showing any kind of commitment to us we’ll obviously go and support the partner that is committed to us”. On the other hand, the VAR according to CL03 “was open to considering other products” when the balance was in their favour.

In order to demonstrate how the industry views loyalty, a large Vendor stated, “So if you can get people [VAR] to sign up with you then it’s at least somebody is not selling against you”. While the portrayal of loyalty as subscribed to by the industry may not be what loyalty is supposed to exude (see above), the industry is imperfect meaning industry players have to deal with a myriad of influencers. In addition, survival necessitates some of the behaviour as following the actual meaning of loyalty could result in an organisation’s demise.

The key finding from the study around loyalty is that it is expected by all. However, the ICT industry in South Africa, as mentioned, is imperfect in that relationships appear to be based on transactional level agreements. This is not to say that the industry is dysfunctional. The industry is simply responding to a highly competitive environment, which is exacerbated by rapid technology innovation.

5.9 Profitability

In discussing how CL01 decided on which partnerships to forge, he responded succinctly, “The most profitable ones, we in this for the money, nothing else”.

Vendors and VARs alike rated profitability as a critical measurement of relationship satisfaction. Partners were prepared to forego loyalty and commitment to thrive and be profitable. Nearly all participants were outspoken about profitability. Profitability drove the ICT downstream business model in South Africa where entities came together to utilise the resources of each other. Failing which, costly alternatives would have been necessary such as developing local products and deploying own human resources. Profitability drove the need to involve niche and competitive Vendors into existing relationships. Had this activity not transpired, CS01 believes, “the margin [net/gross profit] was insufficient to cover our costs”. External Vendors were sought to alleviate the eroding profitability attributed to highly competitive situations experienced in the ICT industry in South Africa. CL03’s
viewpoint as mentioned was that his organisation was a commercial venture and all the good intentions and integrity is baseless if the business is not “making money”. From the discussion, he is not suggesting counter governance behaviour. He is suggesting that organisations are relentless in pursuing profitable relationships.

Mutually beneficial relationships, as described previously, entailed a value that is contributed and extracted from the relationship. VARs are competing aggressively for very small profit margins. CS01 indicated that they achieved 3-5% profit margin on the product components with large Vendors. With niche Vendors’ products, CS01 stated that they achieved 30-40% gross margin. In highly competitive deals, VARs sacrificed better profitability on the product component and quoted very low prices to win the business. Their focus was on the services component of a deal as the profitability is better. In addition and as mentioned, the VAR renegotiates the discount levels by using the customer purchase order. The perceived imbalance, according to CL03, occurred when the services component also became part of the competitive landscape with Vendors and VARs competing for the services business. V01 explained profitability challenges from their perspective. She highlighted productivity as a key performance indicator that was measured by ICT industry analyst and shareholders in determining the viability of the organisation. This meant that generating more revenue with fewer people was a good indicator of organisation strength and health. Other Vendors pointed out that the services business allowed them to have recurring revenue as opposed to relying on just product sales.

One major reason for VARs seeking alternative Vendor relationships is due to profitability. While having an appreciation for a Vendor’s multi-VAR strategy, individual VARs such as CS01 emphatically stated that, “the partner will sell competitors’ technology because of [profit] margin erosion”. It was clear from both Vendors and VARs that acceptable profit and profitability remain the foundation for ongoing business relationships. When the desired outcomes are not achieved, both organisations adopt measures to boost profitability and are prepared to sacrifice relationship satisfaction factors such as loyalty, trust and commitment to achieve that. The costs of being in the relationship from both perspectives are significant and deriving acceptable profit justifies current and future investments in the relationship.
South African ICT Vendor-VAR Relationship Satisfaction

CS01, from experience, defined how relationships evolve, “as they become more profitable to your business there will be an automatic focus”. The profitability derived from the relationship is one indicator of the strength of the relationship. Until the profitability or some other worth reaches a level where it is valuable, the association will merely be.

The key findings from the study around profitability are that it is the most important factor in a relationship. Everything else comes after profitability. Profitability is assessed before partnership agreements and relationships are developed. Relationships are sacrificed when profitability is at stake.

5.10 Value

“The value contribution for us and unfortunately I am going to come back to this point is about dollar [revenue] contribution” (V03).

Behind dependency and profitability, which were key determinants of relationship satisfaction, value was mentioned directly and eluded to in several instances as the foundation for relationship existence. Value is the perceived worth of a good, service or exchange after consideration of the cost-benefit ratio and availability of alternatives (Hutchinson, Wellington, Saad, & Cox, 2011). In an exchange relationship, value is an antecedent and consequence of the relationship. Economic exchange is initiated, whether on a transactional or strategic level, based on the value one possesses that is required by the other. Throughout the study, the participant’s motivation for being in a relationship was driven by a need. V04 was candid about the value partners have on their business, “Without them [VAR] it would really be impossible to do as much business as we do”. The consequences of value are continued exchanges, business success and relationship satisfaction. V04 believed that, “A successful relationship is one where both parties get something that they value out of that relationship and that makes a successful relationship”.

From the analysis of the data, it was apparent that the size of the organisation did not matter as much as the value contribution of the organisation. CL01, described the relationships they had in place, “We contribute 70% of WRY’s [large Vendor] revenue in South Africa which gives us unfettered access to their CEO and whatever resources we need”. CL01 contrasted another relationship, which accounts for over 20% of his organisation’s turnover, they got very little attention and the reason according to him, “I’m not significant enough for LNQ [large Vendor]”. While it can be argued that larger organisations have more
value in terms of resources, it was noted that smaller organisations developed significant value based on addressing a specialised and untapped market. Not only were they satisfying the need of the primary Vendor but also competitors as well. Another example was expressed by CS01, “I’m not getting enough attention. I’m not important enough for XYN [large Vendor] at the moment because I’m still small”. While CS01’s perceived lack of attention is attributed to organisation size, CL01 admitted that the perceived insignificance is due to the size of revenue contribution to the Vendor. CL01’s perception seemed to be consistent with other Vendors and VARs interviewed.

Vendors are similar to VARs in that there are VARs that are successful and have tremendous value that start-up and small Vendors would like to exploit. V02, representing a large but new market entrant, argued, “As you start making significant wins with a value added partner, the executives [VAR] start taking the product more seriously. Until then they just see it as another arrow in the quiver of a sales guy. But as you start generating revenues for them, that’s a totally different perspective”.

Value in terms of revenue contribution gets the highest attention, followed by value that is unique and not easily replicated. “Owning” the customer is a significant value and tied to revenue contribution. “Owning” the customer has been strategic intent expressed by all participants. CS01 could not state this point more clearly, “The bigger vendors tend to ignore you and deal with you on a case by case basis. What is critical to our business is that we own the end user [customer]. That to us is completely, completely critical. We have to own that end customer”.

There are costs associated with the development of partnerships. Hence, organisations focus their attention and investments where there is the greatest return. This is evident in the discussion with V04, “From a business perspective we [large Vendor] tend to invest money in a multitude of ways but the primary criteria is the partners who bring us the most amount of money”. The same is true for VARs who echoed similar approaches when making investment decisions that were specific to partnerships. VARs tend to invest in people and technology that is in high demand or satisfies a niche requirement.

The key findings from the study around value are organisations enter into relationships when there is some value that can be offered or extracted. It was evident from participants that value was uneven, which led to power-dependence imbalances. The industry is
desperate to capture value to the point that “owning” the customer and the buying decision is a critical value that can be used as a power instrument. Both, Vendors and VARs will pursue alternatives in a collaborative manner in order to survive and thrive.

5.11 Country Specific Additions to “Environment” Variable
It emerged from the study that environmental conditions within which the ICT Vendors and VARs operate affect their relationships. At times, the dyad has control over the influencers and at other times, the influencers are beyond their control. However, the effect is manifested in emotional behaviour, posturing and business practices that are questionable.

5.11.1 Broad-based Black Economic Empowerment (B-BBEE)
“I almost got to give him business for free because he’s a BEE partner and the BEE partner thought this guy must give me for free whatever I want because he needs me to be successful in the market” (CS01).

The findings with respect to B-BBEE’s influence on the ICT industry in South Africa revolved around three themes, which are imbalance, discrimination and skills.

5.11.1.1 Imbalance
The findings indicate that there is a perception that mainly VARs are tasked with achieving and maintaining different levels of B-BBEE. This perception arises from the role played by the VAR, which is operational in the sense that VARs typically tender for customers’ business and fulfil customers’ requirements. However, this perception is not entirely accurate as Vendors also undertake B-BBEE accreditation albeit on a smaller scale. Within the discussion section (see 6.3.1), the B-BBEE levels of all the participants are shared. CL01’s comments signify the perceived imbalance and in discussions with him, it came across as an irritant, “In my relationship with XTR [large Vendor], they are an international company and a lot of those things are not applicable like BEE or anything else. Even the culture is not really applicable”. This view is consistent with that of V01’s, “I think overall in terms of BEE, our partners [VARs] probably have a better understanding and a healthier appreciation and respect for BEE than DZP [large Vendor] did”. However, some Vendors do have B-BBEE qualifications as they pursue business opportunities directly with customers. The irritants revolved around significant administration processes required to achieve and maintain B-BBEE status, ensuring suppliers are compliant and continually searching for the right talent,
without which achieving different B-BBEE levels is not possible. Achieving different levels of B-BBEE status facilitates different types of recognition and reward. Reward, in this respect, entails firstly, qualifying to pursue economic exchange with organisations that require B-BBEE qualification and secondly, being awarded a deal. Buyers, sellers and governmental authorities place significant emphasis on the levels of B-BBEE.

5.11.1.2 Discrimination

Employees that are put into positions because of their colour and gender are engaged less and differently to others insofar as engaging in opportunities, formulating ICT solutions and constructing ICT artefacts, according to CS01. The relationships between B-BBEE appointed candidates and peers in the ICT industry strain much quicker as there seems to be a binding aspect such as respect that is missing. The reasons cited for this is that B-BBEE candidates are there for “convenience” rather than for “professional” purposes. The high attrition rate of B-BBEE candidates within organisations does not allow relationships to develop and mature to become trusting. In a previous section (see 5.7.2), the gender issue from a trust perspective has been discussed with the finding that most female participants do not feel any mistrust between themselves and their male peers. However, most felt other forms of discrimination due to their perceived emotional firmness, handling difficult situations, capability, competence, and being able to “strong-arm” people to get things done. The exception was V04 who felt no discrimination based on the value she brought to the relationship. As there were no Black participants in the study, gauging their perspective on B-BBEE matters was not possible. B-BBEE largely entails placing Black people and previously disadvantaged individuals (woman, disabled) into positions in order to reduce past discrimination that was enforced by apartheid and poor legislation. The participants said, although they try to deal with this as best as they could and respect the initiative, they still feel that it goes against the grain of “professional rules of business engagement” to use CS01’s words.

Identifying participants of colour or gender was not a consideration during sampling. As discussed in the research design section (see 4.4), a non-probability technique based on purposive or judgement sampling method was used to select the initial sampling frame (Saunders et al., 2009). In addition, a snowball method was used in one instance to identify a participant.
5.11.1.3 Skills

“It does not make sense to hire and put somebody there as a show, that to me, and I’m being very direct here, because that’s what a lot of people do” (CL02).

In section 5.1.1.1, the problems of acquiring and maintaining skilled resources in the ICT industry have been exposed as they emerged from the study as a significant difficulty with which Vendors and VARs had to contend. Some of the B-BBEE constraints were cited as the cause of the problem. One issue was around the hiring of Black people at the expense of other previously disadvantaged individuals like Indian and Coloured people. The second issue highlighted, was the exclusion of other South Africans, specifically White males that grew up in a democratic society. These parameters limited the available candidates that ICT Vendors, VARs and customers could target for recruitment, development and growth. V05 suggested that a moratorium on “colour” hiring be issued for a period so that the industry could recover and alleviate the skills shortage gap.

One channel manager with mainly foreign exposure stated that, “I believe that the South African companies are not doing enough to have shadow programs, graduate programs”. Apart from a few VARs that are investing in ICT skills, Vendors, largely, are being looked at to demonstrate corporate social responsibility behaviours. Some of which include internship programmes, vocational training and rural development projects. V04 understands this, “There are definite expectations from our partners and our customers as to what NGZ [large Vendor] should be doing locally within South Africa from that perspective”.

Without increasing the pool of resources, the cycle will continue. Vendors, VARs and customers will poach resources from each other through offering unsustainable salaries just to secure the limited resources, according to V03.

5.11.2 Currency

“The currency is always an issue. You know, the instability and the volatility can be a huge issue” (V02). “Currency fluctuation is a nightmare” (CL02).

Although currency fluctuations contribute to stressful and emotional relationships, South African ICT players have encountered this for decades. The larger VARs adopt risk aversion methods such as purchasing protection or “forward exchange cover” according to CS01. CS01, a small VAR, is at a disadvantage in that they cannot afford such economic manoeuvres so have to purchase at current market rates. What also results from currency
variations is the infamous discount discussions. Vendors, V01, V02 and V5, believed that large customers incorporate currency fluctuations into their budgets and most have an appreciation of economic trends. However, what affects the budgeting process severely is the lack of adherence to project timelines wherein delays, in most instances, are costly to all concerned. Other issues for customers when it comes to licensing are around the variations in currency rates and government imposed exchange control restrictions. However, some Vendors have minimised the impact by extending the license term to 3 years and 5 years. Invariably, the Vendor has to bridge the gap created by currency changes. This point is evident from V01, “Something that costs you R10 today may cost you R29 tomorrow. You are not necessarily going to want to go back to the customer and go, “Mr. Customer, you actually need to double your purchase acquisition.” That’s just not going to happen, so it’s an emotive discount conversation”.

Both Vendors and VARs highlighted unfair practices such as internal transfer processes that large Vendors and VARs were capable of. Some VARs purchased products through “unauthorised” channels called “grey” or “black” markets and others utilised internal inventory transfer processes. What was most evident is that products and services pricing in South Africa were based on the US Dollar and not on the South African Rand. Even Vendor organisations that had European and Asian origins, priced their products in US Dollars locally but placed orders on their head office in the home office currency such as Euro, Yen and Yuan.

The currency matter does place significant strain on ICT Vendor-VAR relationships. Despite this statement, “it’s quite difficult to manage around things you have no control of, like exchange rates” (V03), the business partners allow the situation to become emotional.

5.11.3 Gender

“I still think that the IT world is very much dominated by men, making decisions and influencing opportunities. That’s still a very male dominated world. Women are then perceived to either do marketing or HR. Not the important stuff” (CL02).

Four out of nine participants of the study were female and held senior, relationship management positions in their organisations. While this is encouraging, the ICT industry is unfairly dominated by males.
As to whether women experience discrimination, there is consensus that this is the case. As mentioned, some women reported that they were not taken seriously and their ideas were ignored unless their ideas were proposed by males on their behalf. V04 experienced discrimination earlier in her career. However, as a person that is well known in the industry now, she is no longer aware of discrimination. V01, although working for a large Vendor, experienced not being taken seriously but she attributed this to her young age and the industry being dominated by “old school” White males. CL02, on the other hand, continued to feel that women are not respected for the value they could offer. CL02 represented a large, multinational VAR. V05 seemed to accept the status afforded women and suggested that women have to work harder than men do, not only to achieve a task but also to overcome perceptions of them being incapable. Women, according to V05, have to “oversell” themselves to build credibility, integrity and change customers’ perception about their lack of knowledge. Apart from V04, women representing large Vendors, smaller Vendors and VARs experienced discrimination in the workplace despite having the education, exposure and experience that rivals male counterparts.

Although, the data is insufficient to conclude whether women working for Vendors enjoy privileges that are not afforded to women that work for VARs, regardless, the discrimination of women is counterproductive and harmful to the industry and its stakeholders. The participation levels and expert opinion extracted from female participants were extremely valuable. All spoke from a position of authority and knew the industry and its challenges very well. There was one aspect raised equally by both genders and that is around emotion. “I think females are a little bit more emotional” (V03). The consensus from the participants is that women handle conflict situations differently from men. They present a more heightened emotional demeanour. Very often, separating personal and business aspects required greater attention according to V05. She also suggested that one reason why situations involving women become “fired up” is that the facts were masked by the emotions.

The study has exposed evidence that gender discrimination, as an environmental influence on Vendor-VAR relationships, is prevalent. While it may not draw the industry to an abrupt halt, it does place barriers in the interactions and negatively affects the industry’s productivity. The productivity of a business is enhanced when people (women included),
the most important asset of an organisation, are allowed to be innovative and share ideas openly and as their own.

The key findings from the study around country specific “environment” factors are as follows:

- Relationships appear to be strained between B-BBEE appointed colleagues and their peers.
- The skills shortage issues do not seem to be improving and organisations are resorting to poaching tactics to satisfy accreditation requirements and business demands.
- Economic exchange is in difficulty due to slow growth, which is exacerbated by volatile foreign currencies that South African organisations are forced to trade in.
- From a gender perspective, value is being lost as gender discrimination facilitates blocking behaviour thereby limiting ideas, creativity and innovation that women are capable of providing.

The issues highlighted, not only do they affect the relationships between people, they place significant burden and limitations on ICT projects, ICT success and the economy of the country.

5.12 Customer (Satisfaction) Driven Behaviour

“Frankly we need to put our clients first and take offerings to them that make sense to them” (CL03).

