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ABSTRACT

The purpose of this paper is to present Interactive Network Branding (IN-Branding) and discuss its main constituents through the actor-resource-activity (ARA) model of business relationships. As a theoretical background the paper presents traditional ARA model of the Industrial Marketing and Purchasing Group. In the same manner, the importance of IN-Branding for business relationship development is elaborated. The Pyramid of IN-Branding, as a new theoretical framework, advocates the merge between business network and corporate branding literature. The actor layer of IN-Branding pyramid is presented by individual human actors, the resource layer through their social network relationships, while activity layer is acknowledged through interactions, as strategic activities of individual actors. This paper is the first attempt to link one of the business network models with corporate branding. It builds understanding of the key concepts and mutuality of two distant but important business paradigms, and thus provides unique conceptual and managerial implications.

Keywords Interactive Network Branding, human actors, social network connections, corporate branding, resources, interactions.

INTRODUCTION

The traditional actor-resource-activity (ARA) model (Håkansson and Johanson 1992, Håkansson and Snehota 1995) has been created by the Industrial Marketing and Purchasing (IMP) group in order to provide framework for analyzing and studying long-term industrial relationships and networks. This provided a novel view on business organizations, where interactions between companies played the crucial role for their mutual development.

Although the ARA model has been focused on interrelatedness of companies in business settings, it did not pay attention on the importance of corporate branding for those processes. This is confirmed with a fact that even though corporate branding have received a significant amount of attention over the last decades (Balmer 2011), its influence on business relationships and networks have mostly been neglected (Koporcic and Törnroos 2015). As Balmer and Greyser (2003) highlight, corporate branding represents an informal contract between a company and its brand community, i.e. its network of business actors. Furthermore, a corporate brand can be understood as a combination of tangible and intangible assets of a company, and a source of differentiation in the business network (Balmer 2008). Conjointly, as it has been noticed by Rindell and Strandvik (2010), a management of
corporate brands presents a strategic key issue, which concerns company, as well as its business partners.

This paper therefore thrives to overcome aforementioned gaps and advance current literature on corporate branding and business market management by introducing the Interactive Network Branding (IN-Branding) as a strategic concept of business networks. Additionally, it aims to provide an answer on a question: What are the main elements of IN-Branding from the business network perspective? Thus, in order to understand the actors, resources and activities of IN-Branding, the importance and the role of individuals, their social network connections and strategic interactions needs to be acknowledged in consistent manner. This novel perspective is therefore elaborated through aforementioned variables, using the traditional ARA model as its theoretical background. Introducing the IN-Branding through ARA model presents the potential value for corporate marketers, as well as for business marketing managers and scholars. The combination of these relatively distant paradigms is resulting in the creation of the new framework and shows a multidimensional perspective on the issues at hand.

The paper is divided into four sections. The first section reviews the traditional ARA model, as a theoretical background of the paper. The next section introduces the emerged new conceptual framework, which brings together the traditional ARA model with IN-Branding attributes. The framework consists of individuals as human actors of IN-Branding, strategic interactions as activities, and social network connections as resources. By referring to those novel layers, the strongly needed brand and deeper individual perspective that traditional model has been lacking is provided. The following section presents the Pyramid of IN-Branding, together with discussion and conclusions, in which the new and traditional models are compared. Finally, implications for practitioners and academics follow, together with future research suggestions.

THEORETICAL BACKGROUND

Traditional ARA model

The model of actors, resources and activities (ARA) has first been developed in 1992 and introduced as a model of business networks (Håkansson and Johansson 1992). It follows the IMP research tradition and highlights the importance of business networks as sets of connected business relationships (Anderson, Håkansson and Johanson 1994). These relationships and their functions in networks are characterized with three interrelated components or layers: actors, resources and activities (Håkansson 1987, Anderson et al. 1994, Håkansson and Johansson 1992, Håkansson and Snehota 1995). The ARA model thus presents a cornerstone in developing business relationships and networks. It provides a complementary perspective on business markets, where the focus of research is shifted from a single dyadic relationship between buyer and supplier, towards a broader network view (Axelsson 2010).
Actor layer presents individuals, groups of individuals, business departments, companies, or groups of companies, and can be defined as: “those who perform activities and/or control resources.” (Håkansson and Johanson 1992, p. 28). Actors start, develop and end business relationships with other actors and their activities are based on direct and indirect control over resources (ibid.). The knowledge and experience about resources, other actors and activities in the network are different for each actor, and it is hence important to highlight that “everything is possible if an actor gets the support of the network, while at the same time nothing can be done if the network goes against the actor” (Håkansson and Snehota 1995, p. 201). This furthermore validates the importance of business actors, relationships, and their mutual interconnections through resources and activities. Those relationships or bonds are imperative of mutual development and learning, they create a meaning for each actor in a business network, and they are necessary part of business accomplishments (ibid.). As Håkansson and Ford (2002) stated, higher the importance of particular relationship is, higher is the importance of individual actors who are part of it.

