



## Complaint management expectations: An online laddering analysis of small versus large firms

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### ABSTRACT

This study explores complaint management expectations in business relationships, particularly the qualities and behaviours that affect buying companies as part of the complaint handling encounter with a supplier. An exploratory empirical study uses a hard laddering approach which also allows us to compare the expectations of large and small companies to understand size-effects. The research indicates that complaining companies perceive disruptions of their supplier relationships in the context of the business network within which they are embedded, especially *vis-à-vis* the benefits associated with long-term supplier ties. However, these network concerns are more pronounced for large companies. Issues of effective complaint management in business-to-business settings therefore need to be addressed not just as isolated managerial activities with limited benefits for the parties involved, but should be seen as being part of a wider activity set of strategic networking activities with an impact on whole business systems. Thus, the findings enrich the existing limited stock of knowledge on the context of complaint management in business relationships and networks.

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### 1. Business relationships, interactions, and complaints in small and large companies

Understanding business relationships between companies is an important aspect of contemporary marketing theory and practice (Anderson, Håkansson, & Johanson, 1994; Parolini, 1999). Collaboration and cooperation with customers, suppliers, and other organizations within business networks often characterize business marketing activities (Achrol & Kotler, 1999). Such exchange structures result in long-term business relationships, the basis for which are a certain degree of trust, commitment, interdependence, as well as mutual relationship-specific investments and adaptations (Anderson et al., 1994; Barnes, Naudé, & Michell, 2005; Barnes, Naudé, & Michell, 2007; Håkansson & Ford, 2002; Morgan & Hunt, 1994). However, relationships are not without problems and conflicts, especially in case of power differences between the firms involved (Gaski, 1984; Hingley, 2005). Holmlund-Rytkönen and Strandvik (2005) found that most relationships are indeed characterized by some degree of stress. Imbalances with regard to the power which each partner has within a relationship (Jarrat and Morrison, 2003) are often related to such conflicts accruing (Hingley, 2005); these imbalances often manifest

themselves in the relative sizes of the two companies involved, which in turn may lead to conflict (Hingley, 2005; Sanderson, 2004).

Research studies like those of the Industrial Marketing & Purchasing Group have focused extensively on explaining business relationships, juxtaposing them with transactional exchanges (Håkansson, 1982; Ford, Gadde, Håkansson and Snehota, 2003; Ford and Håkansson, 2006). The characteristics of these relationships relate to issues such as innovation, power, risk, as well as to overall company success, and are an important competitive advantage in business markets (Deshpandé, Farley, & Webster, 2000; Ford, 1998; Håkansson & Ford, 2002; Ordanini, Micelli, & Di Maria, 2004; Ulaga & Eggert, 2006). Furthermore, much research focuses on how relationships develop and change over their life cycle, and how these relationships ultimately end (Ford, 1980; Lambe, Spekman & Hunt, 2000; Medlin, 2004; Schurr, Hedaa, & Gersbro, 2008; Sutton-Brady, 2008). While many aspects of the relationships between companies within business networks are well understood, the particular interaction patterns between companies, which result in business relationships, are insufficiently conceptualized (Möller & Halinen, 1999; Uzzi, 1997; Holmlund, 2004; Ford & Håkansson, 2006). This finding is especially true for aspects of conflict and stress, resulting in complaint behaviour and complaint management which represent interactions that are assumed to impact on the performance of the underlying relationship (Duarte & Davies, 2003; Vaaland & Håkansson, 2003; Blois, 2008). Such stresses, and hence complaints, are of course to be expected in the episodic interactions between companies in any network. Indeed, it can be argued that “*The absence of conflicts or difficulties in a*

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relationship is not necessarily a good sign" (Ford et al., 2001: 44). As argued by Ford et al. (2003) confrontation and coercion are two of the action which underpin the networking activities of companies, and hence the resolution of problems or complaints forms an integral part of managerial activity within a networked environment. As such, our study's focus on complaint situations specifically addresses the aspect of 'elements and processes of interactions' as one of Håkansson's (1982) characteristics of a business relationship.

Even in close and well-performing buyer–supplier relationships, things occasionally go wrong; inter-organizational complaint resolution is therefore an important aspect of the management of ongoing business relationships (Gummesson, 2004). The managerial challenge in such cases is to understand how the firm (i.e. the supplier) ought to behave to remedy a situation in which a complainant (i.e. an organizational buyer) voices dissatisfaction with the interaction. Thus, identifying the complaint management attributes which are desired by the complaining party, becomes pivotal. Providing a timely and appropriate solution to a problem causing a complaint needs to be based on understanding the underlying motives and benefits as to why this complaint situation and specific resolution characteristics are of value to the suppliers (the complainant), and how these complaint resolution attributes thereby contribute to the continuation of the business relationship (Hansen, Swan, & Powers, 1996b; Homburg & Fürst, 2005). Previous studies have not addressed these issues, and we thus add to the existing literature by providing a foundation for business complaint management (by analysing the customer expectations regarding optimal complaint resolution), as well as by unearthing the motivations underlying certain customer expectations in a specific interaction situation, namely a complaint (by linking complaint management attributes to higher level value considerations by customers). Understanding expectations on which interactions are based provides the foundation for a more dynamic understanding of business relationships (Schurr, 2007).

