AN INDUCTIVE INVESTIGATION INTO RELATIONSHIPS BETWEEN GEOGRAPHICALLY CO-LOCATED ACTORS: THE CONTRIBUTION OF RELATIONSHIP MARKETING TO REGIONAL COMPETITIVENESS.

Being a thesis submitted for the degree of Doctor of Philosophy at the University of Hull

By

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**Abstract**

This thesis is grounded in the discipline of marketing and draws, substantively, on literature from within the regarded sub-discipline of *relationship* marketing. However, the literature drawn upon is firmly interdisciplinary, drawing heavily on theories from economic geography. The crucial construct drawn from this outwith literature is that of geographic co-location, the phenomenon of geographic proximity between businesses and other organisations. This thesis isolates and defines two modes of regional marketing activity, a defensive and an offensive variant. It is to the defensive variant that this thesis makes contributions by proposing a macro theory of relevant marketing geography, a regional relationship lifecycle that examines the notion of loyalty to a region and a competence-based view of regional relationship marketing activity between co-located actors. The conclusions and models presented here mark the first thesis in the discipline of marketing examining the contribution of the marketing discipline to regional competitiveness. The thesis also deploys a novel methodology within the marketing discipline to understand the research phenomena in time and space, and in terms of agency and structure. The methodology developed for, and deployed in, this thesis is based on Anthony Giddens’ theory of structuration.
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Chapter One: Introduction and background to the study

1.1: Research motivation and inspiration

The author of this thesis has had a long-term fascination with Eastern Europe having studied in Russia and as a result of this period of study, become a speaker of the Russian language. At the point of applying for this PhD and seeking funding, this thesis was destined to examine the connectivity between business networks in the Baltic States of Estonia, Lithuania and Latvia, and those of a region of the UK which was linked to the Baltic States through high levels of trade. The inspiration for the metamorphosis of this PhD into its current form lies in a consultancy project in 2003 in which the author took part. It became apparent during this study that there were many relationships between actors from different organisational sectors, grounded in local geography, that were strategically managed and vital to regional competitiveness. An idea came into sharp focus during one conversation with a respondent who, when approached for an interview, responded with such animosity to the idea of giving his views on the issue under investigation, that it became apparent that some past experience of interaction had led to such a stance on the part of this respondent. In current relationship marketing (RM) parlance, he was a dissatisfied customer. It seemed that this respondent was geographically proximate to other actors who were very willing to take part in the survey and seemed to interact quite enthusiastically. The example of the isolated firm can be better understood with reference to an analogy…

A local domestic neighbourhood in an average suburban street contains individuals or families who engage with, and contribute the energies of their private life to,
neighbourhood activities. This could manifest as lobbying the local council or indeed acting as local councillors, driving community social events, being head of the local scout troop, sitting on the PTA, neighbourhood watch schemes, and many other such activities. Others neighbours may live next to each other but have hardly ever exchanged a word in years. They may resent any interference from their neighbours. These people live in geographic proximity but also in social isolation to their neighbours, but why?

Breaking out of the analogy and back to the example encountered during the aforementioned consultancy project, the gentleman in question, and indeed his firm, could be seen as geographically co-located in his region but isolated from the local institutions and perhaps other industry actors, in a social, and/or business interaction sense. It was unclear whether his attitude had always been the case, or had become so because of the bad experiences of previous interaction. In the relationship and services marketing literature, models such as the relationship lifecycle, and the service terrorism-service advocacy spectrum, propose a series of stages of relationship development. Cursory investigation of existing marketing literature revealed that relationships in co-located geography had received no attention from within the marketing discipline; this appeared to be a very significant lacuna and just as significant an opportunity for a researcher.

The most influential work in the early phases of this thesis from within the marketing discipline was that of the Industrial Marketing and Purchasing Group and in particular, its network perspective. Marketing network theory however, seemed inadequate, in isolation, to investigate interaction in the context of local geography. First, networks
are essentially collaborative structures; regional geography also denotes a competitive element. Networks, particularly in the IMP school of thought are largely between firms and research has not delved deeply into relationships between actors from multiple sectors of society such as the public and third sectors.

During phases one and two of the investigation, several bodies of literature from outside the discipline of marketing were reviewed, including that of public sector management, regional development, economic geography, international business, and knowledge management. These ‘other’ areas are referred to consistently in this thesis as ‘outwith’ disciplines. Knowledge management appeared largely to be a red-herring, the other areas however proved more enlightening in respect of understanding the regional competitiveness agenda and spatial geography. From the continuing literature review process, several important articles were uncovered, which allowed the focus of the research to be narrowed.

1.2: Research problem

The first of a number of significant articles that shaped the direction of this thesis is by Michael Porter (1998) and allowed the author to first access the literature from economic geography regarding industrial clusters. Accessing this outwith literature enlightened the author to themes in that body of literature such as embeddedness, co-location, spatial proximity and social capital. These initially lay outside the author's previous disciplinary knowledge. The economic geography literature further helped to substantially locate the research in the resource-based, rather than the market-based view of marketing and strategic management. A significant review of resource and
competency-based perspectives of business and marketing was undertaken and is presented in this thesis. Within the economic geography discipline lay a further influential paper by Storper and Venables (2002) that led to the identification of a key concept of regional buzz and it is introduced to the marketing discipline in this thesis. Regional buzz became a central construct in the conclusions of this thesis. These articles were instrumental in defining the research problem as being grounded substantially in the resource-based rather than market-based side of the marketing discipline.

Michael Porter (1998: p. 78) states that: “the enduring competitive advantage in a global economy [lies] increasingly in “local things, knowledge, relationships, motivations, these distant rivals cannot match.” The importance of local can be defined at a smaller spatial dimension than a regional state or government. The evolution of the marketing concept and practice is argued to be primarily about one question, “how can marketing best contribute to the achievement and defence of sustainable competitive advantage?” (Juttner, 1998: p. 291). At the time of completing this thesis, the role of marketing in developing sustained regional competitive advantage is under-defined or potentially, entirely undefined. A second element of the research problem therefore became an imperative to examine contribution of marketing to the regional competitiveness agenda. What, if any, is the role of marketing in local geography?

Whilst still in the pre-empirical phase of this thesis, the author formed an opinion that members of the marketing discipline seemed to have met the significant changes in local spatial geography in the preceding twenty years with a form of myopia. Myopic, as other disciplines such as economic geography and indeed, international business,
have better recognised the strategic significance of *local* in a firm’s sustained competitive advantage. This myopia therefore blinds marketers to the importance of the term *local* in an environmental or industrial atmospheric sense. Marketing literature reviewed suggested that the subject of *local* is dealt with primarily from the perspective of geographic segments and markets, rather than resources and competencies. Such myopia therefore emphasises *international* almost to the exclusion of *local* where resources and competences are concerned. The lacuna is illustrated in quadrant four of the following matrix (Fig.1.1).

<table>
<thead>
<tr>
<th>International</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Market-based perspective</strong></td>
<td><strong>Resource and competency-based perspective</strong></td>
</tr>
<tr>
<td>1. High focus, a standard module in the majority of taught marketing programmes world-wide</td>
<td>2. High focus, the staple of introductory marking syllabi in the majority of taught marketing programmes world-wide</td>
</tr>
<tr>
<td>High levels of research</td>
<td>High levels of research</td>
</tr>
<tr>
<td>3. Medium research focus. Covered extensively within the IMP tradition from network and interaction perspectives</td>
<td>4. No significant, if any attention within the marketing discipline. Extensive research conducted within the International Business and Economic Geography disciplines</td>
</tr>
<tr>
<td>Less taught emphasis</td>
<td></td>
</tr>
</tbody>
</table>

**Fig. 1.1: REGIONAL MARKETING MYOPIA?**

Source: Author.