“Owning” the customer has been mentioned. However, in this subsection, “owning” the customer and customer driven behaviour are expanded. Throughout the interviews and the study, it became apparent that Vendors and VARs constructed their strategy and tactics around the customer. “Owning” the customer decision making is the ultimate value that either party could bring to the partnership. If a customer is “owned”, then the power-dependence balance shifts to the “owning” entity. If conflict situations arise between the partners, the solution invariably reverts to doing whatever it takes to “own” the customer. As previously discussed, Vendors focused on securing approval of their products and services by customers. VARs on the other hand, adopted a dual approach in that they undertook to be in good favour with competing Vendors and the customer. Having alternative offerings and being in good standing with customers was their competitive
advantage. All are fervent in doing “what is the best for the customer” (V05). The fundamentals of relationship marketing, such as demonstrating value, loyalty, commitment and trust between business partners, are discarded in the pursuit of “owning” the customer. Customers know that the ICT industry is highly competitive and utilise this to their benefit. The behaviour of the channel partners are driven by the customer such as requiring multiple Vendor products, multiple VARs that are capable of installing and supporting the products and the best prices won the deal. In addition, customers are knowledgeable about Vendor and VAR discount policies and deadline pressures like meeting end of the quarter/year targets. V01 described the situation they face on a quarterly basis in which not only customer purchase orders increase dramatically but discount levels also increase dramatically. She said that the phenomenon is not new and has been happening for decades. Vendors are determined to achieve and exceed corporate obligations to industry analysts and shareholders. If the targets are attained, the share price of the organisation increases. Failure to achieve targets results in share price decreases and added pressure as the annual targets still have to be achieved.

CS01 spoke of Vendors and VARs adopting a coordinated or united front during customer engagements. However, this requires the partners’ commitment and trust of each other, which seemed to be missing.

The key findings from the study around customer driven behaviour are that customers knowingly or unknowingly control the behaviour in the downstream SCM. Partners respond to customer demands by introducing competitive alternatives and sacrificing profitability and relationships.

5.13 Are Important Factors different between Vendors and VARs?
In an effort to ascertain whether factors that influence relationship satisfaction are perceived to be more or less important by Vendors and VARs, the findings suggest that there are no significant differences. All firmly believe that the relationships have an underlying value. The Vendors need resources to market and service their products and VARs need products and services that they can take to customers. Where the relationships seem to come apart is in the availability of alternatives, such as multiple competing
products and multiple competing VARs. This is a normal occurrence in a *laissez-faire* economy.

Words that characterise relationship marketing, such as communication, honesty and cooperation, are ascribed to and abundantly discussed. However, the failure in achieving cooperative arrangements and trusting relationships are attributed to both parties as they pursue survival and thriving goals. The goals at times are supported by the dyad and at times abhorred by the dyad so the situation is in a constant state of flux. Perhaps, the ICT market is meant to be this way.
6. Discussion

The aim of the discussion chapter is to interpret and compare selected findings against literature that addresses business-to-business relationships in a SCM context and the satisfaction thereof. The selected findings are based on issues that are persistent in the study, are relevant to the context and critical to expanding the knowledge in the South African ICT industry.

In order for ICT Vendors and VARs to build lasting relationships, the motivation and other factors that affect the satisfaction of the relationship should be understood from both perspectives. However, this not the case and could negatively impact the diffusion and adoption of ICT in South Africa as the relationships are underpinned by strong interdependencies for resources that are human, technical and operational in nature (Kim et al., 2010). The research question was centred on understanding the above phenomenon. Specifically, the research question was focused on investigating the perceived factors that affect relationship satisfaction between ICT Vendors and VARs. In addition, sub-questions centred on investigating the motivation for the dyad being in existence, the effect of the environment on the relationship and the assessments used to gauge relationships satisfaction were part of the research.

As described in the literature review section (see 2.7), there were a number of gaps identified. The aim of the study was to reduce the gaps and extend the knowledge on ICT Vendor and VAR relationship satisfaction in South Africa. Briefly, the gaps identified in the existing literature were the lack of research that considered relationship satisfaction factors from both perspectives of a dyad, namely, ICT Vendors and VARs. From a South African ICT industry downstream SCM viewpoint, the literature was scant. However, literature existed for SCM in other industries such as automotive, food and agriculture. As part of understanding the relationship satisfaction, it was important to investigate and understand the motivation ICT Vendors and VARs had for being in the relationships. No such research was identified for the ICT industry in South Africa.

To reiterate, the ICT industry in South Africa is critical to the country’s success from a political, economic, social and technological angle (Kyobe, 2011b). The ICT dyad mentioned is not only partly responsible for initiating ICT projects but also implementing, supporting and maintaining ICT deployments. South Africa has many industries, such as
telecommunications, food and banking, that rely on ICT for all its operations. ICT failures could be catastrophic for organisations in those industries and the country itself. Therefore, a better understanding of the ICT downstream SCM is essential.

The discussion section does not follow the same flow of the findings section as constructs are merged to highlight important results. Most sub-sections provide a summary of the study findings, some key findings are emphasised and further supporting discussions follow. The key findings help focus the discussion on answering the research questions and accomplishment of the research objectives. The discussion section includes a comparison of IA theory, specifically study findings around PD, Cooperation and Closeness. The discussion continues with additional perceived factors, such as commitment, communication, trust, profitability and value, which were uncovered in the study findings and facilitated the extension of the IA “atmosphere” variable. The context relevant “environment” factors such as B-BBEE, currency and gender that influences the relationship satisfaction is discussed as it pertains to the study findings. It concludes with a summary.

6.1 Comparison of IA Theory and Study Findings

The “atmosphere” variable, which is a component of IA theory (Håkansson, 1982), corresponds to relationship satisfaction as espoused in this study. The “atmosphere” variable was discussed in detail in the literature review section (see 3.3.4). The four “atmosphere” variable factors were PD, cooperation, closeness and expectation. The first three factors will be discussed further. The findings around the “expectation” factor were consistent with IA and typical of business relationships. Further to this, PD, Cooperation and Closeness, has been exposed in the study findings as critical to relationship motivation and perceived factors of relationship satisfaction. In addition, aspects within PD and Cooperation factors appear to differ with IA. These will be highlighted in the relevant sub-sections.

Linking theory to the findings is important in order to identify similarities and differences in studies (Creswell, 2013). Moreover, theoretical claims from the study can be proven, refuted and/or extended. Bivariate factors, such as cooperation-competitiveness, cooperation-conflict and closeness-distance, are subsequent additions to the theory (Hallén & Sandström, 2013; Sutton-Brady, 2000). For purposes of the study and for consistency, the
four factors or dimensions documented in the 1982 study and the bivariate factors will used for discussion purposes.

6.1.1 Power/Dependence (PD)

Summary of findings

PD is definitely a factor that affects relationship satisfaction as competitive and alternative resources, such skills or technology, are mobilised. The findings indicate that the PD balance was in a state of continual oscillation as the need for resources and the value proposition changed. Briefly, the PD balance shifted in favour of the owner of the resources for the duration of the transaction. In addition, the PD balance was considerably influenced by external factors such as customers and technology consultants. The need for competing VARs and Vendors arose from distinct customer requirements. However, this caused conflict within dyads and profitability was eroded due to increased competition for both the Vendor and VAR. It emerged from the findings that although the relationships seemed largely conflictual, the interdependence and mutuality was significant enough to continue with the relationships.

Key Findings

Power/Dependence (PD) balance, in the context of the study, is in a constant state of flux due to availability of alternatives. It is manifested in behaviour that appears transactional in nature as opposed to one that is synonymous with relationships. PD is the most important motivation factor for ICT Vendor-VAR relationships and is equally impactful on relationship satisfaction.

Discussion

Relationship imbalances, due to PD unevenness, is a typical occurrence and is based on the perceived worth of value (Meehan & Wright, 2011). Hallén and Sandström (2013, p. 119) argued that balance or imbalance in power does not necessarily lead to “harmonic or disharmonic relationships”. However, power imbalance could lead to conflict, exploitation and a false sense of trust, loyalty and commitment within the relationship (Belaya & Hanf, 2009). Extant studies concur that competition and cooperation behaviours are controlled by the “third actor’s” goals, such as those of customers (Tidström & Hagberg-Andersson, 2009, p. 3).
Although power is perceived to be negative (Belaya & Hanf, 2009; Hingley, 2005), power has been equated to driving mutuality albeit in varying forms and measures that range from independence to dependence to interdependence (Håkansson, 1982). The level of dependence shapes the business interaction and relationship (Sutton-Brady, 2000). Most participants characterised their relationships as mutually beneficial despite strong undertones of relationship inequity. This suggests that perceived balance occurs when mutual dependencies exist, such as the exchange of resources, and culminates in win-win situations (Naudé & Buttle, 2000). An example of this is within the VAR and Vendor relationship where the Vendor has an ICT product but lacks the human resources, which the VAR has. Bringing these values together often results in mutual benefit.

**Additional findings**

It emerged from the findings that organisation size, largely, does matter. There are caveats to the introductory statement. Organisation size in the context of the study is largely characterised by the number of employees, financial strength, operational strength and geographical dispersion. The PD balance shifts, to the owner of needed resources, when any of these characteristics are demanded. Although, large organisations have the financial strength and operational capabilities to win and manage bigger projects, some of the smaller organisations were portrayed as nimble, highly specialised and personable. Moreover, in addressing the ICT demands of over 300,000 (VL04) SME customers, smaller community based VARs appeared favourable to customers, Vendors and larger VARs. In sum, for large ICT projects, financial strength and number of employees were paramount to the exchange. When addressing the ICT demands of SMEs, the smaller VARs were indispensable.

**Key Findings**

The South African ICT Vendor and VAR organisations’ size matters less when the relationship motivation is high and the value contribution to relationship satisfaction is significant.

**Discussion**

IA posits that power is established because of organisation size and structure, meaning that larger organisations adopt dominating and controlling positions over smaller exchange partners (Håkansson, 1982). This view is, somewhat, contrary to the findings of the study as
smaller organisations, when they possessed unique value, were indispensable to customers and larger, competitor organisations. This view is supported by Hallén and Sandström (2013) who argued that smaller organisations are complementary and equal to larger ones. Smaller organisations possessed difficult to replicate value through nimbleness, expertise, competence and at times were purposely in place to fill a niche (Hallén & Sandström, 2013). What is applicable to organisations of all sizes is when the value on offer is non-existent, vague and replicable, they are susceptible and exposed to indifference.

With the emergence of relationship marketing as the underpinning paradigm of business exchange, longevity and “relational exchange” is preferred to the traditional adversarial and “arms-length” engagement between suppliers and buyers (Hingley, 2005, p. 849). This has caused a shift towards collaboration, cooperation and coordination within the dyad.

6.1.2 Cooperation-Competition Continuum

Summary of findings

It was evident that the participants’ organisations were engaged in reciprocal behaviour. When cooperation was suitable, the dyad cooperated. When the conditions were not favourable for an entity, the dyad competed. What appeared to prevail in the relationships is transactional and opportunity based engagements that were either cooperative or competitive that occurred in parallel. There were signs that “cooperation-competition” activities took place within larger organisations as well that had several business units. These business units offered similar or fit-for-purpose technologies such as cloud computing, hosted data centres and managed services.

There were several instances where imbalances where evident. Two of these imbalances emerged from accreditation requirements and business processes. It was mainly Vendors, in this instance, that were responsible for the imbalances. Briefly, the frequency of changes with respect to business processes (procurement, discounting, and delivery) was the first and considered disruptive and time consuming. The other was around the numerous changes to Vendor’s accreditation platforms, which proved challenging especially from a skills perspective. In both cases, the VAR had to bear the cost of adaptations and recertification.
Key Findings

Due to several different episodes in play at the same time within the dyad, the cooperation-competition continuum is based on short-term interactions rather than on long-term orientation of the relationship. This has an effect on relationship satisfaction, as time is insufficient for perceived factors such as trust and commitment to develop.

Discussion

The “cooperation” construct has been defined in the literature review section (see 3.3.4). Higher levels of cooperation, such as adaptation of products, were not evident from the discussions with participants. Lower levels of cooperation based on transactional engagement were evident. Moreover, the findings support the notion of transaction level cooperation, which at times seems to contradict the paradigm of relationship marketing, which is meant to be long term and strategic oriented (Williams, 2012). Hallén and Sandström (2013) describe cooperative interactions as reciprocal in terms of assistance and favours. However, “tit-for-tat” behaviour was evident in conflict situations, as well, that were instigated in competitive conditions (Hallén & Sandström, 2013, p. 257).

From the literature (Tidström & Hagberg-Andersson, 2009), the cooperation-competition relationships between buyers and sellers are common behaviours and could transition over time, from one to the other. However, from the study, it was evident that competitive and cooperative situations occurred frequently and at times simultaneously within the relationship. Osarenkoe (2010, p. 201) referred to this type of relationship as “coopetition”, which is somewhere between pure cooperation and pure competition. It was difficult to ascertain how businesses survive in such an environment, as it seemed hostile, untrusting and unprofitable. Following on with the Tidström and Hagberg-Andersson (2009) study, the findings also show that the transition between cooperation and competition states is influenced by parties outside of the dyad such as customers, the wider network and the environment. Furthermore, South Africa’s demand for more technology based services, such as e-commerce, is ever increasing (Goldstruck, 2012) and with increased globalisation activities, has fostered quicker real-time transitions between cooperation and competition as opposed to drawn out processes.
The underlying rationale behind cooperation is the expectation of benefit. What emerged from the study is that cooperation seemed to be based on short-term agreements and on the immediate opportunities at hand. In the IA model, a cooperation-conflict (competition) continuum was proposed that suggests that organisations work together to achieve mutual benefit or do not work together and could be in a conflict relationship (Håkansson, 1982). However, varying degrees of cooperation-competition seemed to occur in that the dyad cooperates in selling a product but competes for the services component of the product.

### 6.1.3 Closeness

#### Summary of Findings

The findings from the study indicate that closeness (and distance) revolved around two principle issues, which are culture and interpersonal relationships. The influence of organisational culture was evident during the discussions where some parent organisations imposed foreign country cultures into local subsidiaries. At times, the imposition did not take into consideration local peculiarities such as customer driven behaviour and B-BBEE. The feelings exposed, between local subsidiaries and foreign parent organisations, are paranoia and unrealistic expectations, specifically sales targets. All the Vendor participants and one multinational VAR felt that local subsidiaries were limited in accommodating local cultures and locally accepted practices. When local subsidiaries enforced their (foreign) organisations’ culture, policies and processes, this often resulted in conflict.

The other prevalent issue was around the foundation of interpersonal relationships. Longstanding interpersonal relationships culminated in blocking behaviour that excluded persons from outside of influential interpersonal circles. South Africa’s history, which was marked by years of discrimination and racial divide, continues to play a role in business interactions through interpersonal relationships.

#### Key Findings

In the South African context, when organisation and interpersonal culture are not taken into consideration, conflict situations arise within ICT Vendor and VAR organisations and between them. Conflict situations caused relationship satisfaction to weaken, which resulted in doubtful relationship commitment, trust and communication. Furthermore,
alternative sourcing transpired, which again, has an impact on relationship motivation and satisfaction as value and profitability was uncertain.

Discussion

Closeness is defined in the literature review section (see 3.3.4). As mentioned, a few key themes emerged from the findings, such as organisation culture and interpersonal relationships that have a bearing on closeness. These findings are consistent with other research (Bagdoniene & Zilione, 2009; Hallén & Sandström, 2013).

Organisation Culture: The effect of global and local cultures on relationships

There were several comments in the study about organisation culture and one in which buying decisions were based on similarities in organisation culture. Organisations will do business with organisations that match their culture and business values (Nicholson, Compeau, & Sethi, 2001). However, the findings from the study both agreed and disagreed with this statement. VARs in South Africa typically conducted business with other VARs based on similarities in culture and business values. On the other hand, multinational organisations, typically Vendors, conducted business with all types of organisations. However, foreign organisations pursued partnerships that were based on different market entry modes that were intended to maximise economic return and minimise risks (Brouthers, 2013). For example, when there was positive economic value but with high investment risks such as local culture, the risks were apportioned to the local partner. Foreign organisations tended to maintain corporate and national culture when doing business in South Africa. Moreover, it emerged from the study that standardised methods and operational processes were in place. This indicated a closed approach and one that is performance oriented rather than relationship building (Cannon et al., 2010).

From the study findings, it was evident that organisation culture clashes occurred between local and foreign offices. At times, the breakdown in communication through persistence in upholding corporate culture had a negative effect on Interorganisational relations. Although, the emotions experience by the local organisation did not appear to be cascaded to the Vendor-VAR relationships in South Africa, the effects of not being able achieve certain tasks, activities and objectives, due to inter-organisational barriers, resulted in conflict situations. These conflict situations, which were mainly attributed to mistrust, caused a
shift, in the closeness-distance continuum, towards distance. In the process, relationship satisfaction was negatively influenced.

**Interpersonal Relationships: The influence of history and social culture on relationships**

Cultural considerations involve assessing commonality in matters of a personal nature such as respect for an individual’s identity, values and beliefs and are extremely important in how relationships at the personal, business and societal level develops (Cannon et al., 2010). Perceptions play a critical role in how relationships evolve between people (Gross & Humphreys, 2010).

