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The current situation and future conceptualization of power in industrial markets

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ABSTRACT

This article offers overview of research on power in industrial and business markets, conducted through the 10 articles in the special issue. These contributions are catalysts for defining the history, context, current situations, and future developments and prospects for power in the business world. Therefore, this article presents a conceptualization and understanding of power, using the special issue as a lens through which to view past antecedents, present understanding, and future directions. In addition to studies that mine past and present academic and practical rationales for power, the empirically based contributions test and explore power. This article identifies and thematically draws out and labels the principal manifestations across these contributions, to link origins with current principal foci and identify the most likely emphases of theory and practice for the future business-to-business arena.

1. Introduction

As a concept relevant to the theory and practice of business, power has great importance and thus has attracted substantial attention from business academics, though with somewhat patchy coverage. Considerable early research came from industrial marketers who focused on reapplications of theory derived from interpersonal human relations (e.g., Emerson, 1962; French & Raven, 1959; Thibaut & Kelley, 1959), such that they defined power according to human interactions and applied it to business exchanges. For example, researchers interested in industrial markets and the influence of power in interfirm exchanges, who adopted the views of the Industrial Marketing and Purchasing Group (IMP), modelled power with an interactionist framework; featuring dyadic, and then network interactions. *Industrial Marketing Management* (*IMM*) was then and remains at the forefront of defining, interpreting, and developing knowledge about power in business contexts and has constituted the forum for advanced thought on the subject.

In 2005, *IMM* had an instrumental role in setting the research agenda: In Volume 34, Issue 8, it departed from traditional approaches and published a contribution that challenged the generally accepted preconceptions of a negative view of power. That is, asymmetry had been regarded as unacceptable, unworkable, or just plain wrong, according to an idealistic objection to coercive power plays. However, Hingley (2005a) shone a new light on power, revealing it to be not some toxic alien force but rather a constant presence, for which asymmetry was acceptable and workable. Hingley also called for a better understanding of power and the motives of the participants in ongoing, relationally fluid, interfirm exchanges. In what became a mini-debate within the issue, Kumar (2005), Naudé (2005), and Blois (2005) commented on the contribution, and then Hingley (2005b) responded. Yet even this influential volume of *IMM* did not contain sufficient consideration of power in business. Ten years later, *IMM* is the appropriate place to revisit *power* with a fuller treatment.

With this concluding article, we seek to bring the field up to date by providing an overview of current thinking about power, in the context of industrial and business markets, as indicated by the important themes emerging from this special issue. The following 10 articles, with their varying approaches and emphases, draw out several themes that underpin and challenge the conditions and applications of power in business, customer, and market relationships. They collectively address the history and origins of power, its current thematic emphases, and its potential new directions and treatments. We identify the following themes:

1. The analyses of the antecedents of power often hark back to its long-standing, fragmented treatment in both academia and practice. Thus, the first theme to emerge is the pursuit of an understanding of the origins, definitions, interplay, and applications of power in an interpersonal context, and its application to business relations.
2. Authors seek to pin down and define key concepts surrounding power, such as trust and the nature of asymmetry.
3. From the start, industrial marketers have sought to model and measure power in interfirm relations. The third theme thus pertains to the accuracy and appropriateness of measuring power.

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4. Most investigations, analyses, and interpretations of power have focused on interfirm exchanges. But, why is our focus drawn to (often dyadic) interfirm exchanges?
5. The study of power often hones in on particular business contexts and circumstances. The final theme involves why certain business sectors and contexts (e.g., retailing and food supply) constitute such rich material for researchers seeking to understand power in the business world.

After delineating this theme-based analysis, we suggest some avenues for research that considers power in relation to business, customer, and market relationships. Finally, we bring this issue to a close with some concluding remarks.

2. Special issue contributions and themes of power

2.1. Learning from interpersonal relationships

The authors whose work appears in this special issue analyze the origins of power from interpersonal perspectives, to define and interpret, as well as measure and model, power. For example, Cowan, Paswan, and Steenburg chart the development of applications of interpersonal power to interfirm settings, invoking the widely cited types of power introduced by French and Raven (1959) (expert, reference, legitimate, reward, and coercive). They also draw inspiration from Yeung, Selen, Zhang, and Huo (2009), regarding coercive and non-coercive power dimensions, to highlight the development of power sources that dominant firms use in coercive and non-coercive ways, to ensure partnership governance that reflects their own interests. Similarly, Marcos-Cuevas, Julkunen, and Gabrielsson draw on Emerson's (1962) chronicles of power and dependency, from a basis of interpersonal relations. Business researchers often use social exchange theory (Emerson, 1962; Thibaut & Kelley, 1959), such that it remains a prominent research framework for describing interfirm power. In addition, Kumar (2005) summarizes several definitions of power, including dependence, punitive capability, non-coercive influence strategies, and punitive actions, and refers to the latter as the antithesis of trust in relationships. He asserts that punitive action makes power imbalances intolerable. Trust and commitment (e.g., Ganesan, 1994; Geyskens, Steencamp, Scheer, & Kumar, 1996; Mohr & Spekman, 1994) also moderate business relationships, and these concepts are informative for this issue's contributors (e.g., Chicksand).