Troye and Howell (2004) report a body of criticism of the marketing discipline that suggests that marketers are too narrowly focused on the phenomena that they seek to research and address. Marketers have also been criticised as too lacking in focus on competitiveness (Varadarajan, 2003). Failure to adequately target quadrant four of Fig.1.1 is asserted in this thesis to be a result of international myopia. If not as a result of myopia, the implications would be twofold. First, that RM theory or practice has no
role to play in understanding or enhancing cluster and mileaux formation, development and interaction; or second, that other literature from within the discipline, can be comfortably applied to clusters without explicit reference to either clusters or mileaux. The author takes issue with either converse assertion.

In much of the outwith literature reviewed in this thesis, the subject of regional competitiveness is dealt with from the perspective of attracting new investment into a region. Regional competitive advantage in this sense is defined, in marketing parlance, as offensive, rather than defensive strategy. The development and sustenance of interaction between existing businesses within any region of the UK, and many other regions throughout Europe and North America is the object of massive endeavours and investment at a regional level. During the timescale within which this thesis was conducted, looking for some codification of this activity in the marketing literature proved fruitless. During the pre-empirical phase of the research it was suspected by the researcher that there was a phenomenon in local geography that had at the time of beginning this thesis, not been articulated in marketing thought. There seemed therefore a significant opportunity to develop original and highly practical new marketing theory and indeed it is asserted that this thesis has realised that opportunity.

Equally as relevant to the potential contribution to marketing thought, as part of the regional competitiveness agenda, the outwith disciplines had failed to deal adequately with what could be termed defensive regional strategy, or RM between located rather than prospective, locating firms. A search for the depth of richness in the outwith literature to mirror that of RM theory when dealing with organisational interaction suggested that this body of literature contained comparatively limited insight. A further
aspect of the research problem was to discover what contributions could be made to other disciplines through deployment of RM theory and practice to the context of co-located actors in local geography. The gaps in the marketing literature and the outwith literature defined an outstanding opportunity for interdisciplinary research.

The research opportunity therefore lay in the deployment of resource-based and RM theory to the problem of regions and regional competitiveness. The opportunity existed to extend the boundaries of RM research and practice by codifying abundant relational interaction conducted by people other than people called marketers, and conducted as activity called something other than RM activity. The opportunity existed to bring such activity within the boundaries of marketing and RM and in doing so, make a significant contribution to other academic disciplines and regional development practice.

1.3: The objectives of the thesis

The objectives of this thesis have evolved over the timeframe during which the thesis was being pursued. This journey will be discussed in Chapter Six. However, the terminal objectives for this thesis are stated here as:-

1. To present an appropriate research methodology to investigate both agency and structure in interaction over extended time periods within a defined spatial context.

2. To present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors.

3. To present a theory of marketing geography within which all current theories containing marketing and geography can be positioned.

4. To define and distinguish offensive and defensive regional marketing activity and present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda.
1.4: Thesis structure

This thesis is structured as follows.

1.4.1: Section A: Literature review

The literature presented in Section A of the thesis is substantial and divided into four chapters. Beginning with the origins of transactional marketing and the marketing mix concept, Chapter Two reviews the criticisms of the marketing mix from within the industrial, services and RM schools of thought. The review then outlines the evolution of RM. Contention is advanced as to a possible co-existence between relational and transactional perspectives or alternatively that RM exists as a paradigm shift which then negates and replaces transactional marketing. An evolutionary perspective of marketing is next illustrated through a discussion of the strategic orientations that a firm can adopt in relation to its environment; market, marketing, relationship marketing and constituent relationship marketing orientations. The constituent elements of RM are reviewed in-depth, including the constructs of loyalty, trust, commitment, opportunistic behaviour, reciprocity, shared values and involvement.

Chapter Three reviews material drawn from the resource-base and competency-based views of strategic management. The resource-based view (RBV) of marketing is a minority perspective in marketing practice, the competence-based sub-set of this approach has however, significant relevance to underpin the deployment of RM to the chosen research context. What little material that has been synthesised into the marketing literature is also reviewed in this chapter.
Chapter Four reviews material from the network perspective of RM. The network perspective is the area of marketing theory within which there is the greatest amount of synthesis between marketing and other disciplines. The work of the Industrial Marketing and Purchasing Group’s network and interaction perspectives are drawn on heavily in Chapter Four. Particular insight is gained through access to networks as a sociological phenomenon. Material such as the theory of weak ties and structural holes is discussed in this network context. Literatures in respect of network change, positioning and structuring is also reviewed.

Chapter Five amounts to a review of literature drawn from disciplines other than marketing. These other disciplines include economic geography, public sector management, regional studies and international business. The collective product of the literature review drawn from these other disciplines is termed outwith literature and the outwith term is used consistently in this context throughout this thesis. The dialectic debates of collaborative strategy against competitive strategy, and the resource and competency-based perspectives against the market-based perspectives, are also reviewed and their current integration into marketing literature discussed. Particular threads drawn from this outwith literature, that are useful in developing the conclusions to this thesis, have come from a review of public sector management, including public-private partnership, regional competitiveness, and, from within, economic geography; industrial clusters, co-location, innovative mileaux, social capital and embeddedness.

These four literature review chapters are separated for convenience purely for ease of viewing; otherwise the thrust of this thesis will be integrative and holistic. Popper (1963: p. 67) argues that disciplines are distinguished for “historical reasons and
reasons of administrative convenience” and dismisses disciplines as superficial boundaries concluding “we are not students of some subject matter but students of problems.” The thrust of this thesis is integrative over dissociative, holistic over atomistic and it will pursue paradigm commensurability over incommensurability.

1.4.2: Section B: Methods and methodology

The methodological justification for this thesis is discussed at length and, a defence of its epistemological, ontological and axiological position is presented in Chapter Six. The combination of these philosophical stances is discussed in relation to a series of research paradigms. In line with objective one above, this thesis introduces a novel methodology to the discipline of marketing, which allows for explicit insight into agency and structure, time and space and actor knowledgeability. This novel research approach is termed grounded-structuration. A deep discussion of critical pluralism is developed which positions structurationism as the meta-theory within the boundaries of this investigation. A grounded theory approach is selected from a review of several potentially compatible perspectives as the most appropriate tradition of enquiry with which to compliment structurationism at a meso-methodological level. At a micro-methodical level, a convergent semi-structured depth-interview approach is deployed to gather twenty-six depth interviews, lasting approximately one hour, from which substantive theories are developed. Respondents are all Senior Executives, Directors or Senior Management with active involvement in the local environment. Respondents were selected in a purposive fashion, as it was necessary to gain access to respondents who had experience of the phenomenon of regional involvement. Early respondents
were very helpful in recommending and facilitating access to senior private sector actors. The sample size was determined at a point of theoretical saturation.

1.4.3: Section C: Conclusions and contributions

Conclusions and contributions are contained in Chapters Eight to Twelve. The thesis makes theoretical contributions to knowledge in four main areas and these are divided into four separate chapters within Section C. Through a grounded and narrative approach, a substantive macro-theory of relevant marketing geography is discussed and a model (Fig.8.4) is presented. This model positions all relevant marketing geography issues under two main views, the resource-based and market-based views. The thrust of the thesis is within the RBV and two geographic sub-divisions are identified; supply-chain and a narrow geographic definition defined as co-location. It is within this latter category that two further process-based substantive theories are positioned and presented in this thesis in Chapters Nine and Ten. These two substantive process based theories meet the demand of objective four above. First, a regional relationship lifecycle linear model is presented in Chapter Nine, demonstrating how organisations enter and, to varying activity and attitudinal levels, become involved in their regions. The model is developed using a narrative approach and a visual mapping technique to present the process in a visual manner. The antithetical position to involvement, termed \textit{regional relationship isolation} is identified and discussed. A second process linear model is presented in Chapter Ten and termed a competency-based perspective of regional relationship marketing. The model introduces the term regional relationship marketing orientation (RRMO) and positions such an orientation as a core skill. It presents and discusses the precursors of such an orientation, the skills derived from the
possession of such an orientation and the reinforcement offered by long-term possession of such an orientation in a specific local environment.

