



The structuration of relational space: Implications for firm and regional competitiveness

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ABSTRACT

The central contention is that there is a coincidence of research interests between industrial marketing and economic geography in relation to spatial embeddedness in business relationships. There are nuances in relational economic geography that have not been addressed in industrial marketing research, notably that in addition to geographic proximity, co-located actors may experience more or less cognitive, organizational, social and institutional proximity. A conceptual framework is built around the processes of proximation and distanciation, which, it is argued, can be either competitively generative or competitively degenerative. These processes are investigated empirically through a qualitative study, grounded in structuration theory, of a peripheral region of England that has suffered lengthy industrial decline. The qualitative study extended over six years and encompassed 87 interviews with senior managers from both public and private sector organizations. Competitively generative proximation processes are found to be the most prominent in the region; such processes involve a mixture of cognitive cost-benefit calculation and affective commitment to the region. Important enduring relational states are identified and elaborated, notably regional loyalty and relational isolation.

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1. Introduction

The seminal work of Halinen and Tornroos (1998) on spatial embeddedness, stimulated a growing interest in the role of location and space in business-to-business (B2B) and industrial marketing (IM) research. More recently, IM authors such as Cantù (2010) and Cova, Prevot, and Spencer (2010) have acknowledged the particular significance of B2B relationships in local space. Nonetheless, the discipline *par excellence* dealing with space has been geography. It should not come as a surprise that firm co-location/geographical proximity and the impact of regionally embedded stocks of social capital have been extensively studied within economic geography (EG). In particular, following the relational turn in EG (Boggs & Rantisi, 2003), novel insights into 'relational proximity' – the quality and density of spatially embedded relationships and not just their territorial extension – assumed centre stage in accounts of firm, cluster, and regional competitiveness. Within this body of work, relational, and not just spatial proximity (or distance), is examined as part of generating (or degenerating) competitive advantages. The emphasis in this paper is on the relational processes of both proximation and distanciation. This suggests some limitations in the extant IM literature which tends to suggest that stronger relationships with more actors are better (see Section 2). This paper will thus explore comparatively (between private and public sector-organizations) relational proximation and distanciation in a peripheral UK region, affording a

sharper demarcation between relationships that are endogenous and exogenous to the region.

Peripheral regions tend to have a more stable actor population compared to 'central' (for example, capital, metropolitan) regions. Such stable actor-settings and relations pose some novel challenges for IM; purposeful action (agency) can take a prohibitively long time to alter the structural conditions between actors, rendering conventional marketing strategies problematic. As a way of gaining traction on this challenge, in this paper, we turn to sociology and in particular the theory of structuration (Giddens, 1979). Although insights from structuration have been explored within marketing (examples include Ellis & Mayer, 2001; Peters, Gassenheimer, & Johnston, 2009) they are uncommon, and have neither been combined with insights from EG nor investigated in the context of IM in a peripheral region. Building on the Halinen and Tornroos (1995) relational time concept, through use of structuration, the findings offer insights into relational time in local relational space and develop the concept through consideration of the interplay between agency and structure.

The paper is structured as follows. In Section 2, the three relevant strands of literature underpinning our conceptual framework, namely industrial marketing, economic geography, and structuration are critically summarized. This is followed in Section 3 with the introduction of our conceptual framework and the discussion of the five propositions explored in this paper. The methodology is developed in Section 4; followed by the discussion of our findings concerning generative (Section 5.1) and degenerative (5.2) processes. The discussion of the five propositions concludes in Section 6 by delineating some implications for theory, policy, and practice and some areas of further research.

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2. IM, EG, and structuration

Three bodies of literature have a direct bearing on the investigation pursued in this paper. Their relevant aspects are critically reviewed and their contributions juxtaposed in turn in the following sections.

2.1. Industrial marketing and space

Stemming from Halinen and Tornroos (1998) seminal framework which included a notion of spatial embeddedness, in recent years, industrial marketing scholars have taken an increasing interest in a local spatial dimension. For instance, industrial network research is increasingly addressing local network relationships (Mandjåk, Simon, & Szalkai, 2011; Mei-mei & Ka-leung Moon, 2008; Persson, Lundberg, & Andresen, 2011). This interest includes increasing research into relationships within spatially bounded industrial clusters (Chiu, 2009; Felzensztein, Huemer, & Gimmon, 2010; Frisillo, 2007; Lamprinopoulou & Tregear, 2011; Liao, 2010; Lin, Huang, Lin, & Hsu, 2012), while other recent studies have discussed the impact of geographically embedded stocks of social capital on locally embedded firm competitiveness (Batt, 2008; Bowey & Easton, 2007; Butler & Purchase, 2008; Eklinder-Frick, Eriksson, & Hallén, 2011; Partanen, Möller, Westerlund, Rajala, & Rajala, 2008; Westerlund & Svahn, 2008). Interest in local spatially embedded relationships in IM has also extended beyond B2B to examine relationships between firms and key co-located institutions (Lundberg & Andresen, 2012) and regional issue networks (Ritvala & Salmi, 2010). However, most IM studies have proceeded from the perspective that relationships are competitively generative. This is a contention that is challenged in the EG literature, which we briefly review next.