The findings indicate that closeness between interacting people, in terms of background, race and interpersonal relations, plays a dominant role in relationship satisfaction. Specifically, historical cohorts (friendships, affiliations, co-workers) were responsible for controlling opportunities and blocking others from participating. The blocking behaviour was felt by Whites that were not in the cohort and non-Whites, alike. This blocking behaviour was critical to Vendor-VAR relationship satisfaction as excluded parties questioned the relationship value and profitability and ultimately, their commitment to the relationship. In an effort to overcome blocking behaviour and build a power platform, alternatives were introduced to customers. Once again, this introduced competitive pressures into relationships, causing profitability, a key perceived relationship satisfaction factor to suffer.

One characteristic of closeness is that it is based on longevity (Håkansson, 1982; Srivastava & Singh, 2010). In terms of longevity, the findings, manifested by the “White male” comment and comments regarding barriers imposed by racial, religious and gender boundaries, imply that existing interpersonal relationships are longstanding. The prior interactions referred to were based on cultural similarities. Similarities in culture at the organisation level are important and help reduce conflict, but similarities in culture at the individual level is more important (Nicholson et al., 2001).

South Africa has a history that is characterised by inequalities perpetrated by minority regimes (Southall, 2007). South Africa is also a country that is rich with culture and
comprises of many ethnic and racial groups. What is apparent from the study is that minority groups have a closeness or affinity that dominates critical aspects in the downstream ICT SCM thereby excluding others. The difficulty for the industry is that behaviour in interactions is driven by culture and breaking through may not be forthcoming (Cannon et al., 2010). However, the researchers suggested that understanding cultural norms helps.

In summary, PD is shaped by the need for resources and survivability. When uncertainty arises, the behaviour of channel dyads employed alternative strategies. For the most part, alternative routes resulted in conflict. Due to the highly competitive environment and customer driven behaviour, the relationships could traverse the cooperation-competition continuum for each exchange episode that is in progress. The enforcement of organisational culture with no regard for local issues resulted in conflict. The close-knit interpersonal relationships, which are based largely on culture and ethnicity, resulted in blocking behaviour and an exclusivity paradigm.

6.2 Extending IA “Atmosphere” Variable with other Factors that Emerged from the Study

The study revealed that apart from the factors identified in IA “atmosphere” variable, there are other perceived factors that play a role in relationship satisfaction. As described in the findings chapter, commitment, communication, trust, profitability and value emerged as being instrumental in the shaping of business relationships.

The factors discussed in this section are interesting and important for purposes of this study and support the objectives of the study. Although some of the factors like commitment and trust are covered by other studies (Hallén & Sandström, 2013; Sutton-Brady, 2000), they are interesting and important enough to warrant further discussion. In addition, IA articulates four factors in the seminal work conducted in 1982 and documented in the literature (Håkansson, 1982). However, subsequent studies mention five (Sutton-Brady, 2000) and six (Hallén & Sandström, 2013) dimensions or factors with terminology varying from study to study. For example, trust/opportunism (Sutton-Brady, 2000), understanding and commitment (Hallén & Sandström, 2013) are additional factors.
6.2.1 Commitment and Loyalty

“Commitment refers to an implicit or explicit pledge of relational continuity between exchange partners” (Dwyer et al., 1987, p. 19).

Summary of findings

Although commitment and loyalty were mentioned several times as critical factors of relationship satisfaction, the subsequent conversations and behaviour descriptions did not seem to correlate. As mentioned, there are several deals, opportunities and projects being transacted at the same time between the same organisations. The exchanges, taking into consideration short-term episodes and long-term relationships, appeared to take the form of transactional and time constrained arrangements. Although legal bonds are in place in the form of reseller contractual agreements and accreditation programs, the day-to-day operational aspects of the partnership appear to be “arrangements”. Not “commitment” or “loyalty” as both of these indicate repeat behaviour based on positive experiences. The one “commitment” that seemed to positively resonate in all the interviews is the commitment to the customer.

Key Findings

When the PD balance is unfavourable, Vendors and VARs employed alternative strategies in order to survive and thrive. Commitment appeared to be forsaken, with business interactions continuing in a somewhat normal manner albeit on an “arrangement” basis. The lack of commitment has implications on relationship satisfaction, as the consequences included poor communication, disloyalty and less profitability due to unfavourable buying conditions.

Discussion

Commitment has been defined as overt behaviour that extends beyond the confines of “formal and/or normative expectations” (Mowday, Steers, & Porter, 1979, p. 225). Commitment as a factor of relationship satisfaction has received attention in seminal papers (Dwyer et al., 1987; Morgan & Hunt, 1994), which has contributed to the foundation of the commitment construct in business relations. More recent studies (Davis, 2008; Gil-Saura et al., 2009; Wu et al., 2012) have expanded the literature due to the importance of the construct to business relationship longevity. Dwyer et al., (1987) explained commitment as
an occurrence in advanced stages of the relationship when after numerous exchanges, the interdependence is strong and the desire to continue is mutual.

Another variable to consider in commitment is the extent of adaptations, such as product/service changes and business processes that organisations have undertaken as investments. Håkansson (1982, pp. 251–252) differentiated “formal adaptations” and “informal adaptations” with the former being contract based and the latter being an indication of flexibility and commitment to the relationship. Indications of “formal” adaptations have persisted throughout the study in the form of accreditation requirements, such as support centres, technical and business skills and operational requirements such as credit facilities, procurement and inventory management. From an “informal adaptation” perspective, the nature of relationship, which seemed transactional centric most of the time, warranted flexibility such as discount negotiations and leeway in terms of credit facilities. However, the findings indicated that “more” committed partners were extended preferential buying conditions. For those that gained through this preferential treatment, relationship satisfaction appeared to improve as profitability and value increased. For those that did not “qualify” for preferential buying conditions, relationship satisfaction suffered, commitment diminished and alternatives were sought. Either way, it appeared that the process described lasted for the duration of the transaction and started again, when a new transaction was negotiated.

The antecedents of commitment according Morgan and Hunt (1994) are trust, benefits, cost of alternatives and shared values. Based on this explanation, the study exposed mixed findings. The relationships, as articulated by the study participants, did not seem trusting although trust was mentioned several times. Therefore, to say commitment was evident and persistent in all interviews will be inaccurate. Having said this, relationships were driven by the desire to benefit through profitability. Power, a coercive factor, appeared to have some influence on the level of obligation to the relationship. This was manifested in the focus of both Vendors and VARs on “owning” the customers’ buying decision. When this was not possible, the focus shifted to pursuing alternatives. Outcomes of commitment or lack thereof include cooperation, focus, acquiescence, subservience and pursuance of alternatives (Morgan & Hunt, 1994). Morgan & Hunt (1994) put forth a definition of commitment that is based on an enduring and valued partnership.
The definitions presented on commitment and the findings of the study around commitment do not correlate. The ICT downstream SCM in South Africa exhibits some of these characteristics and in varying levels. While seemingly imperfect, the current Vendor-VAR relationship model seems to work for stakeholders such as customers, Vendors and VARs, especially in the light of the highly competitive nature of the industry. To commit entirely to a relationship, without confirmed reciprocation, may result in an organisation’s failure. The findings revealed that new arrangements and new agreements were regular occurrences. The relationships as mentioned are in between cooperation and competition. In addition, the agreements reached between Vendors and VARs did not seem applicable to the whole relationship but to transactional exchanges.

In a highly competitive environment such as the ICT industry in South Africa, alliances through collaboration with competitors is not unbecoming as “collaboration is competition in a different form” (Hamel, Doz, & Prahalad, 1989, p. 134). The authors state further that harmony or disharmony is not an indication of relationship satisfaction. Therefore, what the Vendors and VARs are instinctively doing in a “collaboration” arrangement is forming alliances, on a transactional basis, with the proviso that they will collaborate, where mutually beneficial, otherwise, they will compete (Hamel et al., 1989). This paradigm frames the relationship succinctly in that trust, loyalty and commitment do not appear to be necessary for exchanges to occur.

The “collaborate” perspective supports the theoretical findings put forward as it articulates a conscious effort to compete and cooperate when appropriate.

Loyalty

Due to the nature of ICT downstream SCM, establishing loyalty is difficult. This is due to the frequent changes in how exchanges are conducted with negotiations taking place prior to the actual exchange. Loyalty, in the study, came across as important to relationship satisfaction. However, the discussions around interactions resembled transactional type agreements, understandings and collaboration.

Loyalty has been defined as the repeat purchasing behaviour of a buyer due to the positive experiences with the supplier (Gil-Saura et al., 2009). Furthermore, only this supplier is considered in the future to satisfy a particular need. Gil-Saura et al. (2009) stated that
loyalty is an essential part of business strategy and relationship building. These sentiments did not resonate in the study findings as the episodic behaviour described by the participants was driven by the need for resources, which resulted in PD imbalances as described earlier. When PD imbalances were significant, alternatives were pursued.

A certain amount of confusion arose during thematic analysis around the similarities and dissimilarities between loyalty and commitment espoused by various researchers. Some argue that they are the same (E. Anderson & Weitz, 1992; Lam et al., 2004). While others argue that commitment is an antecedent to loyalty (Gil-Saura et al., 2009; Morgan & Hunt, 1994). Lam et al. (2004, p. 294) embrace loyalty and commitment as synonymous through their definition of loyalty as the “overall attachment or deep commitment” to a product, brand or service. Morgan and Hunt (1994) stated that commitment is a precursor of loyalty. This claim was supported in a study by Gil-Saura et al. (2009) and expanded to include trust as an antecedent to loyalty. The view taken in this study is the same as espoused by the aforementioned authors.

Loyalty has been mentioned several times in the thematic analysis with the underpinning rationale lying in the imbalances experienced by Vendors and VARs, large and small. While the desire for loyal relationships is pervasive, the actual behaviour between partners is contradictory. Loyalty without commitment and commitment without trust, results in exchange that remains at the transactional level rather than the relationship level.

6.2.2 Communication

*Communication captures the utility of the information exchanged and is deemed to be a key indicant of the partnership’s vitality* (Mohr & Spekman, 1994, p. 138).

Summary of findings

Communication has emerged from the study as a critical underpinning of the Vendor-VAR relationship and the satisfaction thereof. The quality, quantity and transparency of information aided the exchange process and minimised uncertainty, which contributed (positively or negatively) to relationship satisfaction. Communication, in the context of the study, incorporated knowledge exchange around technology, market conditions and most importantly, customer related matters such as opportunities and projects. Furthermore,
communication content included operational issues such as forecasting, inventory management and finance related matters.

Effective communication, i.e. adequate quantity and quality of information, according to participants improved relationship satisfaction. This is due to partners having the necessary knowledge, facts and intelligence to be viable. It has also been noted from the participants, that when communication was not forthcoming and sparse, paranoia and mistrust was rampant. “Knowing” was all-important, irrespective of whether the content was advantageous or disadvantageous to the entities. The barriers to effective communication were trust and the transactional nature of exchange relations.

The quagmire with quality of information is that time and quantity of interactions are essential to build trust before quality improves. However, the findings of the study indicate that most relationships have been in place for over 10 years but still lack open, transparent and trusting communications. In a highly competitive industry, managing communication content is daunting, controversial and a persistent balancing act for relationship managers. Businesses have failed due to communication failure. What was evident from the findings is that relationship satisfaction was marred as deals and exchange processes were inconsistent, highly negotiable and open to interpretation. Discount strategy was raised frequently in the interviews as an example of lack of transparency, secrecy and questionable in terms of organisation governance.

What was encouraging is that communications, from a feedback on relationship satisfaction standpoint, seemed to be candid and frequent. However, the follow up on feedback and timeliness of resolutions was unclear from the interview.

**Key Findings**

Effective communication, in the ICT Vendor-VAR dyad, is critical to relationship satisfaction as it promotes certainty and relational clarity. Importantly, it minimises opportunities for paranoia and mistrust to overwhelm relationship satisfaction.

**Discussion**

Although communication has been studied within dyadic relationships (Griffith, 2003; Homans, 1958; Mohr & Spekman, 1994), this important construct has not received sufficient attention. In several studies (Bagdoniene & Zilione, 2009; Powers & Reagan, 2007) which
purport to offer a comprehensive consolidation of relationship factors, communication has not been listed as a relationship satisfaction factor. However, communication has been mentioned as an opportunity for further research (Powers & Reagan, 2007) and an important skill to have in business relationships (Bagdoniene & Zilione, 2009). Although, communication underlies most aspects of business relationships, it is susceptible to indifference or taken for granted (Mohr & Spekman, 1994). Fundamentally, communication is the exchange/sharing of information between buyers and suppliers (Stuart et al., 2012). Morgan and Hunt (1994) adopt similar viewpoints of communication. However, they stress timeliness and the meaningful nature of the exchange. Most importantly, for information exchange to occur freely, trust is a necessary platform. Communication is paramount to relationship survival and considered to be the most important success factor (Bagdoniene & Zilione, 2009). In a Morris et al. (1998, p. 366) study, that researched relationship marketing in large industrial organisations in South Africa, “frequent communication between parties” was ranked high together with trust, meeting expectations, coordination and collaboration.

The position taken in this study is that communication encompasses several facets of business exchange such as technological, operational and interpersonal. Because of this, varying degrees of purposeful communications transpire that keep the relational exchange moving despite shortcomings in trust and transparency.

Communication within business relationships could be explained from two perspectives. Firstly, Mohr and Spekman (1994)’s seminal paper argued that communication has three elements – quality, information sharing and joint participation in planning and goal setting. The quality of communication covers aspects such as timeliness, accuracy, adequacy and credibility. Information sharing involves divulging information that is critical and that can be seen as valuable (Nyaga et al., 2010). The information could range from non-sensitive, simple knowledge transfer to highly sensitive information that includes forecasting, long-range planning, adaptation of product, processes or strategy (Nyaga et al., 2010). An example that consistently appeared through the study is around uncertainty with profitability (discount), which is directly affects relationship satisfaction. It was found during the study that various discount levels were secretly on offer to partners based on “arrangements”. Although, maintaining confidentiality is a key governance requirement, it
bred uncertainty, paranoia and mistrust. Consistency, in the ICT industry, will help minimise the perceived imbalances, favouritism and anti-competitiveness.

Secondly, effective communication necessitates consideration for language and cultural differences in order to ensure the spoken and written word is understood between entities (Griffith, 2003). Moreover, the communication comes across as intended. With globalisation increasing, organisations engaged in relationships across geographical boundaries could expect complications due to cultural differences and language (Cannon et al., 2010). The study exposed cultural and language issues not only between partners but within some partners’ organisations as well. Cannon et al. (2010) maintained that an appreciation for cultural values and norms is conducive to better and longer-term exchange relationships. Moreover, organisations must exercise flexibility in foreign markets and avoid imposing corporate culture on host organisations. With respect to language, barriers that arise could emanate from semantics, colloquialism, multiple meanings and appropriateness (Griffith, 2003).

While communication has been largely taken for granted, it is a catalyst not only for ongoing business arrangements but also for more beneficial ones (Gambetti & Giovanardi, 2013).

6.2.3 Trust (incorporating credibility and integrity)

"Trust is defined as a willingness to rely on an exchange partner in whom one has confidence" (Morgan & Hunt, 1994, p. 23).

Summary of findings

Trust, from the study findings, seemed to be a prevalent factor and affected relationship satisfaction, directly or indirectly. The perceived trust factor, whether positively or negatively perceived, had an effect on other relationship satisfaction factors such as commitment, communication and profitability. From the findings, what transpired between Vendors and VARs appeared to be trusting relationships. However, it was more of an understanding or an agreement or collaboration.

What was very prevalent in the findings is that channel partners are acutely aware that trust is a misnomer, although they would like to be surrounded by it. The characteristics of the industry due to the highly competitive nature and the significant influence of third parties,
such as customers and business consultants, make trust difficult to acquire and maintain. With collaboration intentions, to a certain extent the need for trust is mitigated, as there is an understanding of coopetition.

Three areas of trust or mistrust resonated throughout the findings. Firstly, Vendors closely monitored VARs’ behaviour with customers to ensure their brand and technologies were not damaged. Secondly, Vendors relied on forecasting accuracy from VARs as the greater SCM utilises the forecast for manufacturing and logistic functions. Thirdly, VARs acknowledged that the Vendor was interacting with their competitors. Trust issues and paranoia arose from these areas. The first two issues form the motivation for Vendors (and larger VARs) determined in “owning” the customer relationship and buying decision.

**Key Findings**

Vendor-VARs’ recurring and successful interactions do not necessarily result in a trusting relationship. The lack of trust inhibits relationship satisfaction as other perceived factors such as commitment, communication and profitability are consequently impeded. The dyad employs a collaborative strategy to overcome the lack of trust.

**Discussion**

Dowell and Morrison (2013, p. 438) define trust as “a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another”. Other definitions are similar and centre on a positive attitude to risks based on the reliability and confidence of the other party (Dwyer et al., 1987; Nicholson et al., 2001).

Trust has been researched extensively (Cannon et al., 2010; Dowell & Morrison, 2013; Gil-Saura et al., 2009; Parvinen & Niu, 2010) because it is considered central to relationship marketing and B2B success (Dowell & Morrison, 2013). Interaction Approach (IA) mentions “trust” and “trustworthy” several times (Håkansson, 1982). However, the construct is not defined within the theory. Moreover, despite the importance of trust as articulated in several studies mentioned, trust has not been positioned as a critical atmosphere/satisfaction factor in IA or as an outcome of the elaborate research. Trust is a “critical construct” and an influencing variable (Heffernan, 2004, p. 115). Others (Hallén & Sandström, 2013; Sutton-Brady, 2000) have extended the theory to accommodate trust.
Trust (and commitment) is considered more important in a relationship than power and conditioning approaches (Morgan & Hunt, 1994).

