



# Institutional maintenance work and power preservation in business exchanges: Insights from industrial supplier workshops



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## ABSTRACT

This paper aims to offer new theoretical and empirical insights into power dynamics in an industrial supplier workshop setting. Theoretically, it advances an institutional perspective on supplier workshops as an important venue in managing, preserving and instituting industrial market power. Based on a detailed ethnographic analysis of an industrial workshop setting, this article investigates the institutional maintenance work of Retail Co. in preserving the power dynamics of market dominance in business exchanges and market structures. Our findings revealed three previously unreported insights into the subtle, but nonetheless pervasive power from institutional maintenance work in an industrial workshop setting. First, the institutional workshop work comprised a cultural performance; constituting socialization practice through a performance game, the power of numbers in field comprehension and an award ceremony. Second, the institutional workshop work mobilized projective agency, stipulating, directing and appealing for the instituting of distinct market rules and collective identities. Finally, the institutional workshop work increases supplier docility and utility via the regulative technologies-of-the-self to enhance business planning, operations and market decision-making practice, without necessarily being seen to be disciplinarian.

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## 1. Introduction

Studies suggest that maintaining market leadership is dependent on power (Clegg, 1987, 1989). While there exists a range of insights on power in business-to-business exchanges including, how power is exercised in purchasing (Cho & Chu, 1994); the locus of power (Meehan & Wright, 2012), its drivers (Caniëls & Gelderman, 2007), we know much less about how such power is *maintained* in the social structures of an industrial market. In recent reviews on industrial market power dynamics, Meehan and Wright (2012) and Blois and Hopkinson (2013) emphasized that there is a need to re-examine the units of analysis research bias at an organizational or individual level of business exchanges. As a consequence, research has typically remained on the macro-level of firms, regulators and markets while several complex ways in which the social workings of power 'bear down' (Hardy, 2004; Kumar, 2005) on industrial market settings has been neglected. Hingley (2005a) suggests that it is necessary to re-focus research on power, paying more attention to new relational

theoretical approaches and methodological units of analysis including micro-institutional arrangements, logics and venues.

In the present study we concentrate on the unit of analysis of the industrial workshop; a line of enquiry that conceptualizes the industrial workshop as an institutional arrangement and venue for developing and maintaining business-to-business exchanges; transmitting and ensuring that institutional logics of the dominant buyer persist in the face of supplier disruption, challenges and challengers. We argue that the level of analysis of the industrial workshop is particularly relevant to industrial marketing practice, yet has largely been ignored in the literature. In particular, we explore the complex way in which the workings of power are practiced within, and generated from, institutional arrangements such as an industrial workshop. In this way, we adopt an institutional theoretical perspective (DiMaggio & Powell, 1983; Lawrence, Suddaby, & Leca, 2011), to develop greater insights into how the workings of power shape the institutional work of industrial market actors (see Yang & Su, 2014, for a recent special issue on the role of institutions in industrial marketing). Here, institutional work is defined as 'purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions' (Lawrence & Suddaby, 2006: 214).

The overall aim of this article is to explore the various ways in which the workings of power is intertwined with institutional work and arrangements, specifically in an industrial supplier workshop, in the functioning of industrial markets. We therefore acknowledge calls for an

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extension of thinking of power beyond firm-level unit of analysis (Hardy, 2004; Hingley 2005a; Kumar, 2005), towards a conceptualization of how power circulates in the institutional functioning of the industrial workshop. Specific research questions are concerned with how does the practice of an industrial workshop setting shape buyer–seller relations, and how do these stabilizing and maintenance work ‘bear down’ on buyer and seller exchanges. We first address these questions by drawing primarily from an institutional analysis of power. We then provide a relevant case study illustration of a dominant firm – termed Retail Co. – within an industrial supplier workshop held in a region of the UK. This is triangulated with evidence from observations made by one of the researchers at other workshops held by Retail Co. in other regions across the UK supply chain (i.e. Belfast, Peterborough, Cardiff, Warrington and York). Addressing the research aim and questions, we attempt to move the ongoing power debate on from normative issues around whether power is exercised or not, towards a discussion on the various explanatory ways in which maintaining power is practiced.

In this respect three new insights are provided. First, the paper begins a new line of enquiry in the industrial marketing literature on the role of industrial workshop venue in buyer–seller behavior (Hingley, 2005a,b) and recognizes the significance of discrete, episodic relational institutional arrangements and mechanisms for maintaining power, structures and institutions (Kumar, 2005; Yang & Wang, 2011). The industrial workshop as a unit of analysis opens up an understanding of institutional work that is commensurate with the interaction approach (Håkansson, 1982) and builds on the view of multiple embedded power structures posited by the traditions of the Industrial Marketing and Purchasing (IMP) Group (Ford, Gadde, Håkansson, Snehota, & Waluszewski, 2003; Meehan & Wright, 2012; Peters, Pressey, Vanharanta, & Johnson, 2013). Second, this study makes an important contribution to Lawrence and Suddaby's (2006) study, and related research in business marketing (Jia, Cai & Xu, 2014; Kumar, 2005; Yang & Wang, 2011) on agentic power by showing how institutional work constituted subjects – the suppliers – transposing and mobilizing them with ‘drama’ in the sense of fictionalized representation of games, ceremonial awards and new distribution initiatives. Specifically we identify the role of this ‘priming work’ as both a sign and consequence of espousing competitive tensions and shaping aspirational organizational identity in supplier networks.