2.2. Geographical and relational proximity

Within the EG literature, Torre and Rallet (2005:49) defined geographic proximity as the “kilometric distance that separates two units in geographical space”. However, whilst inevitably sharing resources due to co-location (Feser & Luger, 2003), a firm may not have any relationship with other co-located actors purely because of geographical coincidence. Geographical proximity may only create the potential for interaction between industrial firms without necessarily leading to strong relations between co-located actors (Boschma & ter Wal, 2007; Cantwell, 2009). Hence, a study of regional industrial relations and recursive firm/regional competitiveness may be constrained by a focus on a local network as a unit of analysis. Instead, a focus on a relational space, “made of all the different relationships built among local actors” (Capello & Faggian, 2005:78), and relational proximity and distance within it may yield different insights into the impacts of relationships on the recursive interplay between firm and regional competitiveness. To identify the effect of proximity on competitiveness, Boschma (2005b:62) suggested the need to “isolate analytically, the effect of geographical proximity from ‘other’ forms of proximity”. This is a challenge that IM scholars have not yet fully addressed; this study makes a step towards filling this gap or at least in pointing out how large it may be, and its shape.

One approach taken to such *de-territorialization of closeness* (Bunnell & Coe, 2001), in EG has been to analyze separate *cognitive, organizational, social, and institutional* proximities between geographically co-located actors (Boschma, 2005b; Nooteboom, Van Haverbeke, Duysters, Gilsing, & van den Oord, 2007). However, Broekel and Boschma (2011:2) noted that “proximity between agents does not necessarily increase their innovative performance, and may possibly even harm it.” Indeed, later analysis in EG supported the proposition that proximity can have negative as well as positive consequences. For instance, taking cognitive proximity as an example, a paradox has been empirically established (Boschma & Frenken, 2010; Broekel & Boschma, 2011), in which an optimal cognitive proximity/distance exists modelled as a U-shaped curve (Isaksen &

Onsager, 2010; Nooteboom et al., 2007). Essentially, these concepts suggest that the transfer of specialist knowledge may at times erode firm competitiveness. Such paradoxical tension has received some attention but little empirical investigation within IM (Cantù, 2010; Eklinder-Frick et al., 2011; Lamprinopoulou & Tregear, 2011). Moreover, social proximity (in the guise of social capital) in IM has been largely considered to generate competitiveness (Batt, 2008; Bowey & Easton, 2007; Butler & Purchase, 2008; Partanen et al., 2008; Westerlund & Svahn, 2008), even though work outside IM has identified the negative consequences of social over-embeddedness (Clark & Smith-Canham, 1999; Cooke, Clifton, & Oleaga, 2005; Maskell & Malmberg, 2007; Molina-Morales & Martínez-Fernández, 2009; Parra-Requena, Molina-Morales, & García-Villaverde, 2010) and regional myopia (Mariotti, Piscitello, & Elia, 2010). Some authors in EG have stated a preference for the term ‘relational’ capital over ‘social’ capital. Capello and Faggian (2005:78) suggested that “social capital exists wherever a local society exists, while relational capital refers to the (rare) capability of exchanging different skills, interacting among different actors, trusting with each other and cooperating”. Capello and Faggian’s also suggest that social capital may be appropriable by a co-located firm at arm’s-length, even opportunistically (see also discussion by Sunley, 2008), pointing to positive competitive advantages in maintaining relational distance from other co-located actors.

The four proximities discussed above essentially posit the effects of different relational proximities between different actors groups—for example, relational proximity between different institutional groupings (such as public and private sector institutions), or between actors within industries (cognitive proximity). Relational proximity (a further concept drawn from the *relational turn* in EG) also has a converse *distance* proposition that is equally as important in the analysis of all actors and actor groups in a relational space. The literature reviewed not only highlights the need to investigate comparatively the generative and degenerative impacts of relational proximation and distanciation (as pursued in this paper), but also indicates that different proximities/distances develop over time in a non-linear fashion and contain periods where relational proximity endures (for a discussion of non-linear processes in theory building, see for instance, Schurr, 2004, 2007; Van de Ven, 1992; Van de Ven & Poole, 1995). It follows that careful consideration must be given to the time dimension in research design, which is explored in the next section.

2.3. Structuration theory

Having considered space, we turn our attention to matters of space and time. The impact of time on relationships has become an important focus for IM scholars, although the impact of time on spatially embedded relationships (rather than relationships embedded in networks) has received less attention. The relational time concept would seem to have much to offer. For instance, Yeung (2005) and Dicken, Kelly, Olds, and Yeung (2001) both highlighted that the relational turn in EG requires consideration of both agency and structure in the analysis of relational space. Yeung (2005:44) in particular suggested the need for an “iterative process of drawing interconnections between two or more discrete categories and phenomena that may not necessarily be binaries”, and advocated a research approach that would “transcend their dichotomization”. We propose that such an endeavour will enhance insight into relational time, above and beyond that obtainable through research predicated on interpretivist/voluntarist assumptions. Structuration has been selected as an approach capable of gaining insight into relational time in a relational space. As Ellis and Mayer (2001:193) suggested, structuration can “bridge the gap between deterministic, objective and static notions of structure on the one hand, and voluntaristic, subjective, and process views on the other”. Acknowledging criticism of structuration theory as the basis for empirical studies (cf Gregson, 1989; Hekman, 1990; Jessop, 2005; Jochims & Rutgers, 2006; Willmott, 1999), a full

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