



Managing relationship gaps: A practitioner perspective

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ABSTRACT

Prior research has failed to explain how practitioners manage relationship gaps, i.e., situations where the interests of the parties in the relationship no longer match. By adopting a practice-based research approach to explain empirical findings drawn from industrial (B2B) service contexts, this study contributes an explanatory framework of how practitioners handle relationship gaps in practice and what factors guide and shape their behaviors. This analysis is based on work life stories from practitioners at six different industrial companies and shows that relationship gaps are managed through four alternative gap management practices, each characterized by a specific set of activities. The practitioner's perception of the validity and feasibility of the available options guides the scope of action within which different sets of activities are enacted.

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1. Introduction

“We recently lost one of our major end customers that unexpectedly decided to outsource their service activities to a large, specialized full-service company. We were not able to align our product portfolio with their changed expectations and our previously harmonious and mutually beneficial relationship suddenly came to an end.”

In a recent meeting, a manager from a leading supplier of industrial goods and services brought up the challenges related to the management of customer relationships. Extant research on relationship management has emphasized the positive consequences to be gained from long-term relationships with customers (e.g., Grönroos, 2006; Lindgreen & Wynstra, 2005). In turbulent and competitive markets, however, it is not always easy to maintain established relationships (e.g., Christensen & Overdorf, 2000), as the quote above illustrates. A long-term relationship might suddenly enter a critical phase as the customer's needs change, or when the supplier's product portfolio and strategy change, both perhaps driven by changes in the business environment. In effect, the solution offered by the supplier becomes “misaligned” (Corsaro & Snehota, 2011), and the future of the business relationship becomes uncertain (see Tähtinen & Blois, 2011). In other words, a relationship “gap” (Leminen, 2001), “conflict” (Hadjikhani & Håkansson, 1996), or “frictional event” (Nordin, 2006) emerges.

In this paper, we use the term “relationship gap” to describe a situation where the interests of the parties in the relationship no longer match. Specifically, we are concerned with the management of

relationship gaps that emerge when a supplier in the industrial market shifts from a product-based business logic to a service-based one (e.g., Grönroos & Ravalid, 2011), thereby redefining the content of the relationship. This focus is timely given the growing interest in service-oriented business logics in industrial companies (e.g., Gebauer, Gustafsson, & Witell, 2011).

Previous research on relationship gaps has generally focused on specific strategies for managing relationship gaps, such as adapting to the requirements of the customer (e.g., Mukherji & Francis, 2008), recovering the relationship (e.g., Salo, Tähtinen, & Ulkuniemi, 2009), or ending the relationship (e.g., Holmlund & Hobbs, 2009). However, in practice, the resolution of a gap situation depends on a variety of factors that must be considered and made sense of by the managers involved. Adapting to customer requirements (Corsaro & Snehota, 2011) may conflict with strategic objectives, while ending the relationship may result in the loss of an important customer. Various bondings (e.g., Ahmad & Buttle, 2001) and situational circumstances, e.g., time pressure and competition, complicate the situation further. Managers must find a way forward in light of the contexture of these interdependent factors, e.g., organizational and industry-specific procedures, strategic agendas, and personal capabilities, as well as the specific features of the gap situation (Makkonen et al., 2012). Although there has been some in-depth research on relationship management describing processes related to adaptation and the recovery of relationships (Ahmad & Buttle, 2001; Salo et al., 2009), extant research seems to lack a “practical touch” in explaining managers' behaviors when handling relationship gaps. The purpose of this paper is to address this void in the relationship management literature and to contribute a framework that explains: (1) how relationship gaps are handled in practice, and (2) what factors guide how they are handled.

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Drawing on the strategy-as-practice research approach (s-as-p), we focus on how practitioners who are involved in the management of customer relationships handle gap situations. As framed by, e.g., Jarzabkowski (2004) and Whittington (2006), s-as-p assumes that strategy is something that firms and people *do*, rather than something they *have*. In the same vein, relationship management can be interpreted as something organizational actors do that has an impact on the management of customer relationships at the organizational level. By adopting an s-as-p approach, we can gain a deeper understanding of the interplay between the contextual complexity surrounding relationship gap situations, the considerations taken into account by practitioners, and how these guide the practitioners' gap management behaviors.

The remainder of the article is organized as follows: First, we present a review of the literature related to the management of relationship gaps through adaptations, influence strategies, and ending. Second, we describe our research approach and empirical setting. Finally, the findings are presented and discussed, along with implications for managers and future research.

2. Literature review

From the provider's perspective, the management of relationship gaps logically follows three fundamental courses of action: making minor or major adaptations to better meet the expectations of the customer, making the customer adapt to the solution offered, or, when no other alternative seems feasible, ending the relationship.