The fourth contribution to knowledge outlined in Chapter Eleven is not argued to be a substantive theory, but a theory which is likely to undergo significant modification through further study. The theory here is demanded in response to objective two above and its contribution is primarily a mode of enquiry to expose the structuration between co-located actors in the region, specifically, the interplay between agency and structure, time and space and the knowledgeability of actors. Using a narrative approach, this interplay is discussed and a model is presented using a visual mapping approach; however this model is not process based but rather a system-based model, in that a beginning, middle and end are indiscernible, as with the linear process based models discussed above.
Section A: Literature Review

i: Section introduction

After above introducing, and providing background to, the study, the remainder of this thesis is divided into three main sections. Section A is a literature review section and divided into four chapters. Section B will introduce and defend the approach taken in this research, however, to understand the approach to the literature review, presented in Section A, it is necessary to appreciate that the research approach is inductive. As an inductive piece of research, literature was reviewed, as demanded, by the emerging data. The four bodies of literature reviewed in the following four chapters are all relevant to the arguments presented in Section C. The introduction to each chapter, in Section A, will demonstrate its connections to the arguments presented in Section C.

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Fig. A.1: THE MAIN LITERATURE REVIEW STAGES IN RELATIONSHIP TO THE PHASES OF THE RESEARCH AND THESIS PREPARATION
Source: Author.

Fig. A.1 is a representation of when certain bodies of literature were reviewed in relation to the empirical phases of the thesis. The bulk of the RM literature, for instance, was reviewed in the pre-empirical phase but kept up-to-date up to the point of
The last body of literature to demand review was the material on embeddedness, used to explain the final stage, in a model presented in Chapter Nine, and in Chapter Five of this section. An inductive loop, therefore, existed throughout the thesis development, between all chapters of the literature review, (section A) and all chapters of the conclusions section (Section C).

Fig. A.2: DIAGRAM SHOWING THE LOGIC OF THE LITERATURE REVIEW STRUCTURE
Source: Author.

The ambition of this thesis is to make a contribution to the discipline of marketing, and in particular the sub-discipline of relationship marketing. Fig. A.2 represents the author’s judgment of where four areas of literature, at time of writing, fit into the broad discipline of marketing relative to their centrality within the boundaries of that discipline. The network and resource-based literature overlap, to some degree, the discipline of RM, in that such literature has been integrated, to an extent, into the marketing journals as RM theory. From Section B onwards, boundaries, paradigms and
dichotomies become the subject of significant criticism in this thesis. RM, networks and RBV literature are separated into three chapters in Section A to reflect their degrees of integration within the marketing discipline. The fourth literature review chapter marks, what has been termed outwith literature, in that this literature has not been, to the author’s knowledge substantially or perhaps to any extent, integrated into marketing journals. The trajectory marked in Fig. A.2 therefore marks the pluralistic ambition of the author for this thesis, to integrate this outwith literature in the marking discipline and journals. It is the author’s intent to avoid dichromatic polemic, and pursue critical plurality at all levels. Integration of such disparate theories denotes an additional contribution to knowledge within the discipline of marketing.

The separation of these subject areas into chapters, allows first, for reviewers of the document to utilise the separated reviews for further study. Secondly, an important technique deployed in this thesis is the notion of bracketing out. A concern of the author in conducting this study was to create a marketing problem where one did not exist. A grounded approach allowed the author to build theory from the words of respondents; however, it was an important element of discipline for the author not to prematurely introduce the language and constructs of marketing into the fieldwork. Bracketing out will be explained further, in Sub-Section 6.8.1, however the deployed technique allowed the author to put a mental boundary around the marketing discipline, including the network and resource-based view, until prompted not to do so by the responses of respondents. It therefore seemed logical to present a review of literature with the boundaries on. Third, such boundaries were helpful in the inductive process as it denoted the relevance of subject areas in the finished document, as discussed above,
one substantial bounded subject, knowledge management, was rejected in the finished document.

Since the intent of the author is to contribute to the sub-discipline of RM, it is important to look within this maturing discipline, for exactly where such a contribution could be made. Palmer et al. (2005) presented a review of the various schools of thought in RM that have developed over the years. These they defined as the Nordic School, the Anglo-Australian School, the North American School and the Industrial Marketing and Purchasing Group (IMP). With its origins in the 1970s, the IMP’s interaction approach has been concerned primarily with the interaction of firms in B2B environments. Such literature is reviewed in Sub-Section 2.5 in Chapter Two. The IMP is essentially a European based school of thought with a strong Scandinavian base but with reach into France, the UK and Australia. The product of the IMP network approach forms the foundation of Chapter Three, although a smaller body of literature from the lesser known American Network school, is included in this section.

The Nordic School sees RM as a multi-functional process rather than something just performed by a marketing department. This multi-functionality is most effectively illustrated in Gummesson’s 30Rs framework (1999). Both the Scandinavian and the IMP schools of thought are grounded in the interpretivist paradigm and research derived from qualitative methods. With a strong link to Cranfield University, the Anglo-Australian School is grounded in both quantitative and qualitative approaches. The final North American School is grounded substantially in research output using quantitative methods. Gummesson (2004) highlights paradigm entrenchment when he proposes that many top American marketing journals are closed to European academics.
whilst European journals are open to American academics. He also suggests that whilst
European marketing academics read American journals, American academics rarely
read European ones. Since the very philosophical thrust of this thesis is pluralistic,
separation of such research for review would be contrary to the overarching ethos of
the thesis. However, the journals through which the IMP and Anglo-Australian schools
of thought have been published are likely, due to paradigmatical proclivities, to be the
most promising sources of potential publication.
Chapter Two: Relationship marketing

2.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

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</table>

*Current position in the thesis shaded*

Fig. 2.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS

Source: Author.

Although interdisciplinary in nature, this thesis will be defended in Chapter Eight as grounded firmly within the marketing discipline. Primarily, but not exclusively, the results of this thesis are intended to contribute intellectually to the sub-discipline of relationship marketing (RM). A search was made for theory to explain and illuminate the research context and content of the fieldwork within the discipline of marketing, and in particular, the sub-discipline of RM. As explained in the introduction to Section A, the RM literature was substantially reviewed in the pre-empirical phase of the research but continually updated throughout the duration of the thesis. A particularly important additional body of theory is drawn from the leisure RM literature, especially the construct of involvement. The review of this literature was demanded due to responses made by respondents made in Phase One of the fieldwork.
The chapter is structured as follows; first, a brief background to the discipline of marketing (Sub-Section 2.2) and marketing orientation (Sub-Section 2.3) to introduce a discussion of RM as an evolution of traditional marketing concepts (Sub-Section 2.4). Business-to-business marketing, RM constituencies beyond customers and temporal models of RM are next discussed (Sub-Sections 2.5-2.7). This discussion precedes a detailed examination of the concept of loyalty (Sub-Section 2.8). The final section outlined the defining constructs of RM, including very importantly, the construct of involvement (Sub-Section 2.9).

2.2: The discipline of marketing

Marketing management theory was, for many years, built around the activity of acquiring customers and market transactions (Storbacka et al., 1994) and this transactional marketing approach is still reflected today in the most popular definitions of marketing.

