



Contents lists available at ScienceDirect

## Journal of Business Research



## Relational norms in customer–company relationships: Net and configurational effects☆

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## ARTICLE INFO

## Article history:

Received 1 April 2016

Received in revised form 1 April 2016

Accepted 1 April 2016

Available online xxx

## Keywords:

Configurational effect

Net effect

Relational norms

Relationship

Transgressions

## ABSTRACT

Relational norms as implicit rules of conduct have vital roles for the functioning of commercial and non-commercial relationships. This research further illuminates relational norms in customer–company relationships by examining antecedents that contribute to the development of relational norms and consequences that arise after a relational transgression. To test these effects, this research conducts a study with 198 customers of a financial services provider and analyzes the data using structural equation modeling (SEM) and fuzzy-set Qualitative Comparative Analysis (fsQCA). The results of this research offer new insights into the net effects and the configurational effects of relationship-quantity factors and relationship-quality factors for the development of relational norms. In addition, the findings of this research deepen the understanding of how relational norms relate to customers' reactions to relationship transgression by demonstrating amplifier and buffer effects.

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## 1. Introduction

Studies in several research domains establish the role of norms in guiding individuals' and organizations' behaviors (e.g., Dwyer, Schurr, & Oh, 1987; Macneil, 1978; Noordewier, John, & Nevin, 1990; Rousseau & McLean Parks, 1993; Thibaut, 1968). Norms represent “a principle of right action binding upon the members of a group and serving to guide, control, or regulate proper and acceptable behavior” (Macneil, 1980, p. 38). Norms create social pressure toward compliance (Kaufmann, 1987), which can apply to different types of social groupings, ranging from entire societies to groups of individuals (Heide & John, 1992). Norms constitute an important dimension of commercial exchange relationships (Kaufmann & Dant, 1992; Kaufmann & Stern, 1988; Macneil, 1980). In commercial exchange dyads, norms reflect implicit codes of conduct that complement explicit contractual agreements and that govern exchange relationships by encouraging appropriate and discouraging deviant behaviors of exchange partners (Heide & John, 1992; Kaufmann, 1987; Pfeffer & Salancik, 1978). Depending on what pattern of norms manifests between interacting partners, commercial exchanges may be characterized as (more or less) discrete or relational (Macneil, 1980). While discrete exchange norms “contain expectations about an individualistic

or competitive interaction between exchange partners [...], relational exchange norms are based on the expectation of mutuality of interest, essentially prescribing stewardship behavior, and are designed to enhance the wellbeing of the relationship as a whole” (Heide & John, 1992, p. 34).

The present research further illuminates relational norms in commercial exchange relationships, with focus on exchanges between individual customers (i.e., consumers) and companies. Although research on relational norms is fairly extensive, the findings of prior studies most commonly relate to one form of commercial exchange, that is, interfirm exchange (e.g. Gundlach, Achrol, & Mentzer, 1995; Heide & John, 1992; Noordewier et al., 1990; Rokkan, Heide, & Wathne, 2003). However, empirical studies indicate that relational norms have vital roles in commercial exchanges between individual customers and companies as well (e.g. Aggarwal, 2004; Aggarwal & Law, 2005; Aggarwal & Zhang, 2006; Wan, Hui, & Wyer, 2011).

Two primary research questions guide this study. The first research question relates to what factors contribute to the formation of relational norms in customer–company relationships. Existing work on relational norms has predominantly focused on the effects of norms, thus viewing norms as present in a relationship. However, a key question that has received only limited attention so far is how relational norms develop in commercial exchange dyads (e.g. Gundlach et al., 1995; Ness & Haugland, 2005). To answer this question, this research focuses on characteristics of the relationships as potential sources of relational norms development. Drawing on prior work on relationship strength (Dagger, Danaher, & Gibbs, 2009), the present study distinguishes between the quantity and the quality of relationships and examines the net effects and the configurational effects of relationship-quantity

☆ The authors thank Arch Woodside for the constructive suggestions on a previous version of this article.

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factors (i.e., relationship duration and contact frequency) and relationship-quality factors (i.e., satisfaction, commitment, and trust) on relational norms.

The second research question of this study concerns how relational norms influence customers' responses to the company after a relational transgression. A transgression is a violation of the implicit or explicit rules that guide behaviors of interacting partners (Metts, 1994) and relies on the wrongness of an action in the eyes of norm-guided beholders (Dodge, Edwards, & Fullerton, 1996). Some studies suggest that relational exchanges, which typically build on relational norms, can buffer the negative consequences of a transgression (e.g., Tax, Brown, & Chandrashekar, 1998). However, other studies indicate opposite effects and point to an amplification of the negative effects (e.g. Grayson & Ambler, 1999; Grégoire & Fisher, 2008). In an attempt to resolve this ambiguity, this research examines the net effects of relational norms on customers' constructive reactions (i.e., voice) and destructive reactions (i.e., exit and neglect) after a transgression. In addition, this research examines the necessity and the sufficiency of relational norms to bring about these reactions.

The data for this research come from a survey with 198 customers of a financial services provider. Data analyses include structural equation modeling (SEM) and fuzzy-set Qualitative Comparative Analysis (fsQCA; Ragin, 2008). While SEM, as variable-oriented method, provides insights into the net effects of individual antecedents on the outcomes of interest across the empirical cases, fsQCA, as a set-theoretic, case-oriented method, offers insights into configurational effects of compound antecedents for the outcomes under investigation and helps delineate explicit connections in terms of necessity and sufficiency (e.g., Leischnig, Henneberg, & Thornton, forthcoming).

