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Transient commitments and dynamic business networking

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ABSTRACT

A business network is a dynamic organizational form, ever shifting and changing. Capturing conceptually the dynamics of a network is difficult. We seek to explicate and understand how transient commitments focused on instrumental activities unfold and how they lead to network dynamics. We study this using the activity and actor dimensions of a dynamic network. Our empirical data is based on the defense supply industry where a number of firms act, interdependently and yet also somewhat independently, to change and adjust their surrounding network and so bring new solutions to their customers.

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1. Introduction

In this paper we seek to understand the role of commitment in the dynamics of business networks. We explore how development processes unfold in business networks and how change is linked to transient commitments made by actors. We define transient commitments as the activities undertaken by two or more social actors, according to changing provisional or implied agreements for carrying out future actions. The concept of transient commitments is a specific adaptation of Lenney and Easton's (2009) idea of 'commitments', where our focus shifts from agreements to activities. We argue this subtle distinction opens network thinking to a new understanding of dynamics.

Understanding of business network change is often conceptually anchored in both stability and change (Håkansson & Ford, 2002; Håkansson & Johanson, 1993). Ford et al. (1998: 43) view the trajectory of long-lasting relationships as a critical factor in network stability: "Because [business] relationships are substantial, they are not easy to change quickly and changes are likely to incur significant costs, both in disruption and in developing new relationships." In this literature, changing business relationships was considered difficult but possible, provided there was potential to coordinate changes in production and technology within and across firms. As a result, ongoing change is seen to occur by adaptations, often unnoticed, within

business relationships (Håkansson & Ford, 2002). The result is a "reactive" approach to network change (Munksgaard & Medlin, 2014). In other words, stability of the network comes first, and change is overridden and hidden inside the actors and business relationships. How change fits into the picture is difficult to see in this durable view of business networks.

We offer an alternative perspective and attempt to think in terms of *business networking and change occurring first*, before stability arises from the pre-existing business network. In this forward view a network of relationships is always in a state of becoming, is never static, is continually changing without equilibrium and so there is a constant need to build and re-build managerial understanding of the network (Lenney & Easton, 2009). The shift in emphasis is away from relationships and towards the activities undertaken by the actors in the network. In this forward view we meet the substantive (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009) and also constructivist nature of business networks (Halinen, Törnroos, & Elo, 2013). In a strong change view, uncertainty and processes are confronted by the actors' need to create, maintain and develop business relationships that support activity to achieve their own and mutual interests. Thus, we argue past commitments are downplayed as actors create, develop and adjust processes to handle change. We see a business network as an outcome of the instrumental and utilitarian activities being pursued in the interactions between actors. Thus, we focus more on the temporal and constantly moving ways by which actors seek value through opportunities and business relationships, so that a network is less reliable as a structure. Instead the forward temporal focus we envisage re-conceptualizes the

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network as a continuously changing structure for seeking and developing opportunities.

This means that there is a focus on activities and mutable processes rather than structures, and that unfolding rather than stability appears as a defining network characteristic. In this perspective, we explore conceptually the transient commitments made by actors in collaborating with other actors. We submit that existing conceptualizations of commitment in the Industrial Marketing literature are underdeveloped. Transient commitments are central to the way in which actors relate to imagined potential futures in business networks. We set out to understand in a more systematic manner how transient commitments unfold in business networks and how they impact on network dynamics.

The paper is presented in the following manner. First, we review existing contributions to understanding commitment, mutual commitment and 'commitments' and their roles in network change in order to warrant our claim. We then provide a process perspective on business networks, which emphasizes fluidity and constant change rather than stability in the way in which actors deploy resources and activities. We next provide an argument for how an actor's energetic transient commitments towards opportunities can be seen as central to the processes of change. This section concludes with a framework for understanding commitments in a network. At the same time, we develop a case for empirically investigating the nature of transient commitments. The case study also provides us with an empirical grounding and the possibility to reflect and further develop our conceptualizations. Our empirical data is based on cases in the defense supply industry, where a number of firms act to seek and make changes in their surrounding network so as to bring new solutions to their main customer. Finally we discuss theoretical and managerial implications.

2. Commitments in a business network

There are a number of different operationalizations and aliases of commitment (Palmatier, Dant, Grewal, & Evans, 2006), but all include a temporal component. This temporal component creates a confounding issue in conceptualizing commitments. A firm can make a commitment, but 'commitments' are extended in time as acts and activities, or noted by events at a specific time. Lenney and Easton (2009) make the distinction and apply the terms 'commitments' to the time extended meaning of a commitment. We consider that the temporal distinction noted here strongly impacts on the conceptualization of dynamics in the business network. We will return to elaborate 'commitments' after a short digression into the concept of commitment and mutual commitment in the Industrial Marketing approach and beyond.