Any definition of marketing should correctly illustrate the marketing concept, defined as “the notion that the firm is best off by designing and directing its activities according to the needs and desires of customers in chosen markets” (Grönroos, 1994a: p. 349). The concept of the marketing mix has endured at the core of marketing theory for many years. Today, the marketing mix still forms the core of most marketing syllabi in the world. The marketing mix purportedly began with (1964) 12 elements, an idea reportedly first broadcast by Borden in the 1953 AMA Presidential Address. Borden, reportedly, got the idea from executive John Cullington who talked about business executives as mixers of ingredients (Waterschoot and Van den Bulte, 1992). Later, the marketing mix settled around the “holy quadruplet” (Kent, 1986: p. 146) of the 4Ps;
Product, Price, Place and Promotion (McCarthy, 1960). “Reduced to 4Ps, the mix gained in simplicity and elegance, but lost in substance and validity. It is still an advancement compared with the single P of microeconomics, Price” (Gummesson, 1994: p. 8).

The enduring success of the 4Ps approach is argued to be pedagogically driven as it is “seductively simple to teach” (Grönroos, 1994a: p. 355). Sympathetically, the robustness of the marketing mix approach is attributed to it being “pithy and easy to remember” (Waterschoot and Van den Bulte, 1992: p. 84) and therefore to “communicate” (Harker and Egan, 2006: p. 217). As a result of the 4Ps’ pragmatic grounding, further criticism of the 4Ps proposes that, “it does not fulfil the requirements of a good taxonomy” (Waterschoot and Van den Bulte, 1992: p. 82). The marketing mix has also been pejoratively assessed as the “epitome of a list of what-todos” (Lindgreen et al., 2000: p. 295).

Whilst utilisation in marketing syllabi seems to continue uninterrupted, criticism of the 4Ps seems to now arrive from all academic and practitioner poles and perspectives. The concept of the marketing mix is seen by academic critics as “supplier dominated” (Cunningham, 1985: p. 1) and focused only on the attainment of new business with no overt ambition to climb a loyalty ladder (Gummesson, 1999). In this transactional perspective, the important measure of marketing success is market share, with managers treating the customer as faceless (Gruen, 1997). Other authors critique the 4Ps as being inadequate for dealing with industrial marketing (Cheung and Turnbull, 1998), as a poor option for small business due to resource limitations (Zontanos and Anderson, 2004), and as being highly operational (Andersen, 2001; Gummesson, 1994). Quite bluntly, some authors state that “scholars are abandoning the marketing
mix” (Andersen, 2001: p. 167). RM, as a possible candidate to step into the void left by this tactical retreat of the 4Ps, is discussed at length in this chapter in Sub-Section 2.4.

Criticism of the 4Ps is most stark in the services marketing literature, arguments include that “in a service business, none of this [the 4Ps] works well without a Q for quality” (Berry and Parasuraman, 1991: p. 4). Equally, 4Ps marketing has been criticised as system whereby value is pre-produced for the customer, rather than simultaneously co-produced with the customer (Grönroos, 1990b). The inherent problems of applying the 4Ps model to the service sector are later addressed by the extension of the 4Ps’ model to 5Ps with the addition of People (Judd, 1987) and 7Ps by the addition of People, Process and Physical Evidence (Booms and Bitner, 1981). A further taxonomy of 15Ps is proposed by Baumgartner (1991). The retort from those adherents to the “holy quadruplet” (Kent, 1986: p. 146) is that intangibility, inseparability, heterogeneity and perishability were already intrinsically accounted from within the 4Ps. However, the 5Ps, 7Ps or 15Ps have seemingly failed to silence criticisms of the marketing mix approach.

2.3: Marketing and market orientations

Marketing is a social institution and a social science that must remain adaptive to its embedded, cultural and political context (Wilkie and Moore, 1999). A marketer must negotiate a stance between the social dilemmas that exists between a marketing firm and its environment (Messick and Brewer, 1983). Willenborg (1998: p. 227) suggests such social dilemmas can be translated into a series of marketing dilemmas. First, there is the dilemma of developing independence versus interdependence between parties, second, the dilemma of co-operation versus competition between parties, third, short-
term versus long-term orientation and, finally, the dominance of either self-interest versus altruism. However, Section B of this thesis will challenge the central implicit premise presented in this taxonomy; that marketing phenomenon should be tackled atomistically. Willenborg illustrates these social dilemmas in the following diagram (Fig. 2.2):-

![Fig. 2.2: THREE ORIENTATIONS TOWARDS THE MARKET](image)


Fig. 2.2 illustrates three possible marketing stances, a non-marketing orientation, a transactional marketing orientation and a RM orientation. This spectrum forms the basis of discussion in sub-sections 2.3-2.4.1). Levitt’s (1983) notion of myopia is refined by Willenborg (1998: p. 231) as a “non-market orientation;” (see Fig. 2.2) characterised by independence, non-co-operation, short-termism and a win-lose mentality. Day (1999) also characterises three orientations. First, he classifies firms as
oblivious to the market. Discussed in Day’s typology is the contention that product centred, or product orientated, firms are oblivious to potential markets. Production orientation is observed, particularly, in respect of international market entry, through hierarchical methods where an obsession with getting the production side of things up and running, and may blind a business to market dynamics (Yoshino, 1964). Contemporaneously, in Levitt’s seminal marketing myopia allegation, Levitt (1960: p. 24) alluded to “the reason they [the railroad industry] defined their industry wrong was because they were railroad oriented instead of transportation-oriented; they were product-oriented instead of customer-oriented.”

Production orientation is a form of non-marketing orientation. A production orientation is, however, a legitimate stance for some businesses. Day’s (1999) second classification is that firms are compelled by the market. Companies who are customer compelled are slaves to the customer, having misunderstood the marketing concept which should define value for supplier and customer. Day’s third categorisation is that of being superior to the market: Superiority differs from obliviousness, implying that a firm is aware of the market and customer needs, but demonstrates a conscious intent to ignore intelligence in favour of the manager’s own instincts. To negotiate a distinction between notions of transactional and relational marketing orientation, illustrated in Fig. 2.2, requires, first, an understanding of the broader notion of market and marketing orientation.
2.3.1: Market orientation

Research into market orientation can be grouped under two broad categories; the philosophy-attitude perspective and the behavioural perspective (Gounaris and Avlonitis, 2001). From the philosophy-attitude perspective, market orientation is defined as a “set of attitudes, which are based on creating and enhancing value to customers as part of corporate culture” (Greenely, 1995: p. 2). Other papers refer to market orientation as grounded in cultural values and characterised by an organisational spirit (Slater and Narver, 1995). More recent work has found that both perspectives must be considered when implementing marketing orientation (Hult et al., 2005). However, implementation of market orientation has been under explored with only one paper examining the phenomenon (Kennedy et al., 2003) and one further recent paper examining implementation in a B2B situation (Beverland and Lindgreen, 2007). The paucity of research into B2B market orientation is problematic in this thesis.

Conversely, Deshpande and Farley (1998: p. 226) argue that marketing orientation is not cultural but rather a “set of activities […] related to the continuous assessment and serving of customer needs.” The behavioural perspective of market orientation is discernable in the following definition of market orientation. “Market orientation can be viewed as the degree to which a firm’s analysis of the external marketing environment influences the strategic planning process” (Baker and Sinkula, 2002: p. 7). Additionally, market orientated activity is defined as “the cross-functionally coordinated acquisition of information on present as well as potential customers, end users and competitors.” Activity then continues through analysis and “dissemination of market information horizontally and vertically within the organization.” Such
dissemination, therefore, includes elements of internal marketing and, finally, “organization wide tactical and strategic response to that knowledge” (Bisp, 1999: p. 78). Market orientated activity is aligned with the possession of a market orientated culture as a competence. As with many other dichotomies that will be introduced in this thesis, between the poles of the dichotomy, lays a synthesis of views. In this case, a more helpful definition of market orientation lies in a synthesis between the philosophy and behavioural perspectives (Avlonitis and Gounaris, 1997).