2.2. Understanding and redefining asymmetry

Most considerations of asymmetry in business relationships define relationship protagonists as "haves" or "have nots," creating a state of imbalance that might be determined by size (Cox, 1999) or other factors, such as channel position or brand leadership. Asymmetry thus appears as a negative, problematic issue for interfirm relations; Marcos-Cuevas, Julkunen, and Gabrielsson even note that it has been cited as the cause of breakdowns in trust. However, these authors and Munksgaard, Johnsen, and Patterson propose a different view of asymmetry. Marcos-Cuevas, Julkunen, and Gabrielsson note how goal alignment can build trust and moderate asymmetry; Munksgaard, Johnsen, and Patterson consider the influence of goal alignment, but argue that imbalanced exchanges can be subdivided further into two distinct types of asymmetric relationships: product/technology development–oriented asymmetric relationships or complementary competencies–oriented asymmetric relationships. With their empirical work, they determine that small suppliers that actively pursue their self-interest in connection with larger, more powerful buyers realise greater success; the larger buyers recognize the value of joint goal seeking for deriving collective market and profitability benefits.

Such insights reflect the views of Hingley (2005a), Hingley and Lindgreen (2010), Belaya and Hanf (2009), and Easton (2002), who describe how acceptance of asymmetry might lead to workable co-creation, even in an imbalanced state. Munksgaard, Johnsen, and Patterson bring the characteristics of the relationship (presence of trust, cooperation, power dependence) to the fore as moderators; despite the imbalance, smaller, perceivably weaker parties can thrive if they have a self-interested drive (Johnsen & Ford, 2006, 2008) and a creativity-based advantage that larger partners/buyers desire. According to Munksgaard, Johnsen, and Patterson, asymmetric relationships often function well, regardless of size imbalance issues, but relationship characteristics can have more detrimental effects, notably as they relate to levels of cooperation.

Cowan, Paswan, and Steenburg, citing Mohr and Spekman (1994), question the lack of knowledge about the trade-offs firms make (particularly the loss of autonomy) when entering such relationships. They model this detail and argue that partner firms, "especially the weaker ones, may choose to stay in a relationship even when the dominant firm relies on strong and possibly unpleasant influence strategies" (Kumar, 2005, p. 865, in terms of punitive capabilities and actions), "as long as there are still benefits of doing so" (Cox & Chicksand, 2005; Hingley, 2005a; Ramsay, 1996). Cowan, Paswan, and Steenburg thus add valuable understanding about the gradations of asymmetric relationships for defining "exploitative" versus "tolerable" relationships, as well as how weaker parties can (re)position themselves to achieve the tolerable form or even, though rarely, an "ideal" (high commitment and trust, open communication) relationship. Because such ideal relationships are rare, they are prone to disruption by organizations, which naturally seek to secure an inequitable proportion of relationship value for themselves (Cox, 2004).

Such considerations also can be viewed according to a fluid framework of the business environment, in which relationships do not and cannot stay the same (Hingley, 2005b). The issue of relationship fluidity in existing interfirm relationships has tremendous impacts on the conduct and maintenance of asymmetrical relationships. In his empirical work, Chicksand notes that what appear to be identifiable types of relationships can change, and the status of a relationship between, say, nominally interdependent parties, evolves as a result of power to become more buyer or supplier dominant. Von Bockhaven, Mathyssens, and Vandenbempt also believe that weaker parties can reduce the influence of that power over them, through the use of "soft power," achieved through alignment rather than enforced interests. In contrast, "hard power" might be expressed by powerful buyers, according to a size–power asymmetry, coercion, or reward control. Soft power instead requires collaborative, cooperative, and trust-based behaviour, without resorting to head-on conflict or coercion.

In their studies, Marcos-Cuevas, Julkunen, and Gabrielsson and Munksgaard, Johnsen, and Patterson regard aspirations for joint goals and goal congruence as influential in determining the effects of power. Even in asymmetric conditions, power can be mediated through the alignment of the parties' goals. Marcos-Cuevas, Julkunen, and Gabrielsson posit that goal congruence mediates relationships, whether symmetrical or asymmetrical, such that congruence is a prerequisite of trust in either condition. Again citing their concept of soft power, in conditions in which trust is important, Von Bockhaven, Mathyssens, and Vandenbempt note the possibility of nuanced outcomes in asymmetrical relationships. That is, when interfirm parties' interests align, trust can be built and maintained, and the effects of power may be less prevalent, even if one party holds sway.

2.3. Measuring and modelling power

As Cowan, Paswan and Steenburg point out, most views of power in business contexts treat it as "a bad thing" and recommend interfirm exchanges that take place between equal, sharing, dyadic, or channel partners in a non-coercive environment. A contrary view holds that