Trust arises mainly from a positive perception of risk, credibility, the lack of alternatives and sufficient information (Stuart et al., 2012). This is consistent with findings by Morgan and Hunt (1994). Additionally, the authors present other precursors to trust such as relationship termination costs or switching costs (alternatives) and common values that emanate from personal and organisation culture. Organisations test business relationships over time through exchange episodes before credibility is established. Exchange episodes are loaded with indicators of credibility such as time, quality, consistency and quantity (Håkansson, 1982). When entities trust, they knowingly or unknowingly become vulnerable (Stuart et al., 2012). When the individuals within the relationship demonstrate integrity, trusting relationships develop (Wu et al., 2012). Piderit, Flowerday and Von Solms (2011) concluded that confidence is one aspect of trust with the other being integrity, specifically, the integrity of the other’s goodwill.

The consequences of trust, although in varying doses, are commitment to the relationship, access to more information, cooperation and reduced conflict (Morgan & Hunt, 1994). Trust within a relationship facilitates open, less guarded interactions (Wu et al., 2012). From the study, it has emerged that somewhere between complete trust and complete mistrust is an understanding between Vendors and VARs to cooperate and compete when opportune. This is not to say there is no trust in the relationships investigated but due to the frequent and unique exchange episodes, an operational and transactional “arrangement” emerges. A collaborative arrangement best describes the interactions.

The key finding is justified in that the relationships investigated lack most characteristics of trust as described earlier. The positive attitude to risk, the acceptance of vulnerability and confidence in the other party are missing features in the Vendor-VAR relationships. From the participants, it was clear that alternatives were abundant and this includes organisations with difficult to replicate technologies. Therefore, based on key characteristics of trust, trust seems to be evasive in Vendor-VAR relationships. The findings also indicate that historical and successful interactions do not foster trust - despite claims in the literature (Håkansson, 1982; Stuart et al., 2012) that successful interactions lead to trust.
Collaboration, as mentioned, facilitates instances of cooperative-competitive interactions. Although it results in conflict, the practice is pervasive and critical to survival.

6.2.4 Profitability and Relationship Value

**Summary of findings**

Getting something out of the relationship is a simple yet powerful objective that the channel partners strive to attain. The findings indicate that profitability is uppermost in the minds of both Vendors and VARs. What they do not acknowledge is that the current operating environment counteracts profitability as with fear and uncertainty, discounting is used to win an opportunity. There were instances during the discussion where technologies were used as a loss leader (cost or below cost pricing) just to win a deal and gain a foothold into a customer. Once this was successful, profitability becomes the next objective through cross selling, up selling and selling services. While this worked sometimes, it did not work all the time as the landscape continually evolved. For example, Vendors now sold services, which was historically a VAR remit.

The extraction of value from others was one of the key findings of the study. Organisations engaged in relationships when there were perceived value that could be transformed into profitability. In the discussion with participants, there was consensus that both Vendors and VARs had value that the other needed. Value could be in the form of access to customers, skills, technologies, the extended value chain and information. The value in others drove interdependence. However, when the value was easily replicable, alternatives were introduced to counteract common value and create unique value.

The participants of the study placed profitability and value ahead of all other factors when evaluating relationship satisfaction. The participants were outspoken about their motivation for being relationships, which was centred on “making money” ahead of everything else. All other factors were sacrificed and subject to negotiation when profitability was at risk.

**Key Findings**

When profitability is at risk, other perceived factors of relationship satisfaction such as loyalty, commitment and trust are sacrificed in pursuit of competitive advantage. Relationship satisfaction is further diminished as agreements and obligations are reneged.
However, “owning” the customer, even at the expense of short-term profitability, is a common undertaking.

**Discussion**

Profit and profitability are terms used interchangeably. However, they are not exactly the same. In the following subsection, these terms are clarified.

### 6.2.4.1 Defining Profit and Profitability

Relationship “Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises” (Grönroos, 1997, p. 9).

The “profit” and “profitability” concepts were described by participants of the study as precursors to forming, maintaining and terminating relationships. When relationships were no longer profitable, the interactions were minimised but very seldom terminated as long as the cost to maintain the relationship was acceptable. Profit and Profitability is not exactly the same thing. “Profit is an absolute term, whereas, the profitability is a relative concept” (Trivedi, 2010, p. 237). Profit is based on calculating an organisation’s financial turnover or revenue less costs, expenses, overheads and taxes within a given period (Trivedi, 2010). A surplus balance results in a profit, while a deficit balance results in a loss. Profitability, according to Trivedi (2010) is based on not only potential gain or lucrativeness of a relationship, exchange or venture but on the efficiency of the investment in achieving the profit. Profitability encompasses all business activities. Although at times during the study, the terms were used interchangeably, the underlying meaning was clear. The partnerships were in place to realise benefit through profit.

The cornerstone of a successful business relationship is mutual benefit, which is largely synonymous with financial gain. Nielson (1998, p. 456) articulated this aptly: “profitability is the ultimate expression of relationship success”. However, an organisation’s business model and strategy could differ from the traditional profit driven model to one that is non-profit or the organisation places importance on different values (Teece, 2010). These views are consistent with the findings of the study as some participants sacrificed short-term profit that is derived from selling products and sold products below their cost price. The rationale was centred on “owning” the customer and long-term profitability. Therefore, the
objectives included winning the customer’s confidence; selling consultancy services, upsell existing products and cross sell other products once the customer trust has been gained.

6.2.4.2 Relationship Value

“Capturing value is the basic rationale for entering into buyer–seller relationships” (Meehan & Wright, 2011, p. 33).

Mutual benefit, value and profitability fundamentally are about being rewarded for effort. The participants of the study highlighted not only IT artefacts such as products and skills, but also organisation branding (preference) and customers that were considered valuable and something they wanted. Value is the perceived worth of a good, service or exchange after consideration of the cost-benefit ratio and availability of alternatives (Hutchinson et al., 2011).

Value can be addressed from two views, i.e. the economic value and the relationship value. Economic value can be thought of as the difference between benefit and cost (Biggemann & Buttle, 2005). Economic value fundamentally drives the behavioural intention and direction of the relationship insofar as decisions that facilitate growth, sustain, terminate or complement with alternatives (Hutchinson et al., 2011). Relationship value, in addition to economic value, looks at the overall situation of the business relationship (Corsaro & Snehota, 2010).

Value has been articulated and defined in different ways. Biggemann and Buttle (2005) maintain that value comprises of four aspects, which are personal value in the form of customer acquisition and retention, financial value through net economic gain, knowledge value through acquisition of information, and strategic value that fosters competitive advantage. Ulaga and Eggert (2006) take a different approach to explaining value and espouse it through four synthesised characteristics. 1) Value is subjective and means different things to different people and organisations. 2) Value is thought of as the difference between investments such money, human capital and materials and sacrifice such as expenses and costs. 3) Value, including benefit and sacrifice, can be complex due to consideration of several aspects. 4) The benchmark of value is pegged against extent of competition and alternatives.
The value of the relationship takes into consideration products and services quality, communication especially quality of information and employees through their expertise and interactions. These perceived factors are measured against alternatives. Corsaro and Snehota (2010, p. 987) extend the impact of relationship value to not only the employees, the organisation and products itself but “connected relationships” or quality of external networks. Relationship satisfaction is an outcome of relationship value with value considered more important than trust and commitment (Ulaga & Eggert, 2006). This was evident in the study when participants remained in relationships despite poor economic return (profit). However, the participants’ saw value in the extended or network relationships and long-term profitability.

There are several implications around value within B2B relationships. The most important being value as an antecedent to relationship satisfaction and quality. Value is not restricted to economic parameters although financial viability is critical to relationship endurance (Biggemann & Buttle, 2005; Ulaga & Eggert, 2006). Another aspect that has implications on the relationship is impetus to create value. Value creation emanates from the use of resources such as skills, products and services to produce perceived value to the consumer (Corsaro & Snehota, 2010). The literature in this aspect is consistent with the findings of the study and supports the theoretical findings. For example, in order to demonstrate value, VARs adopted a Vendor “neutral” position with customers and proclaimed to provide bespoke solutions rather than lobbying a single Vendor’s products. On the other hand, Vendors created value through providing both products and services, which provided assurance (value and profitability) for the customer’s ICT project.

Both examples demonstrate that partners are prepared to modify and manoeuvre around trust, loyalty and commitment through “slight” modifications in addressing the market. Loyalty and commitment are critical to better profits (Caceres & Paparoidamis, 2007). However, the findings indicate that due to competitive pressures and customer requirements, maintaining loyalty and commitment is not easily achieved. “Owning” the customer and the pursuit of uniqueness in the form of alternatives is critical to thriving and surviving.

Profitability largely centres on an organisation receiving financial gain and benefit from an exchange/transaction. Profitability typically entails a return on a prior financial or economic
investment. Value could include profitability and other benefits that are not necessarily financial in nature such as innovation and access to alternatives. Relationships as seen from the study are based on some value that is derived which is of benefit. Without such value, the participants made it clear that relationships would not be in place or relationships would be retarded or collaborative (coopetition).

6.3 Extending IA “environment” variable with South African and ICT industry specific factors

Apart from the factors that emanate from the theory and the factors that were prevalent in the thematic analysis, there are country specific factors that have an impact on relationships within the ICT industry in South Africa.

The environment in South Africa, especially political, economic, social, technological and legal aspects, has significant effect on the ICT Vendor-VAR relationships.

6.3.1 Broad-based Black Economic Empowerment (B-BBEE)

Summary of findings

There is a perception by both Vendors and VARs that the responsibility of acquiring and maintaining B-BBEE levels is purely a VAR task. When discussing environment related issues, it seemed that Vendor participants believed that operational and logistical issues such as B-BBEE were handled by VARs.

Participants abhorred the placement of B-BBEE “preferred” employees into positions for which the appointees are not suitably qualified. Although, there is a distinct skills shortage in the ICT industry in South Africa, suitably qualified individuals that are not on the preferred list are marginalised. B-BBEE is perceived to be a key contributor to the skills shortages the industry faces.

From the participants, there appears to be tension between B-BBEE “preferred” employees and organisations due to the perceived lack of capability, the concept of ownership transfer and preference afforded in business deals. The concept of “giving” business to B-BBEE preferential people and organisations was frowned upon.
Key Findings

B-BBEE demands on businesses places strain on Vendor-VAR relationship satisfaction, specifically from a skills perspective, as B-BBEE “preferred” candidates are placed in unsuitable positions and at the expense of suitable candidates that are considered B-BBEE “undesirable”. This has an impact on profitability as Vendors and VARs poach “preferred” workers from each other to satisfy B-BBEE requirements. The environment through B-BBEE, which appears to be impetuous, affects Vendor-VAR relationship satisfaction due to profitability concerns and conflict situations.

Discussion

B-BBEE characteristics, from studies, is akin to Corporate Social Responsibility (CSR) (Alessandri, Black, & Jackson III, 2011). The authors describe CSR as an organisation’s voluntary activities that endeavour to improve social welfare. CSR activities or initiatives are not tied to lawful obligations. However, B-BBEE as deployed in South Africa is legislated by the government and monitored closely. Organisations that do not complying with the different B-BBEE requirements are subjected to marginalisation. In addition, organisations are likely to face exclusion from business deals, especially government tenders. As mentioned in the literature review chapter (see 2.6.4.2), thus far B-BBEE has been beneficial to a select few (Southall, 2007). As mentioned in the findings chapter (see 5.11.1), three key issues resonated throughout the discussions on B-BBEE. These are imbalance, discrimination and skills, which are consistent with other authors’ views (Iheduru, 2008; Seekings & Nattrass, 2011; Southall, 2007).

Imbalance

Participants from both Vendors and VARs indicated that ICT Vendors in South Africa, to a considerable extent, are spared from B-BBEE policies due to the nature of the business model employed. Vendors typically do not have a large workforce and not undertake direct financial activity per se. Vendors rely on VARs to employ the necessary skills and conduct financial transactions and operational activities with consumers of ICT. Proceeds from the sale of products and services are expatriated to Vendors’ head offices or tax/corporate friendly countries such as the Netherlands. Vendors appear to be taking an arm’s length
approach. However, Vendors are not immune to B-BBEE when pursuing direct economic exchange.

In evaluating an organisations’ B-BBEE status, the Department of Trade and Industry (2012) legislated nine contributor levels indicated mainly as numeric values from 1 to 8. Level 1 is the highest B-BBEE contributor status possible and Level 8 indicates the lowest contributor level. Contribution is based on a scorecard system that consists of seven elements. Some of the elements are Black equity, employment and people development. An additional contributor level, “Non-compliant contributor” as the title suggests has no contributor value (DTI, 2012, p. 13). In consideration of the participants’ comments around inequality in this particular instance of CSR, an assessment of the participants is illustrated below.

<table>
<thead>
<tr>
<th>Participant</th>
<th>B-BBEE Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL01</td>
<td>Level 2</td>
</tr>
<tr>
<td>V01</td>
<td>Level 4</td>
</tr>
<tr>
<td>V02</td>
<td>Level 4</td>
</tr>
<tr>
<td>CS01</td>
<td>Level 4</td>
</tr>
<tr>
<td>CL02</td>
<td>Level 3</td>
</tr>
<tr>
<td>V03</td>
<td>Level 4</td>
</tr>
<tr>
<td>CL03</td>
<td>Level 3</td>
</tr>
<tr>
<td>V04</td>
<td>Level 2</td>
</tr>
<tr>
<td>V05</td>
<td>Non-compliant contributor</td>
</tr>
</tbody>
</table>

From the above depiction (Table 6-1), it is unclear whether there are any imbalances or disparities with respect to attaining and maintaining B-BBEE levels. However, what is evident, which could be a possible cause of perceptions of imbalance is due to the sizes of the organisations and the effort required. The size of the organisation deals with number of employees and revenue. As mentioned in the literature review section (see 2.6.2), the Vendors’ organisation in South Africa is extremely small, due to the internationalisation or principal-agent model in place, when compared to VARs organisations. VARs are larger.
organisations as Vendors depend on their human resources. In order to ascertain whether Vendors and VARs are doing enough with respect to B-BBEE, a large bank with 37,093 employees has attained level 4 ratings. From the above illustration (Table 6-1), some are doing more than others are.

**Skills**

As per the findings of the study, relationships between Vendors and VARs are in place, largely, due to resource dependence. The resources are mainly around products and people, which are provided by Vendors and VARs respectively.

The challenge to maintain the required number of skilled resources in order to address the rapid innovation in ICT is a global challenge (Thibodeaux, 2013). This is especially important to ICT Vendors and VARs who are often responsible for deploying ICT artefacts. In Europe, Vendors and VARs are competing for skills for service delivery and accreditation purposes, respectively, and the outlook is not promising (iteuropa, 2014). In addition to the aforementioned skills shortage in the ICT channel, South Africa has its own set of challenges that are imposed by B-BBEE. Organisations, as mentioned, are rated according to B-BBEE levels, which are based on an organisation’s ownership and employee racial alignment. South Africa has emerged from racial inequalities perpetuated by a White minority government from 1948 to 1993 (Ntim & Soobaroyen, 2013). During this time, mainly Black people were marginalised when it came to socio-economic, political and education policies. In addition, South Africa has experienced a brain drain in which skilled and professional resources emigrated for various reasons, with affirmation action being one (Myburgh, 2004). However, affirmative action was not the main reason as during the late 1990s, the world experienced an acute shortage of skilled professionals so compensation was used to attract talent from other countries, which included South Africa (Schuler, Jackson, & Tarique, 2011). The shortage of skills was attributed to the increased levels of innovation and technology adoption. For the reasons mentioned, the environment in South Africa is unique thus supporting extending the IA theory. Moreover, the ICT industry has to treat developed and developing countries differently as the challenges faced are unique and profound.
6.3.2 Currency

Summary of findings

The currency fluctuation is one reason for Vendor-VAR conflict situations as most Vendors maintain foreign currency price lists in South Africa. Most participants acknowledge currency fluctuations are business occurrence and outside of their control. However, imbalances occurred as the larger VARs are capable of mitigating the risks associated with currency fluctuations through securing protection and procurement of inventory. These are not affordable or operationally possible for smaller VARs.

Currency fluctuations invariably affected customers due to budgetary considerations. However, largely the burden of closing the gap caused by currency fluctuations was passed onto the VARs. The VARs, in trying to address the problem, sought the help of the Vendor through further discount negotiations. This frequently resulted in relationship satisfaction issues as profitability and credibility on both sides were under pressure.

Key Findings

The currency fluctuations affect relationship satisfaction due to profitability pressures placed on both entities of the dyad. There are measures that can minimise or alleviate the conflict caused by currency fluctuations but requires state intervention. State intervention could include currency hedging activities and formulation of policies around product pricelists in local currency.

Discussion

Currency fluctuations are a reality that most countries and organisations have to deal with as part of normal business operations (Jiang & Tian, 2010). The automotive industry, like the ICT industry is subject to exchange rate fluctuations in both buying and selling occurrences. The automotive industry in South Africa had, at one point, South African government protection systems in place to hedge currency fluctuations thereby enabling South African automotive manufacturers to be competitive (Naude, 2009). The ICT industry lacks programmes of this nature but could benefit significantly.