Market orientation is fundamental in effective business performance (Baker and Sinkula, 1999a; Bisp, 1999; Deshpande et al., 1993; Farrell and Oczkowski, 2002; Jaworski and Kohli, 1993; Slater and Narver, 2000). In their seminal work, Narver and Slater (1990) posit that market orientation is made up of three subordinate constructs, competitor orientation, customer orientation and inter-functional coordination. These will now be discussed in turn.

2.3.1.1: Customer orientation

Customer orientation is “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously” (Narver and Slater, 1990: p. 21) and is “the set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders […] in order to develop a long-term profitable enterprise” (Deshpande et al., 1993: p. 27). Customer orientation is separated in later work into customer analysis; the deliberate analysis of customer needs gathered through intelligence operations, and customer responsiveness; deliberateness in responding to the results of that analysis (Dawes, 2000). An extreme example of customer orientation is being customer led, which is seen, by some researchers, as a contraposed point on a
spectrum to market orientation (Connor, 1999, 2007). Other authors (Ketchen et al., 2007) argue that customer orientation and market orientation can be juxtaposed on the basis of time-orientation. In Fig. 2.3 below, customer orientation denotes only a short term focus on customer needs, whereas market orientation involves long and short term interest in customer satisfaction. This therefore places their definition somewhat at odds with the seminal work of Narver and Slater (1990) when they state that customer orientation involves creating superior value for them *continuously*.

![Four Approaches to Current and Future Customer Needs](image)

**Fig. 2.3: FOUR APPROACHES TO CURRENT AND FUTURE CUSTOMER NEEDS**


The reactive orientation illustrated in Fig. 2.3 denotes an organisation that is incapable or unwilling to predict future or current customer demands. A disruptive organisation is one that has little interest in the present and attempts to predict future demands.
2.3.1.2: Competitor orientation

Competitor orientation has a major impact on firm performance (Dawes, 2000). Competitor orientation refers to a situation where a “seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and potential competitors” (Narver and Slater, 1990: p. 21). Gummesson characterises three levels of relationship as, the classic dyad, the classic triad and the network. The triad he discusses as the relationship between the customer, supplier and competitor. The notion of being superior to competitors could logically be inferred by considering Day’s (1999) notion of being superior to the market. A firm that perceives it as superior to competitors should be a market leader or niche market exploiter, instead of a market follower, in order for such perceived superiority to be successful. Competitor orientation could be valid in either a leader or follower strategy through a conscious desire to be one-step behind or one-step ahead of the competition.

2.3.1.3: Interfunctional co-ordination

Interfunctional co-ordination is “an alignment of the functional areas’ incentives and the creation of interfunctional dependency so that each area perceives its own advantage in co-operating closely with others” (Narver and Slater, 1990: p. 22). McDonald (1991) proposes that significant barriers to marketing planning are barriers caused by organisational structure. Such barriers often ensure functional marketing remains synonymous with a marketing department, rather than existing as a cross-functionally permeating concept (Grönroos, 1994a). Interfunctional co-ordination could
also be redeployed as a term in situations where competitive advantage is contained within virtual organisations and networks.

2.3.1.4: The outcomes of market orientation

Market orientation affects financial performance indirectly; mediated through enhanced market performance (Becker and Homburg, 1999). Other research asserts that the relationship between market orientation and business performance is mediated through other variables such as a learning orientation (Baker and Sinkula, 1999a). The core market orientated tasks of intelligence generation and dissemination are key precursors of organisational learning. Kohli and Jaworski (1990: p. 3) make a link to marketing intelligence gathering, dissemination and the “organization-wide generation of market intelligence across departments and organisation-wide responsiveness to it.” Intelligence gathering and dissemination are relevant to both effective customer and competitor orientation and dissemination linked to interfunctional co-ordination. Learning orientation is found in some research to have a stronger positive relationship with business performance than with market orientation (Farrell, 2000). Paradoxically, other studies assert that a market orientation supports a learning orientation (Farrell and Oczkowski, 2002). Learning orientation, in such a respect, is seen as a constituent element of market orientation. However, a further paper finds that competitor orientation has the strongest correlation with business performance, (Dawes, 2000) greater than a learning orientation and a market orientation. The complementarity between possession of a market orientated culture and effective marketing plan has found support, without an assertion for a causal direction (Pulendran et al., 2000; Pulendran et al., 2003).
Market orientation and organisational learning are different forms of competencies in the RBV of the firm (Baker and Sinkula, 1999b; Day, 1994; Jimenez-Jimenez and Cegarra-Navarro, 2007; Vorhies and Harker, 2000). A market orientated competency is expressed as the capability to assimilate and act upon intelligence from the marketplace (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990).

2.3.1.5: Non-profit market orientation

An additional perspective on market orientation can be discerned by crossing the boundary from private to the public sector. Non-profit market orientation emphasises the attainment of competitive advantage based on need segmentation and a proposition providing a higher added-value to the market than the competition, thus in non-profit organisations, exchange relationships should focus on satisfying the real needs of the target stakeholders to a higher degree than the existing alternatives (Vazquez et al., 2002).

Market orientation has undoubtedly extended from the private sector discipline to the public sector. Buurma (2001) proposes that public organisations utilise four types of marketing, which differ from each other in terms of underlying objectives. Public sector market orientation includes marketisation, promoting self-interest, city marketing and social policy marketing. As a delivery vehicle in respect of these uses, a policy development of great significance in this thesis is public-private partnership (PPP). PPP is reviewed in Sub-Section 5.6. Broadly, the public sector has historically
been expected to focus on community interest, whilst the supposedly dynamic private sector focuses on its shareholders and/or direct stakeholders (Scharle, 2002).

Cervera et al. (2001: p. 1263) proposes that public sector market orientation will provide public organisations with:-

“suitable instruments in order to reduce criticism from interest groups or media, as the knowledge of public needs will help them to organize their supply for better satisfying public needs. Moreover, marketing tools will also improve relationships with these groups.”

Similar to the for-profit marketing literature, public sector market orientation can be characterised as information generation, dissemination and responsiveness to the market (Cervera et al., 2001; Wood and Bhuian, 1993). Non-profit market orientation is relevant to the charity/third sector as well as to the public sector. A key distinction between for-profit and non-profit organisations is that non-profit organisations have more crucial relational constituencies than for-profit firms. “In this sense, they [not-for-profit organisations] have to consider the existing relationship not only with their clients or beneficiaries, but also with their donors of funds” (Vazquez et al., 2002: p. 1024).

2.3.2: Marketing orientation

The market orientation construct should not be confused with the marketing orientation construct; a functional marketing preoccupation (Saunders et al., 1996). Such a confusion is evident in some papers (Becherer and Maurer, 1997; Kurtinaitiene, 2005). Gummesson (1991a: p. 60) alludes to the position of marketing orientation in a spectrum when he states, “production orientation and product-orientation have been put up as its opposites [of marketing orientation] with sales-orientation in between.” Other
work states that there is yet an unrecognised need to strike a balance between manufacturing and marketing (Blois, 1980). Production and sales orientations can, therefore, be contraposed with marketing orientation but at different distances of contraposition, sales orientation being closer and production orientation being more distant.