Of particular interest are differences in these customer considerations; our research specifically addresses the issues whether smaller companies have different expectations compared to large companies. While research found no direct evidence supporting the idea that large and small companies might address complaint resolution in different ways due to relationship imbalance (Jarrat and Morrison, 2003), it can be assumed that relational factors (such as power differences between supplier and buyer) affect the resolution management in these circumstances (Ringberg, Odekerken-Schröder, & Christensen, 2007; Blois, 2008). Furthermore, a link with power differences within business relationships could be constructed as large buyers are (or are perceived to be) in a generally more powerful position vis-à-vis their suppliers (Hingley, 2005), and therefore it can be assumed that smaller customer companies are more accommodating and interested in a continuation of important supplier relationships than larger companies (Gaski, 1984; Vaaland & Håkansson, 2003). This is in line with what Clark (2000) has called the available "zones of manoeuvre" (299), i.e. the fact that the interaction characteristics (such as size and perceived power) impact on the expectations and activities of companies (Sanderson, 2004).

This paper addresses the managerial issue of understanding the context of the expectations of small versus large companies regarding complaint management. We use a semi-standardised qualitative laddering technique in an exploratory way which helps understand how buying companies of differing sizes operating within close business relationships expect their complaints to be handled. Additionally, the identified complaint management attributes are put into the context of desired higher-level company values, using a means–end approach. We therefore link complaint management attributes to more general company level motives.

The study proceeds as follows: our starting point is represented by an overview of the literature on business-to-business complaints, leading to an outline of the research methodology based on means–

end theory. In a next step, we describe our data analysis method and the findings. Theoretical as well as managerial implications conclude the study.

## 2. Business complaint behaviour and management

The management of complaints is a well-researched area of business-to-consumer marketing (e.g. Johnston & Mehra, 2002; Tax, Brown, & Chandrashekar, 1998; Tronvoll, 2007). However, similar literature in business marketing is scarce. This neglect is surprising, since the business-to-business literature consistently stresses the importance of effective relationship management (Håkansson & Ford, 2002; Low & Koon, 1997; Ojasalo, 2004). Existing research mainly compares the way in which organizations handle complaints or the effect these activities have on buyer satisfaction (Durvasula, Lysonski, & Mehta, 2000) (see Appendix A1 for an overview table of existing research). Homburg and Fürst (2005, p. 108) posit that "after a complaint, loyalty depends essentially on complaint satisfaction and not as much on satisfaction that has cumulated over time".

A seminal starting point for research in this area is Trawick and Swan's (1981) proposed model of satisfaction within industrial *complaining behaviour* which identifies processes and attitudinal variables. A number of further studies (e.g. Dart & Freeman, 1994; Hansen, 1997; Hansen et al. 1996b; Hansen, Powers, & Swan, 1997; Hansen, Swan, & Powers, 1997; Hansen, Swan, & Powers, 1996a; Williams & Rao, 1980) provide additional contextual clarifications of this model. For example, clear differences exist between business buyers and final consumers: those exhibiting passive complaint behaviour, i.e. whose intentions to complain were below average on all factors, represent the biggest cluster with 42% of the business sample, as opposed to only 14% of end consumers (Dart & Freeman, 1994; Singh, 1990). Perrien, Paradis, and Banting's (1995) research specifically emphasizes the important roles of front line people: Analyzing the dissolution process of business relationships, their study shows that account managers attribute more than 90% of disengagement decisions to the behaviour of their own (selling) organization, with the main responsibility resting on unsatisfactory internal management and complaint procedures.

While some understanding of *complaint behaviour* in business-to-business settings exists, studies investigating specifically the selling company's *complaint management* are rare. Often, these studies stipulate the provision of a timely solution to the problem causing the complaint without unearthing further interaction mechanisms and motives as to why (and in what kind of context) this is important. However, in a comparative setting, Homburg and Fürst (2005) analyze business-to-business as well as business-to-consumer complaint management. They find that a *mechanistic approach* based on establishing guidelines, and an *organic approach* based on creating a favourable internal environment, both significantly influence satisfaction levels of the complaining customer. However, the mechanistic approach shows a stronger overall impact, which is more pronounced in business-to-consumer compared to business-to-business settings, and with service firms compared to manufacturing firms.

We conclude that the existing knowledge about the motivations for and expressions of business complaint behaviour, and the knowledge of the expectations regarding complaint management and desired resolution attributes by business customers is rather limited. Therefore, managerial suggestions for an optimal complaint management process as part of business relationship interactions are rare. Most studies merely infer managerial implications from investigating complaint behaviour but do not provide a context as to why certain complaint resolution attributes provide value to the buyer. Beyond some initial insights into business complaint management (such as Hansen et al.'s (1996a) statement about the importance of buyer involvement in resolving complaints successfully), no comprehensive and rigorous understanding of the contextual *drivers* of effective

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