The adaptation to customers in business-to-business (B2B) relationships, in terms of activities and modifications aimed at maintaining and improving relationships, is a well-researched phenomenon (Ahmad & Buttle, 2001; Hallén, Johansson, & Seyed-Mohamed, 1991; Mukherji & Francis, 2008). Adaptations can be made in relation to product features, scheduling, personnel, contractual terms, and administrative routines (Håkansson, 1982; Hallén et al., 1991), as well as with regard to softer factors, such as skills, values, and attitudes (Möller & Wilson, 1995). Unbundling (Stremersch & Tellis, 2002) and customization (Gilmore & Pine, 1997) of offerings, as well as organizational arrangements that facilitate “skunk works” (Gwynne, 1997), are concrete examples of adaptive behaviors. The potential benefits of adaptation include positive influences on revenue, cost savings, and customer retention (Möller & Wilson, 1995; Schmidt, Tyler, & Brennan, 2007), along with increased trust (Hallén et al., 1991) and strengthened bonds between parties involved (Johanson & Mattsson, 1987). Ahmad and Buttle (2001) listed a number of “bondings,” i.e., financial, social, and structural, which are essentially adaptive in nature and serve as a means to build stronger ties with the customer.

Research on adaptation has primarily focused on how to strengthen customer relationships, rather than on how to resolve relationship gaps. The literature on relationship recovery, however, has explored the “actions the actors undertake to change a problematic relationship into a beneficial one” (Salo et al., 2009, p. 621), offering a somewhat different perspective on adaptation. According to Salo et al. (2009), relationship recovery is a strategy applied when the ending of a relationship is not possible or would cause severe damage, e.g., when the dissolution process and development of new relationships would be too costly. Conceptually, relationship recovery can be seen as a combination of reactive actions often associated with adaptation, i.e. investing in the relationship by aligning with customers' needs and wants, and developing joint plans or improving communications (Salo et al., 2009).

The second course of action aims at making the customer adopt the solution offered through influence strategies aimed at getting the counterpart to change (McFarland, Challagalla, & Shervani, 2006) and selling tactics (Dubinsky & Rudelius, 1981). Influence strategies are either coercive (e.g., threats) or non-coercive (e.g., information exchange and recommendations) strategies (McFarland et al., 2006). More concrete selling tactics include personal visits, writing letters, asking

questions, using dramatic efforts to get attention (Dubinsky & Rudelius, 1981), and “visualizing” the value of service offerings (Kindström, Kowalkowski, & Nordin, 2012).

The third course of action, relationship ending (Halinen & Tähtinen, 2002; Holmlund & Hobbs, 2009), concerns the dissolution of all activity links, actor bonds, and resource ties. The ending of a relationship is often triggered by factors such as goal incongruence, conflicts, and unfairness in the relationship (Yang, Sivadas, Kang, & Oh, 2012). By contrast, commitment to the relationship (Hocutt, 1998) and the profitability of the relationship (Holmlund & Hobbs, 2009) can hinder relationship endings. Depending on the situation, the type of ending can be described as chosen, forced, natural, desired, or predetermined (Halinen & Tähtinen, 2002).

Altogether, many aspects related to the management of relationship gaps seem to be well researched. However, we argue that this research is largely prescriptive or descriptive in nature. Prescriptive works suggest what factors organizations should consider and what courses of action should be taken (e.g. Hallén et al., 1991; Kindström et al., 2012). On the other hand, Salo et al. (2009) and Ahmad and Buttle (2001) provide descriptions of various steps and actions taken by providers. Meanwhile, the explanation of the practical actions taken by practitioners in the face of relationship gaps seems limited. An investigation into the activities of practitioners in gap situations, and how these activities are shaped by internal and external factors influencing the sensemaking processes of practitioners, is thus a relevant research task. Hence, this paper uses ideas from practice theory as a starting point for data collection and analysis and may be seen as a response to criticism about a lack of empirically based and practice-oriented marketing research (see Skålén & Hackley, 2011).

3. A practice-based approach for relationship management research

Practice theory can be traced back to several different disciplines (see, e.g., Vaara & Whittington, 2012), but a common denominator is the focus on social activities and their micro-level construction in real social contexts. Orlikowski (2010) distinguished between three modes of conducting research with a practice theoretical approach: practice as phenomenon, practice as perspective, and practice as philosophy. Research that focuses on practice as phenomenon is committed to the understanding of “what happens in practice” (p. 23) and “everyday doings” (p. 28); practice as perspective looks at how embedding contexts shape practices. The study presented in this paper is a combination of these two modes of research.

In particular, we use s-as-p (see, e.g., Vaara & Whittington, 2012) to gain a deeper understanding of the management of relationship gaps and to capture those actions that compose the gap management practice. S-as-p emphasizes practitioner agency, situated action, and recursiveness in conjunction with adaptiveness (Jarzabkowski, 2004; Paroutis & Pettigrew, 2007) and reflects our view of practitioners as gap managers, i.e., they both play an active role in *making* sense of the situation at hand and, in turn, *giving* sense (Rouleau, 2005) to it through different courses of action.

Following these considerations and central definitions associated with practice theory (see, e.g., Jarzabkowski, 2004), we operationalize “gap management practices” as situated sets of activities that practitioners in industrial organizations engage in when handling relationship gaps. Their behavior is thus not merely a routine reproduction or the result of a “repository” from which they unconsciously draw to deal with novel situations (Chia, 2004). Instead, practitioners are seen as reflective actors who enact different adaptive and recursive practices (Jarzabkowski, 2004) according to their sensemaking of structural elements and individual predispositions. Organizations tend to have a “corporate mindset” (Paul, 2000) that reflects the “dominant logic” of how the employees of a company see the world (Bettis & Prahalad, 1995). Logically, the personalities, experiences, and habits of individual practitioners also influence their perceptions and their sensemaking

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