Ballantyne (1998: p. 278) asks “is the way forward for marketing as an all embracing philosophy of action or as a specialist organizing function.” This quandary reflects a similar dichotomy to that in the market orientation literature between behavioural and philosophical perspectives. “The [philosophical perspective] emphasises the marketing concept by which market orientation is said to be translated into action. These [behavioural perspectives] emphasise those organisational activities that are legitimately controlled by marketing as a function.” Marketing orientation is also the result of an evolutionary process (Hooley et al., 1990) that takes the company from “complete ignorance of the [marketing orientation] concept to full adoption” (Avlonitis and Gounaris, 1999: p. 1006). Marketing orientation is revealed only when a customer “notices the difference between now and before” (Gummesson, 1991a: p. 60). Avlonitis and Gounaris (1999) propose the following priorities for a marketing orientated company. A marketing orientated company places a priority on its customers when designing its value proposition and is a company that elevates marketing to the dominant culture within the firm, replacing that of production orientation. The role of the senior marketing manager in achieving this priority is alluded to by Doyle (1995: p. 37) when he states that he or she must be “the champion of the marketing philosophy” and should also perform the role of “internal educator–getting people to understand that
the objective of all the change and restructuring is to provide customers with what they want.”

Marketing orientation extends the notion of interfunctional co-ordination from co-ordination of marketing activity to the installation of a prevailing market orientated culture throughout the organisation. Such co-ordination will be driven by a functional marketing department with the aid of some notion of internal marketing. A marketing orientated company is likely to avoid the third aspect of Day’s categorisation of being superior to the market, through conscious willingness to act on market intelligence in respect of customer needs, rather than to override market intelligence in favour of the firm’s own perceptions and beliefs.

Returning to the social dilemmas perspective discussed above, Willenborg (1998: p. 30) suggests that:-

“marketing in general can be regarded as an orientation or strategy of sellers to solve the social dilemma between parties, i.e. seller and consumer, in a cooperative way. This interpretation complies with both the old \(^1\) definition of marketing or what nowadays by some authors is called transaction marketing as well as with more recent definitions of relationship marketing.”

Both market and marketing orientation constructs can, therefore, encompass a transactional or relational perspective. Transactional marketing is discussed as an orientation of firms in which they have “little or no regard for the impact of the transaction (or their behaviour in it) on future exchanges” (Arino et al., 2001: p. 111) and is where the deal is both the beginning and the end of the relationship (Kumar et al., 2003). Transactional marketing orientation can be positioned at one end of a

\(^1\) Speech marks removed, italics added.
spectrum with RM contraposed to it. In the interests of continuity, RM orientation will therefore begin a broad discussion of RM in the following sub-section.

2.4: The evolution of relationship marketing and a relationship marketing orientation

2.4.1: Relationship marketing orientation

RM is the logical extension of marketing orientation (Saunders et al., 1996) as discussed in the preceding sub-sections and it has been argued that the two constructs overlap significantly in B2B markets (Steinman et al., 2000). RM orientation (RMO) consists of bonding, empathy, reciprocity, communication, shared value and trust (Sin et al., 2002; Sin et al., 2005a; Sin et al., 2005b; Yau et al., 2000). RMO differs from a marketing orientation in that RMO must be developed throughout an organisation, rather than just within the marketing department (Grönroos, 1996). The interfunctional co-ordination aspect of market orientation however suggests that at least at an activity level, market orientation and not just RMO, has interfunctional relevance. RMO has also been discussed as “a philosophy of doing business successfully or as a distinct organisational culture/value that places the buyer–seller relationship at the centre of the firm’s strategic or operational thinking” (Sin et al., 2005a: p. 38). It has been further noted that “no study appears to be anchored in the cultural definition of the relationship marketing orientation construct” (Winklhofer et al., 2006: p. 173), although there is some suggestion that the distinction lies in a focus on the customer relationship lifecycle (Palmer and Mayer, 1996). Essentially, the philosophical distinction between market orientation, and RMO would seem to lie in the long-term orientation attributable to RMO. Beyond this distinction, some assumptions must be made in
relation to RMO. Where a RMO exists, the functional marketing department would seem to handle the task of internal marketing evangelism alongside traditional market-orientated activity. The interfunctional aspect of market orientation, discussed above, therefore arguably takes on even greater prominence, although equally arguably, the functional control of the interdepartmental co-ordination must lie within the marketing function. The activity- based dimension of RMO has both strategic and tactical dimensions (Palmer and Mayer, 1996) reflected the longer term orientation of RMO. However a valuable insight is made by (Hedaa and Ritter, 2005) who suggest a synergy must be made between a customer’s desired orientation and a supplier’s delivered orientation. A lack of synergy could reveal either a gap or a surplus overlap. Therefore RM could be inappropriate orientation in circumstances where customers seek only a transactional approach.

2.4.2: Relationship marketing: background conditions and definitions

Starting in the 1960s the increasing pressures of technological advance, deregulation, changing customer expectations and globalisation has driven a more customer focused and customer empowered marketplace (Blois, 1996; Leek et al., 2003a; Peck et al., 2000). In light of these environmental developments, there has been an emergence of interest in developing closer relationships with customers. The increasingly competitive nature of markets has resulted in product quality, alone, being inadequate to gain competitive advantage. Schultz (2003) asserts that one of the main reasons old style marketing worked was that consumers had less availability of information than sellers. Customers now have more readily available information on possible choices; resulting in many previously recognised high value-added products being reduced to commodities. Marketers have reacted to commoditisation with technology that allows
them to gather and store granular data in order to gain competitive advantage. The emergence of user-friendly databases and data mining techniques has enabled organisations to develop customer intimacy (Duncan and Moriarty, 1998; Kahle and Scott Marshall, 2003; Palmer and Mayer, 1996; Treacy and Wiersema, 1993). Such intimacy as a grounding for a RM programme is recognised as a source of sustainable competitive advantage (Lindgreen et al., 2000). Such need for intimacy has also been recognised within the B2B literature (Batt and Purchase, 2004).

The dichotomy of retaining existing customers, over obtaining new ones, is examined in the paradox between offensive and defensive marketing. Offensive marketing (Bridges and Freytag, 2009; Fornell, 1992; Fornell and Wernerfelt, 1987) is discussed as the practice of obtaining new customers and increasing the spend of existing customers. Defensive marketing is concerned with decreasing customer turnover or churn (Bridges and Freytag, 2009; Neslin et al., 2006; Storbacka et al., 1994). RM encompasses aspects of offensive marketing, in that it seeks to maximize customer spend and also encompasses aspects of defensive marketing in that RM seeks to maximize consumer satisfaction and therefore retention.

Arguably, the marketing mix and the 4Ps “held sway” in marketing theory and practice throughout the 80s, during which time, RM had only a “modest impact on mainstream marketing” (Ballantyne, 2000: p. 274). From 1990 onwards, there is an increasing appreciation that the “axioms of relationship marketing offer better explanations as to the nature of marketing practice than do those based on the transactional approach” (Coviello and Brodie, 1998: p. 171). However, by the mid to the late 1990s, despite the abundance of RM models and theories, Saren and Tzokas (1998) note that there had
been a gap between the advancement of RM theory and the development of frameworks to aid RM implementation. They add that few researchers to that date had paid attention to what they termed *actionable content*. Comment contemporaneous with Saren and Tzokas’ by Fournier et al. (1998: p. 44) also notes that “relational marketing is powerful in theory but troubled in practice.” Since that time, the author notes evidence that some progress towards making RM implementable has been made. Veloutsou et al. (2002: p. 438) for example argue that “loyalty schemes, data mining, customer portfolio analysis, lifetime value and RM software” have addressed some of the criticisms that Fournier et al. and Saren and Tzokas made as to the practicality of RM principles. Conceptual frameworks of RM have now moved from being *models of*, to *models for*, with examples such as the customer relationship management (CRM) value chain (Buttle, 2004, 2001), 5 Ss framework (Donaldson and O’Toole, 2002; O’Toole and Donaldson, 2002) and the 30Rs framework (Gummesson, 1999, 1998) presented as exceptional examples. CRM technology is now widely available and widely used. Indeed, it is arguable that implementation of RM and CRM in marketing planning is now widespread, to the extent that some authors (Kendrick and Fletcher, 2002) have suggested that in some cases, *customer myopia*, an overarching focus on retention over acquisition, has become a significant danger. As a caveat, however, other work states that RM is “overemphasized”, being nothing more than a “conduit […] essential for the conduct of sophisticated business but not causal” (Ambler and Styles, 2000: p. 492). Sympathetically, other authors argue that the great value in RM lies as a philosophy of caring rather than being of use at a tactical level (Palmer and Mayer, 1996). It is therefore appropriate, today, to search for a meaningful definition of RM.
The term RM has become broadly used and covers a disparate range of activities, hence there are related gaps regarding how to develop effective programmes of RM and how to measure the level of effectiveness of such programmes (Fisk et al., 1993; Lindgreen and Crawford, 1999). RM as a term is first attributed to Leonard Berry (1983). Berry’s grounding is in services marketing and it is from a services background that the Nordic School, one of the key drivers of the concept of RM, developed (Gummesson, 1996). In a search for a useable definition, Ford (1980) suggests that RM should be seen as a “personalised process,” the antonym to personalised would, therefore, be a depersonalised or impersonalised process. Transactional marketing is impersonal to the extent that, after the sale is over, interest in the customer is also over. Dwyer et al. (1987: p. 12) posits that RM is “longer in duration [than transactional arrangements], reflecting an ongoing process.” Grönroos (1990a: p. 327) states that the purpose of RM is to “establish, maintain and enhance relationships with customers and other partners at a profit so that objectives of the parties involved are met” RM therefore is not perceived as an extension of social responsibility or as altruistic, but instead is grounded in hard commercial ambition. RM also extends to relations between external partners other than customers. Morgan and Hunt (1994: p. 22) note that:

