

## **Business to business relationships: the paradox of network constraints?**

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### **Abstract**

The marketing significance of consumer and business relationships was reclaimed in the 1990s when relationship marketing came into its own as a field of marketing inquiry. This article contributes to the current debate about the scope of relationship marketing and especially the meaning of network relationships. This question is discussed in a business to business context, using the network approach of the Industrial Marketing and Purchasing (IMP) group as a lens. We critique three relationship ‘paradoxes’ (Håkansson and Ford, 2002) which appear to place limits on managerial action in networks. These paradoxes are considered from alternative viewpoints in order to attempt a resolution to the logical conundrum they present. We conclude that Håkansson and Ford’s paradoxes indeed signal a range of constraints on managerial independence but the situation is far from paradoxical. We offer suggestions for cognitive mapping of relationships within the knowable network at the level of the firm and call for an ontological shift in understanding firm-level strategies in the network context.

**Keywords:** Cognitive mapping; IMP; network paradox; relationship marketing

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### **1. Introduction**

Relationship marketing, in the sense of establishing and maintaining useful social and business contacts with customers and suppliers, is as old as trade itself. Yet the stabilising and sometimes disruptive impact of relationships on marketing performance was overlooked in the technology enabled mass marketing epoch which accompanied the post 2nd WW economic recovery. The renaissance in relationship thinking arguably began in the 1970s (see for example, Håkansson and Ostberg, 1975; Williamson, 1975). It took hold rather slowly at first, gaining managerial prominence as a ‘relationship marketing’ rubric for services (Berry, 1983) and as a way of making a distinction between transactional and relationship orientations in business markets (Jackson, 1985). In the 1980s, an emphasis on long term interactive relationships gathered support (see early “Nordic School” contributions from Grönroos, 1983; Gummesson, 1987) and the relational structure of

channel intermediation between firms became evident (see seminal papers by US scholars Dwyer, Schurr and Oh, 1987; Anderson and Narus, 1990). Yet the significance of consumer and business relationships was still not recognized in major student marketing texts.

In the 1990s, relationship marketing came into its own as a field of marketing inquiry. Some operational insights were absorbed into a broadening relationship marketing domain from total quality management (Oakland, 1989), managing service episodes from services marketing (Grönroos, 1990), and a new understanding of business interactions from the largely European-based Industrial Marketing and Purchasing (IMP) group (for example, Ford, 1990; Axelsson and Easton, 1992; Håkansson and Snehota, 1995). Among others, Webster (1992) and Berry (1995), also Sheth and Parvatiyar (1995) contributed influential articles that signalled the changing role of marketing world-wide. Also one-to-one focused relationship development op-

portunities were 'rediscovered' partly as a consequence of information and communication technology (ICT) discontinuities (Peppers and Rogers, 1993). And new strategic marketing frameworks were proposed for assessing stakeholder relationships at the level of the firm (see for example, Christopher, Payne and Ballantyne, 1991, 2002; Morgan and Hunt, 1994; Gummesson, 1999, 2002).

At the start of a new millennium, two IMP researchers, Möller and Halinen (2000), categorised and analysed the historical source inputs of the burgeoning relationship marketing domain. They saw four such source groups, namely: business marketing, services marketing, marketing channels, and database marketing/direct marketing, each with their own agendas and contestable relationship perspectives. In other words, the unity of the relationship marketing conceptual domain was more rhetorical than real and key issues remained unresolved (Barnes, 1994; O'Malley and Tynan, 2000; Harker, 1999).

Other academics in the field signalled a divergence in marketing approaches in contemporary practice (Brodie, Coviello, Brookes and Little (1997); Coviello and Brodie, 2001). Also technology-dominant Customer Relationship Management (CRM) emerged, where the only 'relationships' clearly evident were between data points (Varey and Ballantyne, 2005). CRM had the dubious reputation of being the fastest-growing management tool of the 1990s but with the third lowest satisfaction score among senior executives, according to one large-scale sampling world-wide (Rigby, 2001).

Today, academics and practitioners continue to debate the scope of relationship marketing and its key propositions. This is not surprising when the challenge in play is the paradigmatic world-view of marketing (see for example Grönroos, 1994) and not shifts in operational effectiveness. Especially insightful is the contribution of Egan (2003). He argues that relationship marketing today is divided, not so much by historical antecedents, but between those proponents who hold to a holistic view of markets and marketing with many interconnected and diverse organisational relationships, and those proponents who see relationship marketing as

focused one-to-one management of customer relationships. In other words, there is an ontological divide between those who believe that relationships signal network interdependencies (and wish to describe the nature of what happens in markets) and those who believe that relationships can be managed unilaterally by one focal firm or another (and wish to develop normative rules for that).

The underlying contested issue is what is meant by a 'relationship', especially in a 'network' context. As a way into this debate, the meaning of relationship will be discussed in this article using the network approach of the Industrial Marketing and Purchasing (IMP) group, as a lens. Business interactions, relationships and networks have been under study by IMP for more than 30 years and therefore offer a deep tradition for critical review. Also relationship ambiguities and associated management constraints have surfaced recently in the published work of two key IMP thought leaders, Håkan Håkansson and David Ford. Reflecting on the important past conceptual work of the IMP, they were confronted by three relationship "paradoxes" which in their view epitomize industrial marketing networks, and place limits on managerial action and on the scope of future research (Håkansson and Ford, 2002). This article will review the three paradoxes identified and critically examine the relationship and network logic that supports them.

The structure of the remainder of the article is as follows: We start with a short review of IMP's major theoretical contributions to relationship and network thinking, specifically their formative 'interaction' approach and also their later 'network' approach. Next, we critique the three network paradoxes (Håkansson and Ford, 2002). We then consider these paradoxes from alternative viewpoints in order to attempt a resolution to the logical conundrum they present. We conclude that Håkansson and Ford's paradoxes do in fact signal a range of constraints on managerial independence at the level of the firm due to interdependencies operating within network structure and processes. However in our view, it is the dominant managerial mindset and research perspectives in use that 'logically' bring these paradoxes into being. We further conclude that new

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