Resources furthermore include tangible and intangible assets of companies and correspond to financial, technological, time, and human resources. They are often controlled by single company or jointly in cooperation with other business actors from a network. When controlled either by one or several actors, the control is defined as direct, compared to indirect control when resources are managed by those who are having business relationships with aforementioned actors. Resources can thus be defined as: “means used by actors when they perform activities” (Håkansson and Johanson, p. 28). Additionally, it is important to distinguish two sides of resource, namely provision and use side, in which provision side entails elements of each resource that can be of use (Håkansson and Snehota 1995). In other words, a specific resource can only provide potential value, and be partly shaped by the provider alone, where the actual value of that resource is created only through its use side, i.e. through interactions between business partners (Baraldi, Gresetvold and Harrison 2012). As such, even business relationships can be recognized as resources: “A relationship is a resource which ties together various resource elements” (Håkansson and Snehota 1995, p. 31). This is elaborated as an investment process, where relationship itself is seen as an investment that usually involves financial costs that will pay off once the relationship is developed. At that point, the relationship is becoming an asset, which needs to be used in efficient and effective way (ibid.).

Lastly, various activities are performed by actors when they create resources, develop them over time, combine with other resources, or exchange them (Håkansson and Johanson). Therefore, it can be concluded that those activities are not performed in isolation, but instead, relying on the activities of other business actors. They can furthermore be described as performance of two or more companies, where resources are mutually utilized and where actors are learning and developing through cooperation and shared network perceptions (Anderson et al. 1994). In order words, “business relationships are the mechanism by which the activity interdependencies are handled” (Håkansson and Snehota 1995, p. 51). Besides that, there are various links between activities, which are often connected to each other in different manners and more or less strong links. Some activities are directly connected, i.e.
linked to each other, while others have intermediate activities in between, and are therefore indirectly connected (Håkansson and Johanson 1992).

As shown in the Figure 1, actor, resource and activity layers are all interconnected and mutually affecting each other. Thus, the interplay between them can be looked upon as a driving force for the development of each business relationship in the network (Håkansson and Snehota 1995).

INTERACTIVE NETWORK BRANDING IN BUSINESS RELATIONSHIPS

IN-Branding (Koporcic and Törmoos 2015) can best be described as a strategic attempt of companies to position themselves in an embedded network of business actors. As Gadde et al. (2003, p. 358) describe: strategic action is defined as efforts of a firm to influence its position in the network of which it is part.” In other words, IN-Branding presents strategizing in business networks throughout of which companies are developing their corporate identities and reputation in a network, and through interactions with other business actors position themselves in domestic and/or foreign markets. Strategizing is thus achieved through collaborations and interactions that create mutually perceived value outcome for each company, each relationship, and for a business network in general. Direct and indirect business relationships are therefore socially constructed through IN-Branding, and have a bearing on each other’s corporate identity and reputation in a network.

Furthermore, if we take a look on IN-Branding as a strategic concept, it can be understood as a combination of a business strategy that tends to initiate, develop and maintain long-term business relationships. Besides that, it also involves some features of corporate branding strategy, such as identity and reputation building. This, however, is not done in a traditional way, by focusing on a single firm and its internal strategies. Instead, IN-Branding denotes mutuality and networking between companies, in which not only a single firm is participating in strategy execution, but the whole network of business relationships is involved. In this manner, corporate identity is built both by the company itself, but is also influenced through interactions with its business partners. Corporate reputation is built in the eyes of others, i.e. by other companies, but is also influenced by a single firm and its strategic activities. In summary, IN-Branding is interacted in networks and presents a joint value component of business relationships. Therefore, it embodies characteristics of both corporate branding and network strategies.

In order to gain deeper understanding of IN-Branding, a need for conceptualization of its main constituents appears. With this in mind, and following the traditional ARA model, actors, resources and activities of IN-Branding are elaborated in the following text.