The findings of this research make several contributions to the literature. First, this research deepens the understanding of relational norms development in commercial exchange relationships by elucidating the impact of relationship-quantity and relationship-quality factors on relational norms. The results of the net effects analysis indicate that trust drives relational norms. The results of the fsQCA complement this finding by revealing five distinct combinations of relationship characteristics that differ in their particular composition, but that all represent consistently sufficient pathways (i.e., "causal recipes") for relational norms.

Second, this research advances knowledge on the effects of relational norms after a transgression. The results of the net effects analysis demonstrate that relational norms have significant positive effects on constructive reactions (i.e., voice) and significant negative effects on destructive reactions (i.e., exit and neglect). The effect size is highest for active constructive reactions and weaker for active or passive destructive reactions. A follow-up fsQCA supports two of these effects. Specifically, the results of the fsQCA reveals that the presence of relational norms, specified as a compound condition, is a consistently sufficient antecedent condition for the presence of voice reactions and the negation of neglect reactions. In summary, these findings offer new insights into the interplay among relational norms and customer reactions after a transgression and reveal both buffer and amplifier effects.

Third and from a methodological point of view, this research shows how researchers can combine variable-oriented methods, such as SEM, and case-oriented methods, such as fsQCA, to obtain more nuanced insights into phenomena of interest. Responding to recent calls that advocate a paradigm shift in theory-crafting and testing (Woodside, 2013, 2014), this research demonstrates how fsQCA can complement the insights obtained by SEM to deepen the understanding of relational norms in commercial exchanges between customers and companies.

## 2. Research framework

Fig. 1 depicts the research framework of this study and illustrates antecedents as well as consequences of the focal concept of relational norms. The antecedents include relationship-quantity factors and

relationship-quality factors and the consequences encompass three forms of customer reactions likely to occur after experiences of a relational transgression.

### 2.1. Relational norms in commercial exchange relationships

According to Macneil (1978, 1980), norms are the dominant, non-formal governance mechanism in social exchange. Norms serve as reference points for the evaluation of the behavior that an actor demonstrates in a given situation (Scanzoni, 1979). Prior work shows that three norms have particular relevance in relational exchanges: solidarity, reciprocity, and flexibility (e.g. Heide & John, 1992; Kaufmann & Stern, 1988).

*Solidarity* manifests itself in the form of shared identity and holds exchanges together (Macneil, 1980). Solidarity promotes a bilateral approach to problem solving and is based on relationship commitment and a willingness to seek a balance between costs and gains of a relationship in a longer-term perspective (Macneil, 1980). As such, solidarity is especially relevant in situations in which an exchange partner faces a predicament. The focus of the norm of solidarity is on the preservation of a relationship in which exchanges take place (Kaufmann & Stern, 1988).

*Reciprocity* is a norm of distributive justice and represents one of the key mechanisms in relational exchanges (Anderson, 1994). A freely entered exchange will only occur when both exchange partners expect an improvement in their pre-exchange position and each partner assumes it will get continuous, undifferentiated returns from the ongoing interactions with exchange partners (Blois & Ivens, 2007; Kaufmann & Dant, 1992). Such an understanding prevents the parties from maximizing their individual returns at the expense of the other partner (Cowles, 1996), which is the focus of the norm of reciprocity.

*Flexibility* refers to an exchange partner's expectation regarding the other actor's willingness to adapt an existing implicit or explicit agreement to new environmental conditions (Noordewier et al., 1990). The norm of flexibility considers the notion that environmental conditions can change over time and that adaptations of initial agreements can become necessary. The probability that at least one party will require adaptations to new circumstances increases with the length of the time horizon in a relationship (Ganesan, 1994). Adaptations thus should be envisioned and permitted within the existing relational exchange (Kaufmann & Stern, 1988), which is the focus of the norm of flexibility.

Although reciprocity, flexibility, and solidarity are discrete, distinguishable norms, empirical studies conceptualize them as dimensions of higher-order constructs (e.g. Heide & John, 1992; Stephen & Coote, 2007). This approach finds support in previous work which points to the interconnected structure of discrete norms (Macneil, 1980). Discrete norms tend to support one another and constitute a syndrome of functionally related elements (Noordewier et al., 1990). Following this rationale, this research specifies relational norms as a higher-order concept consisting of reciprocity, flexibility, and solidarity.

### 2.2. Antecedents of relational norms

Although empirical research on the development of relational norms in commercial exchanges is scarce, literature indicates that the interactions between exchange partners is an important basis for norms formation (e.g. Dwyer et al., 1987; Gundlach et al., 1995; Ring & Van de Ven, 1994). For example, research on the development of group norms reveals that critical events in the history of a group and the first behavior pattern that emerges in a group, among other factors, can contribute to the development of group norms (Feldman, 1984). In addition and more directly related to commercial exchange dyads as social units, studies reveal that norms may arise from agreement or past acts (Kaufmann, 1987), and the magnitude of commitments that exchange partners dedicate to a relationship (Gundlach et al., 1995). In line with the notion of interaction between exchange partners as a source of

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