The imbalance around the currency issue is that large organisations have the expertise and resources to manage risks associated with fluctuating currencies unlike small organisations that tend to deal with currencies as the market dictates (Jiang & Tian, 2010). Some of the
risk aversion techniques discussed during the interviews was buying forward protection, referred to as currency hedging, and purchasing of foreign currency packages in anticipation of winning a deal.

The Vendors interviewed acknowledged the currency issues and the resulting fallout with VARs. Despite this, Vendors and VARs continually engaged in conflict situations, which was partially resolved with extra discounts extended to VARs. Currency fluctuations place significant strain not only on the business partners in question but also on customers. In South Africa, customers’ buying power fluctuates with currency exchange rate fluctuations due to the majority of ICT products and services being imported (Morwane, 2013). Unless there is government intervention such as with the automobile industry and facilitated discussions between all stakeholders including Vendors, VARs, governments and non-governmental, the issues will continue unabated. The South African government has the power to make a difference as indicated in a recent OECD (2013) report in which they made commitments (to the world around emissions) which were contingent upon the transfer of technology and financial resources from advanced countries. Similar interventions could facilitate dialogue that helps developing countries purchase in local currencies and make acquisitions that are based on needs rather than on standard product offerings.

6.3.3 Gender

“To promote gender equality and empower women” is a millennium development goal that nations around the world are striving to achieve (UN, 2014).

Summary of findings

The ICT industry in South Africa is dominated by decision makers that are White men. Moreover, there are solid interpersonal relationships that have been in place for decades. These have resulted in exclusion of others, both White and non-White. Women appear to be excluded from these cohorts. Based on these exclusions and the historical view of women, their contribution to the ICT industry is hampered and marginalised. In addition, women are perceived to be more emotional than men are which exacerbates an already unfair workplace. Women are perceived to be incapable and need male intervention to articulate their ideas and value proposition.
**Key Findings**

ICT Vendors and VARs in South Africa are at a disadvantage due to gender discrimination, which unfairly relegates the creativity, innovation and leadership that women have to offer. Gender discrimination, an environmental factor, affects relationship satisfaction as the capabilities of certain employees (women) are marginalised and productivity is restrained despite the skills shortage.

**Discussion**

Discrimination against women in the workplace has received much attention in academic, business and policy circles (Bönte & Jarosch, 2011). Why then does gender discrimination continue?

In South Africa, a new bill, entitled “The Women Empowerment and Gender Equality Bill” has been rebuked by politicians and businesses alike due to legislation fatigue (Vetten, 2014). Legislation fatigue, in this instance, means that similar issues have been addressed in at least five other laws. Businesses have well documented policies in place to eradicate gender discrimination. B-BBEE is designed to reward businesses for not only the inclusion of women in the workplace but emphasised rewarding the ownership of businesses by women (DTI, 2012). However, initiatives by governments to accelerate women’s share of the workplace has not improved the situation with men still dominating growth prospects and entrepreneurship status (Klapper & Parker, 2011). South African gender policies are highly rated (WEF, 2013) and does not seem to be the issue with respect to gender discrimination in the ICT industry. The main issues, which is consistent with the findings of the study, are “rigid and traditional gender norms”, “discrimination against ethnic groups, people with disabilities and other vulnerable groups” and “low levels of social acceptability of women in leadership and decision-making positions” (UNIDO, 2012, p. 3).

In a study of 20 “major economies”, the ICT industry did not fare well from a gender perspective (WEF, 2010, p. 5). Similar reports that included South Africa was not identified. In the aforementioned report, 33% of respondents in the ICT industry had an advancement plan for women as compared to the logistics/transport (50%) and energy (48%) industries. Apart from the organisational barriers to advancement of women into leadership and ownership positions, Klapper and Parker (2011) cite institutional barriers such as difficulties...
in obtaining business finance. This view is supported in a report that ranked South Africa 78 (out of 136 countries) when it came to female “economic participation and opportunity” (WEF, 2013, p. 18). The aforementioned ranking takes into consideration gaps in female participation, remuneration and advancement. Another perspective offered is around inadequate attention to “female talent development” by African business schools (Ibeh & Debrah, 2011, p. 42). In terms of percentage of women employees by industry, the ICT industry achieved around 28% as compared to other industries such as finance (~60%), media/entertainment (~42%), travel/tourism (~49%), energy (~22%) and mining (~18%) (WEF, 2010).

Why are leadership positions, in the ICT industry in South Africa in the 21st century, still dominated by males? In a study of 26,000 individuals in Europe by Bönte and Jarosch (2011), they concluded that due to the inherent personality traits of women, women tended to shy away from competitive situations and were more risk averse. Therefore, men dominated leadership roles, as they are known to take risks, which resulted in better financial returns and visibility for the leader. Due to the scope of this study and the limited number of participants, this claim cannot be corroborated or correlated in the South African context. The findings of this study revealed that there is a perception that women need men to articulate their ideas for it to be taken seriously. Similar issues have been exposed in a study in the ICT industry in Australian where women seek validation, which the report suggests creates doubts about the capabilities of women (Merrett, 2013). However, the women interviewed in the study came across as articulate, extremely knowledgeable and firmly in control in a highly competitive and aggressive industry. According to Merrett (2013), women in the ICT industry appear to be victims of an unconscious but unfair bias and stereotyping.

South Africa is experiencing significant ICT skills shortages (de Villiers et al., 2012) but continue to hold onto cultural norms that marginalise women. In a global comparison of 136 countries that included developing and developed countries, South Africa, from a gender gap perspective, achieved an overall ranking of 17 out of 136 countries (WEF, 2013). While this is encouraging, the findings of the study indicate that discrimination against women continued. This could be one reason for South Africa’s poor ranking (78) with respect to female economic participation and opportunity (WEF, 2013). It appears that
society lives in a box of perceptions that promotes: ICT are for geeky boys, science and technology is not for girls and women lack the inherent capabilities and inner strength to lead.

6.4 Are the perceived Relationship Satisfaction factors different in the ICT Industry compared with other Industries?

Key Findings

Factors that affect relationship satisfaction are similar across industries and countries as the critical and common component across industries and countries is the human element. Different relationship satisfaction factors emerge and decline during the various stages of business relationships. Moreover, some factors become more prevalent than others do and it is largely dependent on the relationship stage.

As discussed in the literature review section (see 2.7.2), industries are different as they are based largely on common knowledge and common understanding within those industries. The shared knowledge facilitates understanding, market structures and economic practices (Chiasson & Davidson, 2005). With respect to SCM, while the elements of SCM in terms of processes and methodology are similar, the particularities and characteristics of the ICT industry are different to the automotive and agricultural industries.
With respect to Figure 6:1, the three letters are short form for the research country context for the studies investigated (WorldAtlas, n.d.). The percentages represent the country distribution of the 69 studies investigated to assess similarities and dissimilarities in relationship satisfaction factors across countries (Figure 6:1) and industries (Figure 6:2).

As illustrated in Figure 6:1 and Figure 6:2, the literature review around relationships in SCM in South Africa exposed studies in the food, automotive and agricultural industries (Ambe,
Sixty-nine studies that had a SCM relationship satisfaction aspect were explored from around the world (Figure 6:1). The details of the studies are in Appendix A. The extant literature and the key findings of the study, suggest that the factors that affect relationship satisfaction are similar across industries. Figure 6:2 depicts a comparison of studies explored that comprised various industries. Most of the factors explored and exposed have distinct similarities with relationship satisfaction factors that were uncovered in the findings of the study. Two of the studies, focused on exposing environmental factors that affect relationship satisfaction (Balocco et al., 2012; Van Wyk & De Jager, 2009). For the studies that came across as dissimilar, the focus of the studies were on developing relationship satisfaction models (Dou et al., 2009), consolidation of relationship satisfaction factors (Bagdoniene & Zilione, 2009; Powers & Reagan, 2007), governance and short/long-term market orientation (Sanzo et al., 2003).

The power/dependence factor is most prevalent as it underlies most relationships and underpins business interactions and relationships (Meehan & Wright, 2011). All the other factors explored in the literature (Bagdoniene & Zilione, 2009; Powers & Reagan, 2007) and exposed in the study are similar. However, the perceived effect of factors on business relationship satisfaction varies based on relationship stages (Håkansson, 1982; Powers & Reagan, 2007). In addition, the perceived factors could vary based on the type of interacting parties (Bagdoniene & Zilione, 2009). An example of this is that the interaction between direct partners will be different to that with indirect partners. Direct partners will have significantly more expectations of each other around commitment, trust, loyalty and negotiation to name a few. Indirect partners deal through intermediaries such as distributors. Hence, the previously mentioned factors (commitment, trust, loyalty and negotiation) are not relevant in a typical transactional exchange (Bagdoniene & Zilione, 2009).

Despite the differences in the input and output of industries, the underlying common denominator is the interpersonal relationships (Håkansson, 1982). Hence, the perceived factors that contribute to relationship satisfaction across industries are consistent.

6.5 Unexpected finding – Customer satisfaction driven behaviour

Throughout the study, it was evident that customers were influencing the behaviour of the Vendors and VARs. Customer priorities and demands took precedence over existing
relationships and agreements. The customer is king. Without regard for the relationships in place, the dyadic partners would pursue owning the customer buying decision. However, resorting to transactional behaviour and reneging on partnership commitments has an effect on profitability, longevity of a business and long-term sustainability of business relationships. Issues such as these bring SCM into disrepute and challenges the ethics of the industry and SCM as whole (Svensson & Bååth, 2008).

The existing practice of chasing profitability comes at the expense of organisational values and principles. Storey, Emberson, Godsell and Harrison (2006) claimed that there is evidence in SCM that due to power imbalances in the buying centres, cooperative behaviour in the channel has shifted to direct customer exchanges. Behavioural issues in SCM are critical to all stakeholders. However, people behaviour, judgment and decision making and its impact on SCM has not been well researched and understood (Tokar, 2010).

6.6 Relatedness between Variables

Figure 5:1 has been adapted by adding bidirectional arrows to indicate the influence entities have on each other. Influence and effect transpire between organisations and individuals. Individuals are social beings that are influenced by upbringing, education and culture. Interpersonal relationships, despite the business context, are social exchanges between individuals (Karayanni, 2012). Organisations, apart from individual influence, are also controlled by the marketplace and business strategy. The “atmosphere” within relationships is influenced by individuals, organisations, the environment and dimensions within the “atmosphere” such as power/dependence (Chao, Joseph, & Fiachra, 2012). The environment influences organisations and individuals through social, economic and political occurrences. The organisation also influences the environment through job creation, pollution, social responsibility actions and economic activity.

6.7 Summary

The research phenomenon (see 4.2.1), the research objectives (see 1.3), research purpose (see 1.2) and research questions (see 4.2.2) have been addressed. The exploration into the perceived factors that influence relationship satisfaction between ICT Vendors in South Africa has exposed the current state of affairs between the dyads from the participants’ perspectives. The IA model (Håkansson, 1982) has been extended to reflect the findings
from the study by taking into consideration the expert opinion of relevant stakeholders in South African ICT industry.

Apart from the factors contained within IA, the findings of the study bring to the fore critical factors such as profitability, value and communication. These perceived factors are important in the context and industry. The operating environment plays a critical role in the behaviour and functioning of the SCM as has been demonstrated with the influence of B-BBEE. An unexpected finding was the immense role customers had in determining the behaviour and functioning of the downstream SCM. Largely, customers shaped the interactions and behaviour of the channel in question.

While generalisation may not be possible, even to a new setting (Lee & Baskerville, 2003, 2012), the study has contributed to knowledge pertaining to ICT, SCM and relationships. The gaps identified in the literature review (see 2.7) have been narrowed as the findings represent both perspectives and have exposed the perceived factors that are important to them in assessing relationship quality.
7. Conclusion

In the relational exchange process, there are various emotions and relationship standings that could range from euphoria to despair and cooperation to conflict. This could be attributed to opposing or complementary operational and commercial value drivers (Cox, 2004). The seller’s value is the innovation, resources, goods, and services that are attractive to the buyer and the seller will hold out for maximum return. The buyer’s value is the potential economic means and resources that are attractive to the seller. The buyer will endeavour to pay as little as possible and the seller will pursue maximum return. The winning factor is the balance of power.

The proposed dissertation employed interpretative, deductive and qualitative methods in assessing the perceived factors that affect ICT Vendor-VAR relationship satisfaction in South Africa. In addition, the underlying motivations for being in the aforementioned relationship were investigated. A few theoretical frameworks could be used to inform and guide the research. However, the Interaction Approach (IA) model (Håkansson, 1982) was utilised, as its benefits lay in uncovering the underlying rationale for partnership formation and assessing relationship satisfaction. Moreover, the model is cognisant of the fact that people - representing organisations - are critical to interactions and relationships (Bantham, 2010).

7.1 Research Objectives

The research objectives and the research questions raised were intended to progress the understanding around the motivation factors for South African ICT Vendor-VAR to be in a relationship, the perceived factors that influence relationship satisfaction and the effect of the environment on relationship satisfaction. The “environment” consists of the influencers, policymakers, and stakeholders. Below are the key objectives set at the beginning of the research. The key objectives are:

- To identify the perceived factors that affect ICT Vendor-VAR relationship satisfaction in South Africa;
- To identify the motivation for relationship formation between ICT Vendors and VARs in South Africa;
- To investigate environmental influences on satisfaction within the given relationship;
The research addressed not only the objectives above but also all the others identified in the Introduction Section (see 1.3). Importantly, IA model has been extended to reflect the perspectives of the ICT industry in South Africa.

### 7.2 Summary of Findings

The motivation for being in relationships was largely based on resource requirements. Vendors needed skilled resources and operational capabilities to scale their businesses across South Africa. VARs needed ICT products and services that they could sell to customers and in the process realise some form of profitability. The need for resources was captured in the PD factor. The PD balance shifted, largely, to the owner of resources or “owner” of the customer buying decision. To mitigate uncertainty and to overcome power imbalances, both, the Vendor and VAR introduced alternative VARs and products, respectively. This spawned the cooperation-competition paradigm, which occurred simultaneously as the dyad was engaged in several transactional exchanges. Another motivation for developing relationships was around inimitable and demanded value that both small and large organisations possessed. This refutes IA theory, which espoused that larger organisations had controlling power over small organisations.

With respect to the factors that influenced relationship satisfaction, the exchanges traversed the cooperation-competition continuum. Hence, developing trusting relationships seemed unlikely as the exchanges resembled short-term episodes rather than long-term relationships. As a result, factors that have a critical influence on relationships, such as commitment, communication and loyalty, but built around a trusting relationship, did not seem plausible. In the absence of commitment and trust, the dyad appeared to collaborate and transact on an “arrangement” basis. Even if relationships had some measure of trust and commitment, when profitability was threatened, these factors were sacrificed. There were instances when profit was sacrificed when long-term profitability appeared more lucrative.

Unlike other studies (see Appendix A), in this study communication was portrayed as extremely important to relationship satisfaction. Relationship satisfaction was influenced as communication (effective or ineffective) promoted certainty/uncertainty and trust/paranoia.
External entities to the relationship such as parent-organisations and customers were instrumental in influencing Vendor-VAR relationship satisfaction. Customers, considered a third party, dictated financial, operational and technological direction to the dyad, which resulted in introduction of alternatives and conflict situations due to “owning” the customer buying decision. From a parent-organisation perspective, there were signs of clashes between local and foreign organisational cultures. Conflict situations such as these caused a rift in relationships, with satisfaction factors such as trust, commitment, communication and profitability hampered.

The environment in many ways has an impact on relationship satisfaction. Firstly, B-BBEE demands around affirmative action have caused significant turnover of highly demanded Black skilled workers as Vendors and VARs appeared to be poaching from each other. Black skilled workers in the ICT industry in South Africa are scarce. Animosity, targeted at Black employees, arose, as skilled workers that do not fit the affirmative action profile are marginalised or retrenched. Relationship satisfaction suffers as conflict situations arise and profitability is affected. Secondly, South African ICT Vendors and VARs trade off foreign currency pricelists, which in most cases is that of the parent-organisation. Imbalances arise as large organisations have the capabilities to minimise the effect of currency fluctuations, which small organisations do not possess. There is an opportunity and need for state intervention. Thirdly, women are discriminated against with their innovation, creativity and capabilities curtailed due to cultural norms and stereotypical perceptions. Affording women a fair chance minimises the skills shortage and significantly contributes to B-BBEE levels.

The factors that influence relationship satisfaction in the South African ICT industry is not unique when compared to other industries and countries. This is largely due to the common but powerful human element. The human element across organisations keeps B2B relationships going. The human element is imperfect and influenced by cultural, social, technological and political situations.

In closing, relationship satisfaction factors were referred to throughout the interviews but the overall discussions and behaviour were contradictory. The “relationships” seemed to be opportunistically driven, wherein terms and conditions of the immediate opportunity were negotiated on a case-by-case basis, as opposed to one that was routine and based on positive experiences. The findings do not suggest that the industry is broken. As indicated,
this approach to exchange, while seemingly conflictual and imperfect, could be the way the stakeholders prefer it to be or the way the industry has evolved. A better understanding has emerged around relationships between South African ICT Vendors and VARs and the modes of operation.

Overall, the objectives of the study have been achieved. There are limitations and suggestions for future research to cover newly identified gaps.

7.3 Future Research

As it was outside the scope of this research, an opportunity for further IS research could be around ascertaining the ICT buying criteria of South African organisations and the actual use of the features and functionality after the product or technology is acquired. Are the features and functionality provided in developing countries required? Could a fit-for-purpose and reduction in the features and functionalities of products result in better prices and increased uptake?