“conspicuously missing from all extant definitions of relationship marketing is the specific recognition that many instances of relationship marketing do not have a customer as one of the exchange participants. Strictly speaking, in strategic alliances between competitors, partnerships between firms and government in public-purpose partnerships, and internal marketing, there are neither ‘buyers,’ ‘sellers,’ ‘customers,’ or ‘key accounts,’ only partners exchanging resources.”

With the substitution of the word value from the word profit, the author supports the definition of RM by Grönroos as being the most appropriate starting point for further discussion of RM in this thesis.
2.4.3: Relationship marketing as a paradigm shift?

The dominant paradigm of marketing in the twentieth century has been transactional marketing based on deployment of the marketing mix (Grönroos, 1994b; Gummesson, 1994; Harker and Egan, 2006; Sheth and Parvatiyar, 1995a; Vargo and Lusch, 2004). A paradigm can be defined as a “world view in any particular field” (Aijo, 1996: p. 12; Creswell, 1998: p. 74). Any paradigm “remains dominant until successfully challenged by a competing paradigm” (Harker and Egan: p. 216). The existence of a paradigm covers a number of years during which the rules are taken for granted assumptions about the way of doing things (Van Raaij and Poiesz, 2003). However, Hinings (1988: p. 3) notes that “the idea of paradigms and paradigm shifts is considerably overworked in contemporary sociology as a way of legitimizing changes in direction” and also warns that the terms are used too freely to denote situations which involve no significant change or difference to the preceding situation. RM is, however, been argued by a number of authors, to be a paradigm shift (Grönroos, 1994b; Gummesson, 1994, 1998, 1997b, 2002a; Ravald and Grönroos, 1996; Shajahan, 2006; Sheth and Parvatiyar, 1995b, 1995a, 2002) away from transactional marketing to an alternate focus on the retention of current customers (Zeithaml and Bitner, 2000). However, RM shares with transactional marketing a desire to satisfy customers effectively and profitably (Palmer, 2002). Some authors have questioned the emerging prominence of RM by asking whether firms have even the right today to choose not to engage in relationships (Blois, 1998). Clearly firms do have that choice therefore authors seem justified in arguing that RM is less of a paradigm shift and more a case of a “strategic choice as an alternative to transactional marketing” (Li and Nicholls, 2000: p. 363). RM has also been argued to co-exist alongside transactional marketing activity (Brodie et al., 1997; Lindgreen and Pels, 2002; Styles and Ambler, 2003) as a multi-
exchange paradigm (Lindgreen et al., 2005). However, recent work has proposed that the 4Ps remains dominant in many business contexts (Zineldin and Philipson, 2007). RM is argued to exist alongside emergent marketing, order taking and transactional modes (Beverland and Lindgreen, 2004). Other authors propose a spectrum running from transaction marketing, database marketing, interaction marketing, to network marketing (Coviello et al., 1997; Coviello et al., 2002). Co-existence between transactional and relational perspectives is termed a “pluralistic approach to marketing” (Lindgreen, 2004: p. 161). “Both transaction marketing and relationship marketing approaches can, and do, co-exist across a wide, diverse range of industries” (Egan, 2001b: p. 376). The following taxonomy (Fig. 2.4) proposes an additional passive relational mode, between transactional (non relational mode) and an active relational mode.

<table>
<thead>
<tr>
<th>FIRM</th>
<th>Relational intent</th>
<th>Non-relational intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTIVE relational mode</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>PASSIVE relational mode</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Non relational mode</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

**Fig. 2.4: RELATIONAL CONFIGURATION MATRIX**


Some marketing scholars have viewed RM merely as an applied topic of marketing with an insubstantial theory base (Palmer and Mayer, 1996) or something that is not new at all. Petrof (1997), for instance, makes a number of criticisms as to the definition and derivation of RM, referring to appreciation of stakeholder like issues dating back before the recognised conception of RM theory. Other authors state that “relationship marketing was not waiting in the wings to be discovered by mass marketers” (O'Malley and Tynan, 2000: p. 799). Petrof (1997: p. 29) further proposes that, if RM is a new
paradigm, then the old paradigm must in some way be characterised by an “antonym such as non-relational or anti-relational.” Sheth and Parvatiyar (1995b: p. 255) contend that a relationship orientation in marketing is not new and is observed in the pre-industrial era, a view with which Palmer (1995: p. 478) concurs, with the caveat that “its form differs from that which existed in an era of relatively simple economic development.” Other authors note that “the strategy of relationship marketing has been successfully practiced by smaller firms for several hundreds of years” (Rowe and Barnes, 1998: p. 282).

2.5: Business to business marketing and the IMP Group

Business-to-business (B2B) marketing is a distinct form of marketing theory and practice that puts a great strain on the validity of the 4Ps. B2B has been argued to have failed to have developed as a distinct sub-discipline of marketing (Sheth and Parvatiyar, 2002). The examination of relationships between industrial customers has taken on greater importance in recent years in light of the wave of formal co-operative arrangements being made by global corporations (Håkansson and Snehota, 1998: p. 88). Cheung and Turnbull (1998: p. 43) argue that the marketing mix is of limited value “regarding the specific nature of industrial marketing.” B2B markets relative to B2C markets have always been more dependent on interactions with a smaller number of customers and suppliers. Extending the literature on market orientation reviewed above, B2B firms have been found to be less likely to adopt a market orientation than business-to-consumer (B2C) firms, but gain more advantage from doing so than B2C firms (Avlonitis and Gounaris, 1997; Gounaris and Avlonitis, 2001; Day, 1999).
A key research driver in the B2B area is the Industrial Marketing and Purchasing group (IMP), although the original concept of the network/interaction approach dates back to the 1960s at Uppsala University (Grönroos, 1994b). The development of the IMP’s interaction approach is in response to a realisation amongst the original IMP researcher’s that the established marketing literature didn’t seem to relate to the reality of the interactions that took place in business markets (Ford, 1984b). An important development of the IMP research was the development of a group of variables that describe the influences on the interaction between buying and selling companies (Håkansson, 1982; Wilson and Mummilaneni, 1986). These are the interaction process, the participants in the interaction process, the environment within which the interaction takes place, the atmosphere affecting and affected by, the interaction. These variables are however seen through the IMP’s interaction perspective as holistic rather than atomistic (Turnbull et al., 1996). These variables are modelled in the following diagram, Fig. 2.5.