The studies of commitment began with a focus on business relationships and their stability (Håkansson, 1982). Anderson and Weitz (1992: 19) defined commitment as a "desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship." Similarly for Morgan and Hunt (1994: 23) commitment is so "worth working on that it [a relationship] endures indefinitely". Commitment, conceptualized here as a psychological state (Lenney & Easton, 2009), is frozen in the present and lost is the active sense of making and meeting 'commitments'. Instead of commitments to activities, there is substituted a commitment to a business relationship. Applying this conceptualization of commitment to a business relationship leads to stability and many such connections form a network.

The temporal issue is apparent in another way when researchers seek to capture an understanding of processes by using variable studies to "explain a causal relationship in a variance theory" (Van de Ven, 1992: 169). For example, Gundlach, Achrol, and Mentzer (1995) view commitment as composed of three elements: (1) an instrumental self-interest stake in a relationship, (2) an attitudinal enduring intention to maintain a long-term stable relationship, and (3) a temporal component where commitment means "something only over the long-term" (p. 79), and where stake and attitude reveal consistency over time.

Thus, commitment for these authors is a driver of stability in business relationships and so in later studies we see a strong element of permanence in network connections.

Taking commitment a step further Håkansson and Snehota (1995) characterized networks in the form of 'mutual commitments', where firms commit reciprocally to a business relationship. A mutual commitment reflects that business actors are interdependent and interact to seek and develop business with each other. Making a mutual commitment with specific business actors means also adapting resources and creating specificities in terms of how resources and activities are connected (Hallén, Johanson, & Seyed-Mohamed, 1991). Also important is interpersonal trust towards specific others. As business relationships develop over time, these commitment processes mature and become increasingly implied (Dwyer, Schurr, & Oh, 1987; Ford, 1980). Thus the network is seen both as a consequence of adaptations made through past interactions and as a form of agreement made for future interaction (Hallén et al., 1991). In the literature, long-term commitment is often linked to shared business, and mutual commitment is seen as a resource in its own right (Holm, Eriksson, & Johanson, 1999). Research on the longevity of committed business relationships seems to back-up this viewpoint.

However, mutual commitment leading to network stability may be a bridge too far when longer periods of change are considered (Medlin & Ellegaard, 2015). Problematizing the mutual concept shows that commitment is not static, that commitment may be asymmetric with different actors at different times, as firm strategy and personnel change, and that network change can also influence the degree of commitment a firm is capable of enacting. Given that networks are comprised of heterogeneous actors, the commitment each makes is also equally shaped in subjective managerial theories of action or network pictures (Ford & Håkansson, 2006; Snehota, 2003). But in each of these conceptualizations there is recourse to how a manager might think about and apply the network to solve a problem, and so the stage is set for a static view of a network apparent only in a backwards view.

These thoughts imply a central dilemma and challenge for networks as an organizational form. On the one hand, mutual commitment is an important element of stabilizing a network and thereby creating and realizing value, and also a necessary means to factor in resource access. On the other hand, mutual commitment in a changing network may have a binding effect and forestall the allocation of resources to other actors, and thereby restrict business actors from pursuing alternative and more valuable opportunities. Missing is the forward and purposive movement of actors (Lenney & Easton, 2009).

Thus, there is an issue with 'mutual commitment' and the nature of the network. When the network is the lens for reality and analysis, the temporal element that complements the enduring nature of a commitment stabilizes or, in more dynamic enunciations, there is fairly stable path dependence with punctuated changes. Open is the question: what happens in a more emergent and changing network? And how are commitments to be understood against such a backdrop?

Taking a more dynamic view Lenney and Easton (2009: 555) define 'commitments' as "agreements between two or more social actors to carry out future actions". Here the focus is on the agreements and so it is on the mutual; but there is also a goal of 'future actions', which begins to move in the conceptual direction we seek. Lenney and Easton (2009) seek this future and purposeful direction for actors. This becomes clear when they discuss the nature of 'commitments' (see Table 1).

According to Lenney and Easton (2009) commitments are very much a social act or an agreement to act together; and here an important distinction must be drawn. Commitment by a firm to a relationship is distinctly different in nature from 'mutual commitments' and also from 'commitments'. 'Commitments' are agreed temporal projections, rather than attributes of a business relationship, which is one meaning of 'mutual commitments'. Also, 'commitments' as temporal projections are not an attribute of a single actor. Thus the distinction between the three terms becomes clear: 'commitments' are agreements that connect

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