There are several studies that investigated relationship satisfaction from a multivariate and bivariate factor analysis perspective (Hennig-Thurau et al., 2002; Morgan & Hunt, 1994; Wu et al., 2012). However, none has been uncovered by the researcher in the context of ICT in South Africa. Furthermore, several perceived factors were mentioned by the participants such as trust, loyalty and commitment but the underlying behaviour did not support the mentioned factors. Further research is suggested to investigate from their perspective what are the antecedent and consequent factors of relationship satisfaction. For example, “trust” is necessary for effective communication and information sharing. Effective communication could lead to commitment and better profitability.

Both suggested future research could inform all stakeholders and result in an increase in successful ICT projects in South Africa and other developing nations.

7.4 Implications

The goal of the study was to investigate the ICT downstream SCM in South Africa to understand the motivation and satisfaction thereof. There are three areas that the study will have an effect on, which are theory, industry and management.

From a theory perspective, which is IA (Håkansson, 1982), the theory has been extended in two ways. Firstly, the “atmosphere” variable that had four underlying factors that
contribute to relationship satisfaction, has been extended in consideration of the ICT Vendors and VARs in South Africa. The original theory had a European context. Although past research (Hallén & Sandström, 2013; Hedaa & Törnroos, 2007; Sutton-Brady, 2000) have extended the model, the extensions put forward in this study are based on the outcome of empirical research. Secondly, the “environment” variable has been extended to reflect the unique perspectives of the ICT industry in South Africa. These perspectives, which emerged from the study, are B-BBEE, currency related issues and gender inequalities.

The ICT industry in South Africa is critical to the nation’s socio-economic and technological success. Although, the industry functions as it does, which may be the only way and has evolved to be this way, the industry and its stakeholders could benefit from a situation analysis such as this. Important relationships are changing frequently in the name of profit. However, profit is being eroded as partners are pitted against each other. Chasing everything (deals), all the time, appears to be taking a toll on resources, relationships and profitability. The literature is scarce especially around the industry and context, and this study minimises the gap.

All stakeholders especially customers and policymakers (government) have a role to play in the success (and failure) of the ICT industry in South Africa. It is the customer’s entitlement to get the best possible deal but not one in which there are winners and losers. It is in the best interest of customers to have ongoing and mutually beneficial business relationships with a few partners (not suppliers) rather than many (Williams, 2012). The benefits include sound understanding of the customer environment, access to skilled resources and the ability to trust the partnership will deliver as committed. The implications for policymakers are that the industry is in need of powerful stakeholders to shape better trading conditions at the macro level. Two specific issues require attention, which are currency fluctuations and the possibility of a bespoke “developing market” product (feature) set that fits the requirements and is affordable. Government intervention around similar issues have occurred in the automotive industry (Naude, 2009). In addition, the industry appears to be in need of respite with respect to B-BBEE workforce matters. The historical imbalances have been harsh on the country and rapid steps have been in play to redress (Nattrass, 2013). However, the country and industry lacks an approach that keeps the limited skilled workforce productive rather than marginalised in favour of affirmative action priorities that
places unskilled or semiskilled workers in key positions (Horwitz, 2013). There has to be an interim plan that progresses the industry and technological innovation and at the same time addresses the imbalances in a meaningful way.

7.5 Contribution

The intention of this research is to contribute to the existing body of knowledge by addressing the highlighted gaps in knowledge. The results from these findings could aid transparent cooperation and collaboration between ICT industry partners and stakeholders (customers, government, etc.). This is because of clearer understanding around factors that contribute to relationship satisfaction. The ultimate goal is to support an increase in ICT diffusion and adoption in South Africa and Africa.

Although IA has been extended in the past (Hallén & Sandström, 2013; Sutton-Brady, 2000), the model has been extended to reflect idiosyncrasies that are relevant to the South African ICT industry. In particular, the “atmosphere” variable has been extended to reflect perceived factors that the study exposed such as profitability, communication and value. Further, the “environment” variable has been extended to reflect influencing agents such as B-BBEE, currency and gender. B-BBEE is unique to South Africa.

7.6 Limitations

There are limitations to the study. In hindsight, the sample did not represent a key demographic in South Africa, which are Black people. The “environment” influence, especially around B-BBEE, had significant implications for the quality of Vendor-VAR relationships. The findings, possibly, indicate a bias toward affirmation action employees. Hence, getting their perspectives could have resulted in a more balanced report. Racial aspects were not a research objective.

The semi-structured interviews could have been complemented with a survey questionnaire in which participants rank, order and better qualify the factors they mentioned during the interviews. This would have helped build an illustration that depicts the antecedent and consequent factors from their perspective.

The study sample size was limited as it was based on reaching theoretical saturation (Guest et al., 2006; Mason, 2010). The objectives of the study have been achieved so more participants were not necessary. However, fair demographic representation could have
improved the findings and the overall study. In addition, with a representative sample population the study could have been generalised to the industry in the country.

With regard to the industry and country context, there is limited study and research material specific to the topic and research question. Secondary data and relevant literature could have provided insight from the perspective of other researchers.
8. References


9. Appendices

A. Literature Review Tables

Table 9-1: SCM

Search Terms: SCM, Business, Relationship, Satisfaction with a focus on relationship discussions between dyad.


No Date limit

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<tbody>
<tr>
<td>The conceptual model of success in buyer-supplier relationships</td>
<td>HUN Wholesale and Retail trade; repair etc;hotels and restaurants</td>
<td>The focus is on understanding the role of success in the operation and development of buyer-supplier relationships</td>
<td>Partial – testing framework</td>
<td>Qual</td>
<td>(Bödi-Schubert, 2011)</td>
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<tr>
<td>Willingness to share information in a supply chain</td>
<td>CHN Mixed</td>
<td>Discusses the willingness to share knowledge. As relationship gets closer, the information flows freely.</td>
<td>Partial – information asymmetry</td>
<td>Quan</td>
<td>(Bu et al., 2012)</td>
</tr>
<tr>
<td>Trust formation at the growth stage of a business-to-business relationship: A qualitative investigation</td>
<td>AUS Wholesale and Retail trade; repair etc;hotels and restaurants</td>
<td>The paper investigates levels of trust in a dyad.</td>
<td>Partial – trust</td>
<td>Qual</td>
<td>(Dowell &amp; Morrison, 2013)</td>
</tr>
<tr>
<td>The value of B2B relationships</td>
<td>ESP Manufacturing</td>
<td>The paper explores factors of relationships specifically value, trust, loyalty, satisfaction</td>
<td>Partial – value, trust, commitment, satisfaction, loyalty</td>
<td>Mixed</td>
<td>(Gil-Saura et al., 2009)</td>
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<td>Factors influencing successful buyer-seller relationships</td>
<td>USA</td>
<td>Mixed</td>
<td>The purpose of this research is to identify what factors are of the greatest overall importance to buyer-seller relationships and to identify what factors are of the greatest importance in each stage of buyer-seller relationships.</td>
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<td>A dyadic, multi-perspective exploration of buyer-seller partnerships</td>
<td>USA</td>
<td>Manufacturing</td>
<td>This qualitative study explores buyer-seller partnerships from both sides of the dyad.</td>
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<tr>
<td>Buyer-supplier partnership quality and supply chain performance: Moderating role of risks, and environmental uncertainty</td>
<td>USA</td>
<td>Mixed</td>
<td>The relationship between buyer-supplier partnership quality, and supply chain performance, in the presence of supply and demand side risks and environmental uncertainty is investigated.</td>
<td></td>
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<tr>
<td>The influence of power driven buyer/seller relationships on supply chain satisfaction</td>
<td>USA</td>
<td>Manufacturing</td>
<td>Focus on power as a relationship satisfaction factor and conducted within the automobile industry.</td>
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<tr>
<td>The impact of</td>
<td>GBR</td>
<td>Manufacturing</td>
<td>The paper</td>
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<tr>
<td>Study Title</td>
<td>Industry</td>
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<tr>
<td>Trust on innovativeness and supply chain performance</td>
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<td>investigat</td>
<td>the effects of trust on innovativeness and supply chain performance</td>
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<td>A relationship approach to construction supply chains</td>
<td>AUT Construction</td>
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<td>Establish the relationship variables between buyer and suppliers in the construction industry</td>
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<td>The two sides of power in business-to-business relationships: implications for supply chain management</td>
<td>General</td>
<td>General</td>
<td>Discussion about power in SCM with cooperation and coordination as variables of power. Investigate the role of power in B2B relationships.</td>
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<td>A study of supply chain partnerships based on the commitment-trust theory</td>
<td>TWN Manufacturing</td>
<td></td>
<td>A study of commitment-trust in ICT</td>
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<tr>
<td>Differences in buyers’ and suppliers’ perceptions of supply chain attributes</td>
<td>NLD Manufacturing</td>
<td></td>
<td>The paper analyses survey data from dyadic buyer-supplier relationships in determining perceived relationship attributes.</td>
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<tr>
<td>On importer trust and commitment: a comparative study of two developing countries</td>
<td>CHL &amp; BGD Mixed</td>
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<td>Exploration of pre-determined factors of trust and commitment from an importer from a developing country perspective</td>
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<td>Internationalisation challenges for SMEs: a case study of the relationship between Botswana textile exporters and their foreign distributors</td>
<td>BWA</td>
<td>Manufacturing</td>
<td>The paper investigates how SMEs manufacturer's develop and nurture relationships with international distributors.</td>
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<td>Co-evolution of trust and dependence in customer-supplier relationships</td>
<td>FIN</td>
<td>Mixed</td>
<td>The paper focuses on examining how trust and dependence co-evolve in customer-supplier relationship</td>
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<td>✓</td>
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<tr>
<td>Effects of supplier trust on performance of cooperative supplier relationships</td>
<td>CAN</td>
<td>Mixed</td>
<td>The paper tests trust as a factor on inter-firm cooperative behaviors and these behaviors to the buyer's perception of the relationship's performance</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Collaborative buyer-supplier relationships and downstream information in marketing channels</td>
<td>NLD</td>
<td>Agriculture, forestry and fishing</td>
<td>The paper assesses downstream information as an influencer of buyer-supplier relationships</td>
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<td>Inter-organizational cooperation in buyer-supplier relationships: Both perspectives</td>
<td>TWN</td>
<td>Manufacturing</td>
<td>This study examines both perspectives in buyer-supplier relationships</td>
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<td>Power priorities: A buyer-seller comparison of areas of influence</td>
<td>GBR</td>
<td>Mixed</td>
<td>This paper explores the power factor as an influencer in a dyadic relationship</td>
<td>✓</td>
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<td>Buyer-supplier relationships in the Turkish</td>
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<td>Manufacturing</td>
<td>The study focuses on assessing the</td>
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<td>Automotive Industry</td>
<td>SME Manufacturers’ Cooperation and Dependence on Major Dealers’ Expert Power in Distribution Channels</td>
<td>Determinants of Economic and Social Satisfaction in Manufacturer-Distributor Relationships</td>
<td>Power to All Our Friends? Living with Imbalance in Supplier-Retailer Relationships</td>
<td>The Impact of Relational Variables on Value Creation in Buyer-Seller Business Relationships</td>
<td>Effects of Partner Characteristic, Partnership Quality, and Partnership Closeness on Cooperative Performance: A Study of Supply Chain Relationships</td>
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<td></td>
<td>Types of relationships within the same industry from the perspective of buyers and sellers.</td>
<td>The paper investigates relationship factors between major dealers and SME manufacturers.</td>
<td>Assessment of satisfaction in manufacturer-distributor and the affect of economic and non-economic factors on satisfaction.</td>
<td>This study investigates the issue of power in business-to-business relationships and constitutes an appraisal of the theory relating to issues of supply chain relationships.</td>
<td>A review of ICT Manufacturer-supplier (upstream) relationships through partnerships.</td>
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|                      | Types | Partial – commitment, satisfaction, power | Quan (Chinomona & Pretorius, 2011) | Qual | Quan (del Bosque Rodríguez et al., 2006) | Quan (Hingley, 2005) | Quan (López Sánchez et al., 2010) | Quan (Wu, Chang, & Weng, 2009)
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<th>Finding Notes</th>
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<td>Building A Long Term Relationship Between Manufacturers And Large Retailers: Does Commitment Matter In Morocco?</td>
<td>MAR</td>
<td>Wholesale and Retail trade; repair etc; hotels and restaurants</td>
<td>* * * * Partial - governance</td>
<td>Quan</td>
<td>(Abbad et al., 2013)</td>
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<td>Examining supply chain relationships: Do buyer and supplier perspectives on collaborative relationships differ?</td>
<td>USA</td>
<td>Mixed</td>
<td>* * * * Partial - collaboration</td>
<td>Quan</td>
<td>(Nyaga et al., 2010)</td>
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<td>Power Asymmetry, Adaptation and Collaboration in Dyadic Relationships Involving a Powerful Partner</td>
<td>USA</td>
<td>Manufacturing</td>
<td>* ✓ ✓ * Partial - behaviour</td>
<td>Quan</td>
<td>(Nyaga et al., 2013)</td>
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<td>Trust and relational embeddedness: Exploring a paradox of trust pattern development in key supplier relationships</td>
<td>GBR</td>
<td>Unknown</td>
<td>* * ✓ * Partial - trust, embeddedness</td>
<td>Qual</td>
<td>(Day et al., 2013)</td>
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<tr>
<td>Buyer supplier perspectives on supply chain relationships</td>
<td>Unknown</td>
<td>Manufacturing</td>
<td>* ✓ ✓ ✓ ✓ Partial - power</td>
<td>Quan</td>
<td>(Ambrose et al., 2010)</td>
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<td>Relationship Quality—Relationship</td>
<td>NOR</td>
<td>Wholesale and Retail trade; repair</td>
<td>* * ✓ * Partial - power</td>
<td>Mised</td>
<td>(Mysen et al., 2012)</td>
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<td>Value and Power Balance in Business Relationships: Descriptives and Propositions</td>
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<td>Understanding of the interplay between the perceptions of power balance, relationship value, and relationship quality between retail distributors and their supplier.</td>
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<td>The Use of Pledges to Build and Sustain Commitment in Distribution Channels</td>
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<td>An Examination of the Nature of Trust in Buyer-Seller Relationships</td>
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<td>The power of trust in manufacturer-retailer relationship</td>
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<td>The Commitment-Trust Theory of Relationship Marketing</td>
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<td>Effects of Supplier Reliability and</td>
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<tr>
<td>Title</td>
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<td>Sample</td>
<td>Antecedents and Consequences of Trust and Satisfaction in Buyer-Seller Relationships</td>
<td>Study Based On Trust and Commitment</td>
<td>Mental Systems</td>
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<td>Benevolence in Business Marketing</td>
<td>USA</td>
<td>Supplier Behavior in terms of reliability and benevolence based on trust and commitment. Study based on trust and commitment.</td>
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<td>Buyer-seller relationships in business markets</td>
<td>USA</td>
<td>Mixed</td>
<td>The paper explores relationship factors and develops a framework for empirical testing.</td>
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<tr>
<td>Antecedents and consequences of trust and satisfaction in buyer-seller relationships</td>
<td>NDR</td>
<td>Wholesale and Retail trade; repair, restaurants</td>
<td>The paper explores the interrelation between trust and satisfaction as constructs of relationship quality.</td>
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<td>Characteristics of partnership success: Partnership attributes, communication behavior, and conflict resolution techniques</td>
<td>USA</td>
<td>Manufacturing</td>
<td>The paper explores relationship and partnership success.</td>
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<tr>
<td>Business to Business Relationships: The Variables in the Context of Success</td>
<td>Unknown</td>
<td>Mixed</td>
<td>The paper correlates from secondary data variables that contribute to satisfaction</td>
<td></td>
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</tr>
<tr>
<td>Buyer-supplier collaborative relationships: Beyond the normative accounts</td>
<td>GBR</td>
<td>Mixed</td>
<td>The paper critiques the literature on business relationship assessment through analysis of four case studies</td>
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<tr>
<td>A model of distributor firm and manufacturer</td>
<td>USA</td>
<td>Mixed</td>
<td>The paper focuses on developing</td>
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<tr>
<td>The effect of market orientation on buyer–seller relationship satisfaction</td>
<td>ESP</td>
<td>Mixed</td>
<td>The paper presents which tests a buying organisation satisfaction with a supplier based on market orientation.</td>
<td>✗ ✗ ✗ ✗</td>
<td>Partial – market orientation</td>
<td>Quan (Sanzo et al., 2003)</td>
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<tr>
<td>Exploring relationship satisfaction between global professional service firms and local clients in emerging markets</td>
<td>CHN</td>
<td>Mixed</td>
<td>The paper explores relationship between professional service organisations and proposes a model that leads to satisfaction.</td>
<td>✗ ✗ ✓ ✗</td>
<td>Partial – adaptation, knowledge, satisfaction</td>
<td>Quan (Due et al., 2009)</td>
</tr>
</tbody>
</table>

Table 9-2: SCM and Business Relationships in South Africa

Search terms: SCM, supplier, buyer, relationship, “relationship marketing” + South Africa (ZAF) with a focus on relationship discussions between entities.