Actors of IN-Branding

In order for business activities to be carried out and resources utilized, companies need human actors. The actor part of IN-Branding is therefore similar to one of the traditional ARA model, in which actors of a business networks are, among others, individuals, or group of individuals that have a control over resources and firm activities (Håkansson and Johansson 1992). “It is individuals who endow business networks with life. What happens in a network stems from the behavior of individuals who bring into the relationships between companies their intentions and interpretations upon which they act” (Håkansson and Snehota 1995, p. 192). Those actors are never isolated from each other, or alone in the network,
instead, “they are formed in their perceptions, knowledge, capabilities and intents by others” (ibid: 192). With this in mind, actors of IN-Branding are human actors, i.e. employees of companies, such as sales or marketing people, whose main task is to communicate with individuals from other companies. Besides them, directors of companies and managers on various levels play an important role as well, especially for development of business relationships. Those individuals are presenting their companies, acting on their behalf, interacting with other representatives, using resources, and performing all business activities. Individuals can furthermore be understood as boundary spanners in networks, which enact and influence corporate identity and reputation building (Koporcic and Törnroos 2015).

Connections between companies, i.e. bonds between them are created because of connections and bonds between individual human actors from companies (Håkansson and Snehota 1995). These bonds are intrinsically developed through previous, current and potential business relationships. In other words, the actor layer consists of interpersonal relationships and social network connections developed between human actors through the process of interaction. They are furthermore influencing how each firm is perceived by other firms, i.e. how the reputation is built, maintained and improved or destroyed over time. Besides that, human actors from one company are being influenced by actors from other companies, which mean that corporate identity (i.e. their internal perspective on the company) has been influenced through the same process. Especially in the newly founded small and medium sized (SMEs) companies, founders are often seen as the company itself. In those cases one individual human actor is responsible for most of business actions and interactions, and therefore his/her social network connections are crucial for firm existence in a business network.

**Resources of IN-Branding**

In order for actors to accomplish and perform business activities, resources are acknowledged to be of crucial importance (Håkansson and Johanson 1992). In broader terms, they include all resources of single companies, resources of their business relationships, even resources of embedded networks of business actors. While previous research acknowledged a wide range of different kinds of resources and their importance for business functioning, IN-Branding highlights the influence and importance of social network connections for firm strategizing in business networks. Following the social network theory, social relationships can be defined as connections or informal relationships between entrepreneurs and their friends, relatives, and business contacts (Fombrun 1982, Birley 1985). From the IN-Branding perspective those resources are jointly controlled by individual human actors of companies, and involve personal connections from previous, current and potential business relationships. Throughout of them, human actors are getting access to other resources and necessary information, as well as acquiring a deeper understanding of what is expected of them in a certain relationship (Podonly and Baron 1997). This is specifically important for SMEs, because those small companies are generally lacking multiple resources and thus facing various liabilities (Sepulveda and Gabrielsson 2013). Therefore, as previous research highlighted, for overcoming liabilities of smallness, newness as well as uncertainty, founders are often relying on personal, i.e. social connections and networks as their most important resource (ibid.).

Thus, IN-Branding introduces social network connections as a strategic resource. Following the line of reasoning from the previous research on social networks, IN-Branding agrees with the resource dependency, and claim that social and personal network connections are important for providing further access to other relevant resources. For instance, when a founder of a small company is just starting a business, he/she cannot have all possible
financial, as well as human resources for developing formal and strategic business relationships. Instead, a founder is relying on its existing social network connections. In some cases those includes previous business partners that can join the founder’s new business, or can provide knowledge on potential business partners. In other cases those are members of family or friends that are involved in other businesses and can provide sufficient knowledge or expertise. That also relates to their lack of financial resources for e.g. conducting a formal market research. Instead, companies rely on their trustful social connections and their inside information on specific market characteristics. As Sepulveda and Gabrielsson (2013, p. 793) in their study on small internationalized born global (BG) companies highlight: “...newly incepted BGs have an insufficient amount of basic resources to survive on their own. Consequently, the early types of resources BGs seek externally are those intended to alleviate shortages within the firm (e.g. Partanen et al. 2008), including financing (Kazanjian 1988), organizational resources (Coviello and Cox 2006), or physical assets like machinery, office space, trucks, etc. (Brush et al. 2001).”

To repeat, social network connections and informal relationships are playing an important role, especially for small companies that are facing many liabilities right after their foundation. As Håkansson and Snehota (1995) argue, every company is just a ‘mental construction’ of individuals who plan their activities with an end goal to overcome resource shortages. In order to do so, individuals are joining together and combining their resources. IN-Branding therefore focuses on those connections as crucial strategic resources. However, questions arise: Who is in a control of those resources, and can they be completely controlled? To what extent can physical distance affect business success?