Third, Retail Co. sought to reaffirm standard compliance rules within the wider social knowledge system of doing business with the firm, drawing on the agency of a senior member of the firm. The findings therefore provide insights into the institutional maintenance work at the industrial supplier workshop (Scott, 2001), particularly the way that both the ‘pressure specialist’ (Lipsky, 1980) and institutional complementarity transmit institutionalized roles and interactive patterns of suppliers. This analysis thus expands our understanding of the subtle ‘cognitive anchoring work’ associated with the projective agency of stipulating, directing and appealing within the context of three strategic agenda-setting issues – strategic planning, operations and market intelligence decision-making – and how these may be used how they may be used for legitimation or re-legitimation of institutionalized roles and expectations. Finally, the study builds on extant studies regarding power intensification (Hardy & Thomas, 2014), demonstrating how an institutional industrial workshop work increases supplier docility and utility with the discourses of projective compliance and an affiliated way of knowing and a system of knowledge, *without* necessarily being seen to be disciplinarian in the instituting and normalizing of distinct in-group market rules. This adds to Knights and Willmott's (1989) work on the role of power as subjectification through the intensification of voluntary technologies-of-the-self – that is, with self-examination and ‘calculative’ assessments via the maintenance of ‘the rules of engagement’ for enhancing business planning, operations and market decision-making practice.

The first part of the paper presents a literature review relevant to the research aim. Building on this, the second part of the paper outlines the qualitative research design chosen to address the research aim. Developed from the research findings we present a discussion section, explicating theoretical, normative and research contributions before conclusions are drawn.

## 2. Literature perspectives

In this section literature is reviewed relating to the research aim and questions. To begin with, the way that power is property of buyer–seller institutions is outlined. This provides a basis for synthesizing the workings of power within the institutional work undertaken within an industrial supplier workshop. Throughout, the IMP literature is reviewed, noting complementarities with recent thinking regarding institutional power.

### 2.1. Power as a property of buyer–seller institutional arrangements

Much research on business-to-business relations has been conducted from a perspective that suggests power is either a non-issue or is considered as being exclusively functional in: negotiations with suppliers when forming and reviewing contracts (Cho & Chu, 1994); prices, costs, standards, choices, quality and strategies, payment methods and so on; or through compliance mechanisms and regulations (Hausman & Johnston, 2010). However, studies show that buyers are also able to influence suppliers within and across industrial markets via other means. Some firms are able to do this through international arbitrage (Palmer, 2005), while others may induce significant changes in levels of competition by collectively mobilizing and confronting economic and institutional agents around a cause, a best practice or an innovative business model (Meehan & Wright, 2007). Understanding this practice requires, according to Hingley (2005a,b), an analysis which goes beyond the industrial economics definition, which focuses in the degree to which a firm influences market price (Wood, 1999), and towards one which considers how market actors are able to draw upon, interact with, institutions to influence social structures and practice.

Over several decades the Industrial Marketing and Purchasing (IMP) literature has drawn our attention to the enabling and constraining power of institutions in business-to-business exchanges (Andersen, Christensen, & Damgaard, 2009; Ford & Rosson, 1982; Håkansson et al., 1995; Hingley, 2005a). While there is a range definitions of institutions within the literature, most are concerned with, and reflect, the basic concern that institutions generate powerful regularity enabling, coordinating, and motivating or constraining behavior. North (1991: 97) defines institutions as the “humanly devised constraints that structure political, economic and social interaction.” In North's broad definitional terms, institutions comprise both informal pressures (norms of behavior, conventions and self-imposed codes of conduct) as well as the formal pressures (rules, laws, constitutions). That is, actors will come to accept a shared sense of the social reality from the ‘way things are’ in buyer–seller relationships.

In the industrial marketing management field, studies have also shown in various ways how institutions shape the rules of exchange (Bello, Lohtia, & Sangtani, 2004); structural market change dynamics (Hingley, 2005a), business network systems (Lindgreen & Wynstra, 2005; Lukkari & Parvinen, 2008), family institutional logics (Jansson, Johanson, & Ramström, 2007) and guanxi traditions and systems in emerging markets (Zhuang, Alex, & Tsang, 2010). This work brings out power as both an explicit and implicit property of institutions. Institutional structures and arrangements provide the power of stability, resilience, and endurance, and to resist challenges and challengers (Hausman & Johnston, 2010; Jansson et al., 2007; Meyer & Rowan, 1977). Institutions therefore act as a stabilizer in buyer–seller relationships, whether buyer dominant, supplier dominant, independent or interdependent (Cox, 2004). More generally, the seminal

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