No Date limit.
<p>| Supplier chain management problems experienced by South African automotive component manufacturers | ZAF | Manufacturing | Focus on problems in Automotive Industry. Suppliers are crucial to organisation competitive advantage. The problems that emerge relate to capacity, sustainability and accreditation. | ✓ | ✓ | ✓ | ✓ | Partial – instrumental factors (KPI) | Mixed | (Naude, 2009) |
| Supplier relationship management - anathema for the South African public procurement sector : original research | ZAF | Public Administration | The paper provides insight into supplier-relationship challenges with the public sector and provides a conceptual framework to address the supplier relationship management problems. | ✓ | ✓ | ✓ | ✓ | ✓ | Mixed | (Naude, Ambe, &amp; Kling, 2013) |
| Trust and supply chain relationships: A South African case study | ZAF | Agriculture, hunting, forestry and fishing | Discussion between buyer and supplier around trust. | ✓ | ✓ | ✓ | ✓ | Partial – trust | Mixed | (Tregurtha &amp; Vink, 1999) |
| Supplier-customer relationships: Weaknesses in south african automotive supply chains | ZAF | Manufacturing | Paper to determine the nature of relationships that exist between buyers and suppliers in South Africa's automotive supply chains. The study assessed relationships between automotive supplier side and demand side to determine whether relationship weaknesses | ✓ | ✓ | ✓ | ✓ | ✓ | Mixed | (Naude &amp; Badenhorst-Weiss, 2012) |
| Enabling information sharing by establishing trust in supply chains - a case study in the South African automotive industry - original research | ZAF | Manufacturing | The role trust and information sharing in supply chain relationships and the effect of trust on information sharing, or the effect of information sharing on trust in a single direction. | ✓ | ✓ | ✓ | ✓ | Partial - information sharing, trust | Mixed | (Puderit et al., 2011) |
| Smallholder farmers’ perceptions of factors that constrain the competitiveness of a formal organic crop supply chain in KwaZulu-Natal, South Africa | ZAF | Agriculture, hunting, forestry and fishing | The study surveys small farmers to assess the factors that contribute to competitiveness of the supply chain. | ✓ | ✓ | ✓ | ✓ | Quan | (Darroch &amp; Mushayanya, 2006) |
| The supplier relationship practices of travel agencies in the Western Cape Provide - What is the status quo? | ZAF | Transport, storage and communication | The paper explores the relationship between travel agencies and suppliers to identify problems and limitations in the industry. | ✓ | ✓ | ✓ | ✓ | Partial - trust, commitment, loyalty | Quan | (Mornay Roberts-Lombard, 2010) |
| A supply chain perspective on the supplier relationship practices of travel agencies in Gauteng | ZAF | Transport, storage and communication | The paper explores the supplier relationship practices of travel agencies in Gauteng and the impact on the relationships. | ✓ | ✓ | ✓ | ✓ | Partial - trust | Quan | (Mornay Roberts-Lombard, 2009) |
| The supplier relationships of manufacturing businesses in the PRDMSH region | ZAF | Manufacturing | This study investigates the dimensions of Value-managed Relationships between manufacturing businesses in the Potchefstroom, Klerksdorp, | ✓ | ✓ | ✓ | ✓ | Partial - limited to survey questions | Quan | (Shyn &amp; Van Rensburg, 2002) |</p>
<table>
<thead>
<tr>
<th>Title</th>
<th>Code</th>
<th>Industry</th>
<th>Description</th>
<th>Methodology</th>
<th>Approach</th>
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<tr>
<td>An analysis of buyer-supplier collaboration in the South African textile industry</td>
<td>ZAF</td>
<td>Manufacturing</td>
<td>The paper explored perceptions regarding buyer and supplier collaboration around product development and explore the factors that influence buyer-supplier collaboration outcomes in the South African textile industry.</td>
<td>Mixed</td>
<td>Partial – product, collaboration</td>
<td>(Parker, 2007)</td>
</tr>
<tr>
<td>Good for whom? Supermarkets and small farmers in South Africa - a critical review of current approaches to increasing access to modern markets</td>
<td>ZAF</td>
<td>Agriculture, hunting, forestry and fishing</td>
<td>The paper explores the dominance of large supermarkets on small farmers and the position of small farmers in a supermarket dominated countries.</td>
<td>Mixed</td>
<td>Partial – dependence, knowledge, power</td>
<td>(Heijden &amp; Vink, 2013)</td>
</tr>
<tr>
<td>What they really think : resolving methodological issues in supply chain ethics research</td>
<td>ZAF</td>
<td>Wholesale and retail trade; repair etchots and restaurants</td>
<td>The paper explores ethics as a factor in buyer - supplier relationships.</td>
<td>Mixed</td>
<td>Partial – ethics</td>
<td>(Chipp, Goldman, &amp; Kleyn, 2007)</td>
</tr>
<tr>
<td>Franchisees' level of satisfaction with the franchise relationship</td>
<td>ZAF</td>
<td>Wholesale and retail trade; repair etchots and restaurants</td>
<td>The paper investigates level of satisfaction of food franchisees.</td>
<td>Mixed</td>
<td>Partial – institutional factors</td>
<td>(Van Wyk &amp; De Jager, 2009)</td>
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<td>Relationship and innovation orientation in a business-to-business</td>
<td>ZAF</td>
<td>Mixed</td>
<td>The study explores the combination of performance and innovation orientation in</td>
<td>Mixed</td>
<td>Partial – performance</td>
<td>(Human &amp; Naude, 2010)</td>
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<tr>
<td>Study Title</td>
<td>Country</td>
<td>Industry/Role Players</td>
<td>Research Focus</td>
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<td>-------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>The relationship marketing practices of travel agencies in the Western Cape Province</td>
<td>ZAF</td>
<td>Transport, storage and communication</td>
<td>An investigation into the relationship marketing practices between travel agencies and the different role players in their market environment.</td>
<td>Mixed</td>
<td>(Roberts-Lombard &amp; Steyn, 2008)</td>
<td></td>
</tr>
<tr>
<td>Franchisee satisfaction among food franchises : an exploratory study</td>
<td>ZAF</td>
<td>Wholesale and Retail trade, repair etc., hotels and restaurants</td>
<td>The focus of this research is on the satisfaction experienced by franchisees in their current franchise system.</td>
<td>Mixed</td>
<td>(Berndt, 2009)</td>
<td></td>
</tr>
<tr>
<td>Relationship Marketing in Practice Myths and Realities</td>
<td>ZAF</td>
<td>Mixed</td>
<td>The purpose of the study was to develop a comprehensive framework that could guide the management of financial services relationships within a business-to-business (B2B) context.</td>
<td>Mixed</td>
<td>(Theron et al., 2012)</td>
<td></td>
</tr>
<tr>
<td>Assessing Relationship Quality</td>
<td>ZAF</td>
<td>Mixed</td>
<td>The paper explores the complex area by first identifying five underlying dimensions of high quality business-to-business relationships: trust; needs fulfillment; supply chain integration; power; and profit.</td>
<td>Mixed</td>
<td>(Naudé &amp; Buttle, 2000)</td>
<td></td>
</tr>
<tr>
<td>A managerial framework for relationship management in the business-</td>
<td>ZAF</td>
<td>Financial intermediation, insurance, real estate and</td>
<td>The purpose of the study was to develop a comprehensive framework</td>
<td>Mixed</td>
<td>(Theron et al., 2012)</td>
<td></td>
</tr>
</tbody>
</table>
Table 9-3: ICT/Information Systems

Search terms: Information and Computing Technologies, Information Technology, channel, vendor, value added reseller + South Africa (ZAF).


No Date limit.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A strategic Analysis of the European Companies in the ICT Sales Channel</td>
<td>Europe</td>
<td>Manufacturing</td>
<td>The goal of this paper is to provide a detailed picture of the ICT sales channel and its players in the European market.</td>
<td></td>
<td>Qual</td>
</tr>
<tr>
<td>An empirical study of important factors of value-added reseller relationship in high-technology sales management: a dual perspective</td>
<td>Unknown</td>
<td>Manufacturing</td>
<td>The main contribution of this study is the suggested framework for applying inter-organizational theories in value-added reseller relationships, and the identification of the underlying factors in VAR relationship management.</td>
<td></td>
<td>Qual</td>
</tr>
</tbody>
</table>
B. Key Human and Interpersonal Relationships Literature

Table 9-4: Key Human and Interpersonal Relationships literature

| A discussion around the factors that influence personal relationships such as interdependence, trust, love, commitment, power, and conflict. | (Kelley et al., 1983; Thomas et al., 2013) |
| Focusing on relationship development and the importance of communication within relationships. | (Knapp & Vangelisti, 1992) |
| The paper focuses on relationship dissolution and the reasons thereof categorised into three themes. | (Duck, 2001) |
| A comprehensive writing on human relationships taking into consideration social, psychological, family and communication perspectives. | (Duck, 2007) |
A paper centred on developing theory around human motivation and self-actualisation. (Maslow, 1943)

A discussion on close relationships and the positive and negative emotional experiences that influence relationships. (Berscheid & Ammazzalorso, 2001)

C. Sample Journal Data

Table 9-5: Sample of Journal

<table>
<thead>
<tr>
<th>Page</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>P 1: CL01 - Data Collection.docx - 1:1</td>
<td>[provides world class equipment..] (5:5) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Dependence - Family: Dependence]</td>
</tr>
<tr>
<td>PROVIDES WORLD CLASS EQUIPMENT AND I SUPPLY THE BEST AVAILABLE SKILLS AND TOGETHER WE DO SOME GOOD BUSINESS</td>
<td></td>
</tr>
<tr>
<td>P 1: CL01 - Data Collection.docx - 1:2</td>
<td>[The most profitable ones, we i..] (11:11) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Profitability]</td>
</tr>
<tr>
<td>THE MOST PROFITABLE ONES, WE IN THIS FOR THE MONEY, NOTHING ELSE</td>
<td></td>
</tr>
<tr>
<td>P 1: CL01 - Data Collection.docx - 1:14</td>
<td>[I’m not significant enough for..] (37:37) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Value]</td>
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<tr>
<td>I’M NOT SIGNIFICANT ENOUGH FOR VENDOR Y</td>
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</tr>
<tr>
<td>P 2: CS01 - Data Collection.docx - 2:2</td>
<td>[We didn’t have those relati..] (10:10) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Alternatives]</td>
</tr>
<tr>
<td>If we didn’t have those relationships we might as well, to be honest, we might as well not have the business.</td>
<td></td>
</tr>
<tr>
<td>P 2: CS01 - Data Collection.docx - 2:21</td>
<td>[We had the CTO come to South A..] (30:30) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Collaboration]</td>
</tr>
<tr>
<td>We had the CTO come to South Africa out of Canada to make sure that the customers is happy and get the perspective of the customer etc, etc, versus a big company, a big vendor in South Africa like a K or a Y where they’ll send an account manager and that’s about it</td>
<td></td>
</tr>
<tr>
<td>P 3: V01 - Data Collection.docx - 3:90</td>
<td>[If I could, I said I could. If..] (47:47) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Transparent]</td>
</tr>
<tr>
<td>If I could, I said I could. If I couldn’t, I said I couldn’t, and I was very clear about why and I stuck to it.</td>
<td></td>
</tr>
<tr>
<td>P 4: V02 - Data Collection.docx - 4:45</td>
<td>[I think initially it’s very mu..] (83:83) (Super)</td>
</tr>
<tr>
<td>Codes:</td>
<td>[Imbalance]</td>
</tr>
<tr>
<td>I think initially it’s very much weighted on the OEM, as the relationship develops I think it does becomes balanced.</td>
<td></td>
</tr>
</tbody>
</table>

D. Assessment of Research Questions with Interview Questions

Table 9-6: Assessment of Research Questions with Interview Questions

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Interview Question</th>
<th>Results (keywords from data transcript)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main question: What are the factors that effect relationship satisfaction between ICT Vendors and VARs in South Africa?</td>
<td>Questions 1-6</td>
<td>No thematic analysis applied to below keywords as they have been selected randomly from transcript.</td>
</tr>
</tbody>
</table>
### Sub Question 1:
Sub Question 1: What are the motivating factors for ICT Vendors entering into a relationship with an ICT VAR partner?

**Question 1, 1a, 1b**
- Scale business, resource requirement, customer requirement, local knowledge, market knowledge, technology knowledge, leverage,

### Sub Question 2:
Sub Question 2: What are the motivating factors for ICT VARs entering into a relationship with an ICT Vendor?

**Question 1, 1a, 1b**
- Good products, customer requirement, market leader, no alternative, longevity of relationship, resource requirement, leverage,

### Sub Question 3:
Sub Question 3: What are the perceived factors that influence ICT Vendor – VAR relationship satisfaction from the perspective of ICT Vendors and VARs in South Africa?

**Questions 2-6**
- Negotiation, trust, commitment, recognition, imbalance, unfair, demanding, arrogance, loyalty, discounts, collaboration, coordination, conflict,

### Sub Question 4:
What effect does environment have on the given relationship atmosphere?

**Question 6**
- Currency, discounts, B-BBEE, skills

### Sub Question 5:
What relationship assessment methods, such as surveys, focus groups, etc. are used to determine satisfaction in a relationship?

**Questions 5d and 5e**
- Regular meetings, they will tell me, none,
E. List of ECI Vendors and Vendor representatives in South Africa

Table 9-7: ECI Vendor and Vendor representatives in South Africa

<table>
<thead>
<tr>
<th>ECI Vendor List</th>
<th>Website</th>
<th>Present in South Africa</th>
<th>Value Added Reseller 1</th>
<th>Value Added Reseller 2</th>
<th>Value Added Reseller 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aastra</td>
<td><a href="http://www.aastra.com">www.aastra.com</a></td>
<td>Yes</td>
<td>Advanced Voice Systems</td>
<td>Converged Telecoms</td>
<td>Dimension Data</td>
</tr>
<tr>
<td>Alcatel-Lucent</td>
<td><a href="http://www.alcatel-lucent.co.za">www.alcatel-lucent.co.za</a></td>
<td>Yes</td>
<td>Bytes Connect</td>
<td>AFK Communication</td>
<td>6 Solutions Automation</td>
</tr>
<tr>
<td>Avaya/Radvision</td>
<td><a href="http://www.avaya.com">www.avaya.com</a></td>
<td>Yes</td>
<td>Axiom WorkGroup</td>
<td>Blue Turtle</td>
<td>Telescience</td>
</tr>
<tr>
<td>BelAir</td>
<td><a href="http://www.ericsson.com">www.ericsson.com</a></td>
<td>Yes</td>
<td></td>
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<td></td>
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<tr>
<td>Breezeecom</td>
<td><a href="http://www.breeze.com">www.breeze.com</a></td>
<td>Yes</td>
<td></td>
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<tr>
<td>Cisco Systems</td>
<td><a href="http://www.cisco.com">www.cisco.com</a></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Citrix</td>
<td><a href="http://www.citrix.com">www.citrix.com</a></td>
<td>Yes</td>
<td></td>
<td></td>
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<tr>
<td>Computer Associate</td>
<td><a href="http://www.ca.com">www.ca.com</a></td>
<td>Yes</td>
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<tr>
<td>Dell</td>
<td><a href="http://www.dell.com">www.dell.com</a></td>
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<td>Ericsson</td>
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<td>Extreme Networks</td>
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<td>Fujitsu</td>
<td><a href="http://www.fujitsu.com">www.fujitsu.com</a></td>
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<td>Hitachi</td>
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<td>Yes</td>
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<tr>
<td>HP Networking</td>
<td><a href="http://www.hp.com/za">www.hp.com/za</a></td>
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<td></td>
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<td>Huawei</td>
<td><a href="http://www.huawei.com">www.huawei.com</a></td>
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<td>IBM</td>
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<td>Intel</td>
<td><a href="http://www.intel.co.za">www.intel.co.za</a></td>
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<td>Interactive IT</td>
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<td>Juniper</td>
<td><a href="http://www.juniper.net">www.juniper.net</a></td>
<td>Yes</td>
<td></td>
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<td>Meraki</td>
<td><a href="http://meraki.cisco.com/">http://meraki.cisco.com/</a></td>
<td>Yes</td>
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<tr>
<td>Microsoft</td>
<td><a href="http://www.microsoft.com">www.microsoft.com</a></td>
<td>Yes</td>
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<tr>
<td>Mitel</td>
<td><a href="http://www.mitel.co.za">www.mitel.co.za</a></td>
<td>Yes</td>
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<td></td>
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<tr>
<td>Motorola</td>
<td><a href="http://www.motorola.com">www.motorola.com</a></td>
<td>Yes</td>
<td></td>
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<tr>
<td>NEC</td>
<td><a href="http://www.nec.com">www.nec.com</a></td>
<td>Yes</td>
<td></td>
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<tr>
<td>Nokia</td>
<td><a href="http://www.nokia.com">www.nokia.com</a></td>
<td>Yes</td>
<td></td>
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<td></td>
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<tr>
<td>Oracle/Accenture</td>
<td><a href="http://www.oracle.com">www.oracle.com</a></td>
<td>Yes</td>
<td></td>
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<td></td>
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<td>Proxim</td>
<td><a href="http://www.proxim.com">www.proxim.com</a></td>
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<tr>
<td>Ruckus</td>
<td><a href="http://www.ruckuswireless.com">www.ruckuswireless.com</a></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>VMWare</td>
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<td>Yes</td>
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</table>