**Activities of IN-Branding**

Organization theorists and economists were analyzing activities in the past focusing solely on those which are internal for the company. This perspective was neglecting the existence and importance of other companies and their resources, which was acknowledged in network studies of the IMP Group. From this perspective, every company is perceived to be connected with specific number of other companies, between whom specific activities emerge (Håkansson and Snehota 1995). As such, the activity layer presents tightly and systematically linked activities of companies embedded in their specific networks (Waluszevski et al. 2008).

IN-Branding furthermore focuses on relational activities of various companies, where both existing and potential business partners are involved. At the same time, it moves from the company level, i.e. organizational perspective, towards individual perspective, where human actors and their strategic interactions are in the focus of research. This accordingly leads toward a network of various interactions, which are guided by human actors and their mutual interactions. Those strategic interactions inside of a company are characterized by activity networks and social network connections that emerge between individuals of different business units in the same company. However, these are never isolated, instead, they are mutually connected through social network connections and interactions with business partners. Interactions between companies are therefore followed by joint or mutual activity networks, in which particular individuals from different companies are involved. In other words, the foundation of this layer lies in the interdependency between the other two layers, namely between actors and resources of IN-Branding.

Activities in overall serve as mechanisms for achieving fundamental business, but also for development of corporate identity and reputation, which then leads toward better positioning
of a firm in its business network. As has been said, every company presented by its human actors is connected to a unique set of business partners and their human representatives. Throughout these strategic interactions a unique identity and reputation of each company is created and maintained. A network position can thus be understood as a result of strategic interactions with representatives of company’s close business partners. This furthermore has an influence on strengthening existing and building new IN-Branding resources, i.e. social network connections.

DISCUSSION AND CONCLUSIONS

The previous research of the IMP group has been focused on analyzing stability and change, as well as development of business relationships and networks, while the importance of branding for aforementioned processes has been left aside. Motivated by this research gap, the paper aims to bring together two different but important research paradigms and provide an answer on a question: what are the main elements of IN-Branding from the business network perspective? The paper is specifically focusing on the traditional ARA model of the IMP Group (Håkansson and Johanson 1992, Håkansson and Snehota 1995), as a theoretical background for the IN-Branding framework. Some fundamental similarities and differences between them are presented in the Table 1.

Table 1

<table>
<thead>
<tr>
<th>ARA model</th>
<th>Actors</th>
<th>Resources</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional IMP</td>
<td>Firms, parts of firms (departments), group of firms</td>
<td>Tangible and intangible resources of all companies tied together</td>
<td>E.g. production, administration, logistics, delivery</td>
</tr>
<tr>
<td>model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN-Branding framework</td>
<td>Individuals and group of individuals as human actors of companies</td>
<td>Social network connections</td>
<td>Strategic interactions</td>
</tr>
</tbody>
</table>

Starting with the traditional IMP model, it is encompassing a wide spectrum of actors, such as individuals, group of individuals, firms, parts of firms, and group of firms. As noted in the Table 1, IN-Branding is focusing on individual human actors as representatives of firms, which is at the same time a part of traditional ARA model. In other words, traditional ARA model is providing a broader understanding of the actor layer, while IN-Branding provides more specific focus. Those actors are the core of business and branding activities, as well as an important part of relationship and network development. Individuals are those who are responsible for initiating, creating, developing and terminating business relationships. They are also responsible for utilizing their resources, and through activities achieving the goal of IN-Branding, which is a creation of good corporate identity and reputation in a network. Those activities furthermore have an effect on firm strategizing and positioning in business networks. The better the reputation and identity are, the more favorable position a company can acquire in its embedded network. Moreover, as presented in the Figure 3, individuals as human actors of IN-Branding are situated on the top of the Pyramid of IN-Branding, which denote their crucial importance for each company. As already mentioned, they present their
companies, and at the same time create social network connections with other individuals. Those connections are created between individuals of the same company, between individuals of partners’ companies, and even with individuals of competing companies in some occasions.

All those previously attained social network connections, current ones, as well as potential (future) connections present the next layer of the Pyramid (see Figure 3). IN-Branding perspective on resources follows the line of reasoning introduced by the IMP group through their early studies, where resources are recognized as symbols of commitment to the certain relationship (Håkansson 1982). Thus, the resource part of traditional ARA model is described in the Table 1 as tangible and intangible elements of companies that are embedded in specific business networks. This provides a broader view on this layer and includes all resources necessary for carrying out the company’s main activities. However, at the same time, those resources are assumed to be of no value until combined with other resources (Håkansson et al. 2009). IN-Branding, on contrary, introduces social network connections as the crucial strategic resource, which furthermore provides a direct access to all other relevant firm resources. The value of this IN-Branding layer is socially constructed and interacted through human actors and can be furthermore increased by resource combination (Håkansson and Johansson 1992), i.e. by combination of diverse knowledge of each individual. Through the IN-Branding lens, the combination of previous, current and potential social network connections can benefit all firms of a specific network. Even in a dyadic relationship, in which for instance two individuals are sharing their differential knowledge, both firms will potentially benefit from those interactions. A targeted outcome presents socially constructed value of IN-Branding that involves corporate identity and reputation building. At the same time it is important to keep in mind that: “Resources are related to activities performed. They tend to persist over time as activities are continued” (Håkansson and Snehota 1995, p. 134).

Finally, activities are presented in the traditional ARA model (Table 1) as specific business actions, such as production, administration, logistics, and delivery. Although those are important part of everyday business activities, IN-Branding is focusing on a broader level and denotes the importance of all strategic interactions that may occur between individuals. Therefore the last layer of the Pyramid presents activities of human actors, in which they use their social network connections, i.e. IN-Branding resources. Those interactions are specifically influencing identities and reputations of companies in the networks. Therefore it is important to pay attention to our previous business partners, current ones and potential, i.e.
future partners. We are influencing what they think of us, i.e. our reputation in a network. We are also influencing their reputation by shaping thoughts and opinions about them and sharing it among our social and business connections. At the same time all companies involved in strategic interactions will accordingly change, adapt and form their corporate identities, i.e. their internal views of themselves. Those interactions, adaptations and changes all intrinsically describe a process of IN-Branding in business networks. IN-Branding therefore presents the interplay between actors, resources, and activities, which can be looked upon as a socially constructed value outcome of business relationships and networks.

IMPLICATIONS AND FUTURE RESEARCH SUGGESTIONS

This research has important theoretical implications for corporate branding and business market management literature. First, it attempts to resolve a tension between these two paradigms, by adapting and introducing branding concepts into business relationship and network perspective. Second, a novel theoretical framework of actors, resources and activities is introduced, which extends the original understanding of business networks. Third, it provides an implication to corporate branding literature, by elaborating on the importance of individuals, which was not studied in this manner before. Focusing on human actors with their social network connections, and the influence they have on corporate identity, reputation building and ultimately firm positioning, presents a neglected area of corporate branding literature.

Managerial implications of this paper focus on the importance and role of all human actors of each company, and can therefore be of an intrinsic value for market managers. Every employee is an individual actor whose crucial role is representing the company. Marketing, as well as sale and purchasing representatives are responsible for buyer and supplier relationships and will therefore have social network connections with similar representatives from other companies. As Graham and Mudambi (2016, p. 272) highlight: “Yet, at a strategic level, the connections between firms and industrial buyers are described as “partnerships” or “alliances”, and salespersons articulate those relationships. The salesperson can be a direct reflection and extension of company’s reliability, trust and quality.” Founders of small companies are furthermore responsible for developing firm’s strategies, initiating and maintaining business relationships, and will therefore communicate and interact with other founding managers. Besides that, managers need to take care of their employees, nurture their social network connections, as well as company’s previous, current and potential business partners. Individuals are those who are providing further resources for their business partners, and sharing their knowledge, so a special attention needs to be given to loyalty and trust building. Without trust actors will not freely share and disclose some relationship sensitive information.

The main limitation of this study is seen through focusing and theoretically describing only small and medium sized companies. This includes newly established companies, as well as those that are rapidly internationalized after foundation (BGs). These companies are chosen as a focus based on their characteristics that go in a line with IN-Branding theoretical framework. However, it could be valuable to do a research on large companies and MNCs in order to discover their pattern of industrial relationship development. In addition, it would be of utmost importance to investigate how individual human actors of MNCs are using their social network connections for strategic interactions. What kind of limitations do they encounter in those situations? Moreover, as previously mentioned, a future research is needed in order to answer if IN-Branding resources can be controlled, and by whom. To what extent
can physical distance between business partners affect the success of their relationship and at the same time influence their reputation and identity in various markets? This is closely connected with an intercultural development of business relationships, and the role of culture for developing relationships through IN-Branding. Further research is also needed in order to study actors, resources and activities of IN-Branding in different business contexts and specific cases. One way of investigation could be done by comparing the importance of IN-Branding for business relationships in developed vs. emerging markets, or their importance for domestic companies that never internationalized vs. companies that internationalized rapidly after foundation (such as BG firms). What is the importance of social network connection for each case?

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