F. Various Industry Classification Codes

Table 9-8: Classification Systems

<table>
<thead>
<tr>
<th>Classification Body</th>
<th>Classification System</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISIC</td>
<td>26</td>
<td>Manufacture of computer, electronic and optical products</td>
<td>UN, 2008</td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>Telecommunications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>95</td>
<td>Repair of computers and personal and household goods</td>
<td></td>
</tr>
<tr>
<td>NAICS</td>
<td>517110</td>
<td>Wired Telecommunications Carriers</td>
<td>NAICS, 2013</td>
</tr>
<tr>
<td></td>
<td>517210</td>
<td>Wireless telephone communications carriers, except satellite</td>
<td></td>
</tr>
<tr>
<td></td>
<td>517410</td>
<td>Satellite Telecommunications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>517919</td>
<td>All Other Telecommunications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>518210</td>
<td>Data Processing, Hosting, and Related Services</td>
<td></td>
</tr>
<tr>
<td>SIC</td>
<td>Description</td>
<td>NAICS, Statistics South Africa, 2013</td>
<td></td>
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<tr>
<td>--------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------</td>
<td></td>
</tr>
<tr>
<td>334210</td>
<td>Telephone Apparatus Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>334613</td>
<td>Blank Magnetic and Optical Recording Media</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>541513</td>
<td>Computer Facilities Management Services</td>
<td></td>
<td></td>
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<tr>
<td>517911</td>
<td>Telecommunication Resellers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>423430</td>
<td>Computer and Computer Peripheral Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>and Software Merchant Wholesalers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>61</td>
<td>Telecommunications</td>
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<td></td>
</tr>
<tr>
<td>47310</td>
<td>Retail sale of computers, peripheral units,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>software and telecommunications in specialised</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>46520</td>
<td>Wholesale of electronic and telecommunications</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>equipment and parts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26510</td>
<td>Manufacture of measuring, testing, navigating</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>and control equipment (for manufacture of</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>optical measuring and checking devices and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>instruments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4649</td>
<td>Wholesale of radio equipment</td>
<td></td>
<td></td>
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<tr>
<td>631</td>
<td>Data processing, hosting and related activities;</td>
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<td></td>
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<td></td>
<td>web portals</td>
<td></td>
<td></td>
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<tr>
<td>58120</td>
<td>Publishing of lists of facts/information (databases) that are protected in their form, but not in their content.</td>
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<tr>
<td>6190</td>
<td>Other telecommunications activities</td>
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</table>

### G. Categories Code Book

Table 9-9: Codebook based on Interaction Approach

(Håkansson, 1982; Hallén & Sandström, 1988; Sutton-Brady & Cameron, 2002; Sutton-Brady, 2001)

<table>
<thead>
<tr>
<th>Category</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power/Dependence</td>
<td>PD</td>
<td>Business relationships may be balanced or imbalanced and is dependent on the resource position of one of the parties.</td>
</tr>
<tr>
<td>Cooperation</td>
<td>CO</td>
<td>It is the willingness to work towards common goal, advantage or mutual benefit.</td>
</tr>
</tbody>
</table>
Closeness

It is the appreciation of cultural and social distances.

Expectations

It is the establishment and measurement of agreed goals, legal bonds and contracts.

Table 9-10: Codes that Emerged from Data Analysis

<table>
<thead>
<tr>
<th>Codes</th>
<th>Category</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Closeness/Distance</td>
<td>Closeness/Distance</td>
</tr>
<tr>
<td>Culture</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Personal Investment</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Race</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Closeness</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>Closeness/Distance</td>
<td></td>
</tr>
<tr>
<td>Risks</td>
<td>Commitment</td>
<td>Commitment</td>
</tr>
<tr>
<td>Commitment</td>
<td>Commitment</td>
<td></td>
</tr>
<tr>
<td>investment</td>
<td>Commitment</td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>Commitment</td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>Communication</td>
<td>Communication</td>
</tr>
<tr>
<td>Feedback</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Survey</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Accessible</td>
<td>Cooperation/Conflict</td>
<td>Cooperation/Conflict</td>
</tr>
<tr>
<td>Alignment</td>
<td>Cooperation/Conflict</td>
<td></td>
</tr>
<tr>
<td>Adaptation</td>
<td>Power/Dependence</td>
<td></td>
</tr>
<tr>
<td>Competitiveness</td>
<td>Cooperation/Conflict</td>
<td></td>
</tr>
<tr>
<td>Conflict</td>
<td>Cooperation/Conflict</td>
<td></td>
</tr>
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Any individual in the Faculty of Commerce at the University of Cape Town undertaking any research that involves the use of human subjects, or research that may hold ethical consequences for the University of Cape Town, is required to complete this form and obtain approval before conducting research. The completed form should be submitted as an electronic document to departmental Ethics Committee representatives for submission to the Commerce Faculty Ethics in Research Committee. Please also submit electronic copies of your research proposal, informed consent form or other information used to obtain consent, and any questionnaires other material shown to subjects.

1. PROJECT DETAILS

**Project title:** An Exploration into the ICT Vendor – Value Added Reseller (VAR) partnerships and the perceived factors that influence relationship satisfaction in South Africa

**Principal Researcher/s:** Ishmael Hassa  
Email address(es): Ismael.hassa@gmail.com

**Research Supervisor:** Maureen Tanner  
Email address(es): Maureen.Tanner@uct.ac.za

**Co-researcher(s):**

**Brief description of the project:** From a vendor perspective, the ICT downstream supply chain consists of customers and Value-added Resellers or VARs (resellers, specialist partners, system integrators and distributors). The relationship between the vendor and the VARs is not well understood - especially the factors which influence this relationship. The purpose of the project is to better understand the motivation for partnership formation and the perceived factors that influence this relationship from the perspective of vendor and VAR in the context of ICT industry in South Africa.
Keywords

ICT Vendor VAR reseller partner relationship satisfaction South Africa factors

Data collection: (please select)

X Interviews ☐ Questionnaire ☐ Experiment ☐ Secondary data ☐ Observation
☐ Other (please specify): ____

Procedure: (please describe)

An introduction letter will be sent out detailing the purpose of the study, the expectations of the interview process, the benefits, and the commitment to confidentiality and brevity.

The intention is to interview both VARs and vendors in separate semi structured interviews. The interview will be conducted will be conducted by means of a web conferencing tool due to the location of ICT firm’s headquarters which is geographically dispersed in South Africa. The interviews will be recorded. The participants will be made aware of recording of the sessions. The participants will be management level and above and be responsible for the relationship between the vendor and VAR. A representative mix has been selected which is contained within the sample frame of the Research Design. A balance, terms of size of vendor and VAR, will ensure that input received fairly represents the vendors and VARs.

The study will be cross sectional in nature hence a once off assessment will be conducted over a short time period. A file and aliasing system will be used throughout the study to ensure confidentiality and consistency.

The audio files will be transcribed when necessary in order to make references.

Thematic analysis will be used to code the data in order to develop theory.

No mention or reference will be made to persons or organisations unless specifically authorised by the participants and organisations.

The data and audio files will be securely stored and deleted once the research value has been extracted or advised otherwise by UCT and my supervisor.

2. PARTICIPANTS
### Characteristics of participants:

- **Gender:** NA
- **Race / Ethnicity:** NA
- **Age range:** NA
- **Location:** NA
- **Other:** Senior persons responsible for the business relationships between vendors and VARs

### Race / Ethnicity:

Have you included a "Prefer not to Answer" response category in your questionnaire? *(please select)*

- [ ] Yes
- [ ] No
- [x] Not applicable

If you answered ‘No’ why not?

### Affiliations of participants: *(please select)*

- [x] Company employees
- [ ] UCT staff
- [ ] General public
- [ ] UCT Students
- [ ] Other (please specify): ______

If your sample includes children (aged 18 and below), mentally incompetent persons, or legally restricted groups please explain below why it is necessary to use these particular groups. If subjects are minors or mentally incompetent, please describe how and by whom permission will be granted? If you are including children under the age of 18 and are not getting parental consent, please explain why you believe that their parents would consent if it was possible to contact them.

N/A
3. ORGANISATIONAL PERMISSION

If your research is being conducted within a specific organisation, please provide organisational permission or explain how permission will be obtained.

This is not applicable as multiple organisations are part of the sample frame. Consent forms will be received from participants.

For some participants such as Senior Management / Decision makers, executives and owners, oral consent will be obtained during the interview process and recorded within the audio conferencing files.

Are you making use of UCT students as respondents for your research? (please select)  □ Yes  □ No  
If yes, have you contacted Executive Director: Student Affairs for permission? (please select)  □ Yes  □ No  
Was approval granted? (please select)  □ Yes  □ No  □ Awaiting a response

Are you making use of UCT staff as respondents for your research? (please select)  □ Yes  □ No  
If yes, have you contacted Executive Director: Human Resources for permission? (please select)  □ Yes  □ No  
Was approval granted? (please select)  □ Yes  □ No  □ Awaiting a response

Contact Emails: Executive Director: Human Resources  (Miriam.Hoosain@uct.ac.za)  
Executive Director: Student Affairs  (Moonira.Khan@uct.ac.za)

4. INFORMED CONSENT
What type of consent will be obtained from study participants?

- written consent
- anonymous survey
- oral consent (please justify)

As the sample will include Senior Management, executives and owners of the organisations they represent, the consent and approval resides with the participants. Therefore, oral consent will be obtained at the beginning of the interview and recorded as part of the audio recordings. For company employees that are not Senior Management and executives, signed consent forms will be requested.

- other (please specify)

How and where will consent/permission be recorded?

Consent will be in the form of consent forms, and audio recordings.

5. CONFIDENTIALITY OF DATA

What precautions will be taken to safeguard identifiable records of individuals? Please describe specific procedures to be used to provide confidentiality of data by you and others, in both the short and long run. This question also applies if you are using secondary sources of data that is not anonymous.

The data will be in audio format initially, thereafter transcribed into MS Word files for analysis. An aliasing system will be used that replaces the participant and organisation names. For example: Vendors that are large, will be referenced as Vnn, vendors that are small – VSnn, Large Value Added Resellers(channel) – CLnn, Small Value Added Resellers – CSnn. The participant number = nn. The aliasing system will be used throughout the dissertation to reference data. In order to maintain accuracy and consistency, the audio and MS Word transcripts will follow the same aliasing system. The MS Word files will be password protected and data encrypted.

A Microsoft Excel file will contain the aliasing system, the names of participants and organisations. This file will be password protected and data encrypted.

Once the audio and data is no longer required, the files will be permanently deleted.

6. RISK TO PARTICIPANTS
Does the proposed research pose any physical, psychological, social, legal, economic, or other risks to study participants you can foresee, both immediate and long range? (please select)

☐ Yes  X No

If yes, answer the following questions:

1. Describe in detail the nature and extent of the risk and provide the rationale for the necessity of such risks
2. Outline any alternative approaches that were or will be considered and why alternatives may not be feasible in the study
3. Outline whether and why you feel that the value of information to be gained outweighs the risks

1.

2.

3.
What authorship agreement have you reached with your co-researchers or supervisor?

- This research is not intended for publication
- Standard authorship agreement (principal researcher first author, co-researcher(s) and supervisor(s) co-authors)
- Customised agreement (please specify below):

I certify that we have read the UCT Authorship Policy, and Commerce Faculty Authorship Guidelines
(http://www.commerce.uct.ac.za/Commerce/Information/research.asp)

I certify that the material contained herein is truthful and that all co-researchers and supervisors are aware of the contents thereof.

I understand that it is my responsibility to conduct research in accordance with the ethical requirements of UCT.

Applicant’s signature: [signature]

Date: 03.09.2013

<table>
<thead>
<tr>
<th>CHECKLIST</th>
<th>SELECT</th>
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<tbody>
<tr>
<td>A full copy of a research proposal or a literature review with methodology is attached</td>
<td>X</td>
</tr>
<tr>
<td>Research proposal/ interview schedules / cover letters / questionnaires / forms and other materials used in the study are attached/ consent form</td>
<td>X</td>
</tr>
<tr>
<td>Organisational consent letter / UCT student or staff approval letter</td>
<td>X</td>
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<tr>
<td>On your cover letter to your questionnaire have you included the following?</td>
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<td>1. The following UCT Logo</td>
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<td>2. A sentence explaining the aim of the research</td>
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<tr>
<td>3. Sentences of a similar nature to below must be included in the cover letter or consent form:</td>
<td></td>
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<tr>
<td>This research has been approved by the Commerce Faculty Ethics in Research Committee.</td>
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<tr>
<td>Your participation in this research is voluntary. You can choose to withdraw from the research at any time.</td>
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</table>
The questionnaire will take approximately X minutes to complete.

You will not be requested to supply any identifiable information, ensuring anonymity of your responses.

Due to the nature of the study you will need to provide the researchers with some form of identifiable information however, all responses will be confidential and used for the purposes of this research only.

Should you have any questions regarding the research please feel free to contact the researcher (insert contact details).

4. Have you scanned in your signature for the last section of the form?
I. Information and Consent form

Department of Information Systems
Faculty of Commerce
University of Cape Town, Private Bag 7701, Rondebosch, Western Cape, South Africa
4th Floor, Leslie Commerce Building, Engineering Mall, Upper Campus,
Tel: +27 (0) 21 650 2261 Fax: +27 (0) 21 650 4369
E-mail: linda.mago@cst.uct.ac.za (general enquiries)
Internet: http://www.commerce.uct.ac.za/InformationSystems/

Title of Research Project: An Exploration into the ICT vendor – Value Added Resellers (VAR) partnerships and the perceived factors that influence relationship satisfaction in South Africa

Dear Sir/Madam,

I am conducting a research towards a Master’s degree in Information Systems within the Faculty of Commerce. The research has been approved by the Commerce Faculty Ethics in Research Committee. I am researching the motivation of vendors and value added resellers (VAR), of Information and Communication Technologies (ICT), in pursuing partnerships. I am also exploring the factors that influence relationship satisfaction in the aforementioned partnerships. I would like to invite you to participate in the project.

You have been identified as someone from the industry that can contribute to this research and help grow the knowledge around the industry and the stakeholders in the South African context. Please understand that your participation is voluntary and the choice to participate is yours alone. All information is confidential and no names of persons or companies will be in the report. If you choose to participate, but wish to withdraw at any time, you will be free to do so without negative consequence. However, I would be grateful if you would assist me by allowing me to interview you.

I will be conducting a one-to-one interview with you in which I will ask you questions about past and present experiences around the mentioned points. The interview will last for approximately 45 minutes and will be audio recorded. The audio recordings will be transcribed into text in order to find patterns from several interviews. The audio recordings and transcripts will be secured but destroyed upon successful completion of the study. Should you prefer, no names of people or organisations would be used during the interview to ensure anonymity. In addition, should the recording of audio be a problem for you, please make this known so that an alternate approach may be taken.

The completed research will be presented to the University of Cape Town for academic purposes. Participants’ details will not be published as part of the report and all participants and organisations will remain anonymous. A copy of this research will be made available to all participants.

Should you be willing to contribute to this study, please sign the attached consent form. If you have any questions regarding the research please feel free to contact me on 074-226-2222 or via email Ismael.Hassan@gmail.com.

Thank you for your kind consideration and time.

Ismail Hasaan
UCT Student ID: HBSIS13001
Masters Student
Department of Information Systems
Faculty of Commerce
University of Cape Town
Email: Ismael.Hassan@gmail.com

Mauroe Tanner
Senior Lecturer
Research Supervisor
Department of Information Systems
Faculty of Commerce
University of Cape Town
Email: ma.tanner@uct.ac.za
J. Interview Questions, Participant details and Interview template document

1. Explain what the research is all about – opinions etc.

2. Participant Details

<table>
<thead>
<tr>
<th>Vendor / VAR: Large/SME</th>
<th>Assigned Anonymous ID</th>
<th>Name</th>
<th>Position</th>
<th>Location</th>
<th>Organisation</th>
<th>Number of Employees</th>
<th>Origin of firm (local, international)</th>
<th>Global presence of firm</th>
<th>No. of years in business</th>
<th>Annual Revenue (if not confidential)</th>
<th>Core activities</th>
<th>No. of ICT Vendor/VAR relationships</th>
<th>Key Vendor/VAR relationships – name</th>
<th>Specialisations</th>
</tr>
</thead>
</table>

Start Recording

3. Get Oral Consent

4. Interview Questions
1. Why do you have a relationship with vendor/VAR?

1a Can you explain from your perspective the concept of relationship

1b What are the alternatives?

1c How do you decide on which relationship(s) to develop and invest?

2. How would you describe the relationship you have with your most significant vendor/VAR?

2a How would you describe the value contribution the relationship with the significant vendor/VAR has on your organisation?

3. Do you have other relationships with vendors or VAR?

3a How would you describe the relationships with the other vendors/VAR?

3b How would you describe the value contribution the relationship with vendor/VAR has on your organisation?

3c Why do you maintain the relationship with less significant partners?

4. In comparing relationships that you have with small and large partners (vendors/VARs), what are the differences, if any?

4a Why do you think that?

5. How would you describe satisfaction in the context of your relationship with vendor/VARs?

Please describe the concept of satisfaction

5a What factors are important in establishing relationship satisfaction?

5b Does the relationship meet with your expectations? Why do you say that?

5c Are the contributions to relationship balanced? What makes you say that?

5d How do you know if the vendor/VAR that you in a relationship is satisfied?

5e What tools, methods, and assessments are used to ascertain satisfaction?

6. Describe external environment factors that have an influence on the relationship (BBBEE, currency, social, cultural, political)?

7. Do you have any recommendations on VARs or vendors to interview?

Thank the participant and mention that they can get the transcript and copy of the report.

**Stop Recording**