![Diagram of organisational buying as an interaction process](image)

**Fig. 2.5: ORGANISATIONAL BUYING AS AN INTERACTION PROCESS**
Elements of the market mix, such as Place and People are evident in Fig. 2.5. However, the elements of the marketing mix are incorporated through the IMP’s approach into an interactive framework which considers not only who has the relationship and what the object of the exchange is, but also, how they undertake the exchange, where it occurs, as well as, the impact of multiple factors on the exchange. These multiple factors include atmosphere, co-operation and closeness (Nielson, 1998; Roehrich and Spencer, 2001; Roehrich et al., 2002; Sutton-Brady, 2000, 2001; Woo and Ennew, 2004). Most importantly, the IMP interaction approach considers how often (when) the interaction takes place. Relative autonomy, based on these interactions, is characterised as interdependent, dependent and independent (Campbell, 1985).

The IMP Group research isolates a series of variables that define individual episodes in a relationship. The what aspect of an interaction can therefore be broken down to demonstrate that beyond the consideration of the physical nature of an exchange, there are intangible elements, and higher level psychological elements involved in the assessment of that which constitutes an exchange relationship. Håkansson (1982) disaggregates these dimensions of an exchange into; product or service exchange, information exchange, financial exchange and social exchange. The following diagram (Fig. 2.6) maps the overall context of the interaction process including task, buyer and seller characteristics, the environmental context, and the outcomes of the exchange process.

Porter’s (1985) generic value chain treats an organisation’s external interaction as being part of the business environment. Business interaction “cannot be fruitfully covered by the concept of environment or relevant environment, more meaningful is the set of
related entities” (Håkansson and Snehota, 1989: p. 530), broader network actors are related to and embedded in an environment (Johanson and Mattsson, 1992). Relationships between businesses, therefore, do not occur in an emotional vacuum (Hallen and Sandström, 1991). The notion of relationship atmosphere defines the emotions between parties in an exchange and defines the nature of the exchange between them (Möller and Wilson, 1991). As such, relationship atmosphere is a structural property, in which actors are spatially and temporally embedded. Relationship atmosphere is defined as “the mental state between counterparts at a specific point in time” (Hedaa and Törnroos, 2007: p. 7). Relationship atmosphere constitutes past interaction and has an impact on future relationships (IMP Group, 2002).

![Fig. 2.6: THE IMP INTERACTION MODEL](image)


The atmosphere construct is further discussed as being made up of a number of dimensions. Roehrich and Spencer (2001) suggests that these are:-
1. Power/dependence.
2. Trust/opportunism.
3. Closeness/distance.
5. Commitment/non-commitment.
6. Understanding/misunderstanding.

In other work, Roehrich et.al., (2002) suggest that the above variables are not independent but variables which condition each other and as a result, over time, the whole relationship atmosphere. They propose that there are three superior relationship dimensions. First, they define a dimension called *relationship strength*, a dimension made up of commitment, mutual interest and social ties. Their second dimension is *relationship fluidity*, made up of communications quality, trust and distance. These dimensions are argued to effect positive change of the relationship atmosphere. The third dimension they call *rapport de force*, which is the negative impact of problems and the deployment of power. A recent extension of the atmosphere construct is that of the semiosphere (Hedaa and Törnroos, 2007). Semiosphere is described as an extension of social semiology that takes into account semiology, signs and syntax. In this sense, the semiotic atmosphere or semiosphere amounts to a series of cues which actors respond to, perhaps implicitly.

**2.6: Relationship marketing constituencies**

Stakeholder considerations beyond the classic dyad lie at the heart of RM (Kandampully and Duddy, 1999; Polonsky, 1995; Polonsky et al., 2002). Stakeholders have seminally been defined as “any group or individual who can affect or is affected by the achievement of a project organization’s objectives” (Freeman, 1984: p. 46). In relation to the literature on market and marketing orientation reviewed in Sub-Section 2.3 above, Bisp (1999) argues that definitions of market-orientated activity are limited
to market-based stakeholders, that is, downstream customers and consumers. Arnett et al. (2003) also observe that much of the research on RM success has focused on relationships that are, primarily economic in nature and/or involve B2B marketing, and focus on for-profit firms, rather than not-for-profit firms. Easton and Henriques (1992) state that “even where indirect relationships are addressed, the emphasis is put on their effect upon other economic relationships via the medium of economic exchange.” Morgan and Hunt (1994) respond to such observations by stating that in circumstances outside for-profit dyadic relationships, RM success may require different relationship characteristics. Zolkiewski and Turnbull (2000) for instance suggest that public sector organisations may view their network in terms of supplier, funder, influencer and user portfolios, highlighting again the importance of the indirect relationships surrounding a focal organisation. It is therefore necessary, next, to consider marketing and business-to-environment orientations in relation to stakeholder groups other than downstream customers and consumers and where non-profit motives are dominant.

Constituent marketing orientation (Telefsen, 1999) is an other stakeholder orientation, that is, stakeholders other than customers. There is a need, of course, to define other more succinctly and the attempts to do this by RM researchers are reviewed in this sub-section. Returning to the discussion and critique of the marketing mix discussed above in Sub-Section 2.2, Gummesson (1994; 1999) proposes that instead of seeing markets in terms of the four Ps, markets should instead be seen as consisting of 30Rs, essentially 30 relationships. These 30Rs Gummesson classifies into four broad headings of, classic market relationship, special market relationships, mega-relationships and nano-relationships. Within the classic market relationships, the classic dyad Gummesson defines as the relationship between the supplier and the customer.
The classic dyad is the parent relationship of marketing, the ultimate exchange of value, which constitutes the basis of business. Other constituencies of RM can be analysed with reference to the following characterisations. The classic triad Gummesson defines as the drama of the customer-supplier-competitor triangle. The classic network he defines as distribution channels, the traditional physical distribution and the modern channel management including goods services, people and information, consists of a network of relationships. To repeat an entire list of the 30Rs here would seem to serve little purpose. Within the 30Rs taxonomy, the most relevant other stakeholders to this thesis are as follows:

- R3: The classic network-distribution channels.
- R14: The non-commercial relationship-the non-commercial sector.
- R18: Personal and social networks-often influence business.
- R 19: Mega marketing- seeking relationships with governments with legislator and government.
- R20: Alliances change the market mechanism-sometime alliances are necessary to make the market work.
- R21: The knowledge relationship-knowledge acquisition drives many alliances.

Both Morgan and Hunt (1994: p. 21) and Doyle (1995: p. 34) demonstrate models that plot other constituencies of RM in the following diagrams.

The six markets model (Christopher et al., 1991; Payne et al., 2005; Peck et al., 2000) as illustrated in Fig. 2.7, presents an adequate summary and extension of these earlier models. The six markets framework and developments forms the core, of what is referred to, as the Anglo-Australian school of RM (Lindgreen and Swaen, 2005). The framework presents RM as a series of domains, within which, activity takes place.
Fig. 2.7: THE SIX MARKETS MODEL OF RELATIONSHIP MARKETING

In Fig. 2.7, the significant development beyond role based or stakeholder groupings are the additional referral, recruitment and influence domains. Referral domains relate to constituents, through which, advocacy of the organisation may be furthered. Advocacy can occur from employee to employee, customer to customer and employee to customer. The recruitment domain is linked substantially to the internal domain through building relationships with sources of labour supply. Influence domain constituents include financial, competitor and governmental actors as detailed in Fig. 2.7 but also refer explicitly to universities, environmental groups, trade unions, user and evaluator groups and business and media press groups.

Fig. 2.8 offers one solution to compare business (market) relationships with non-market (other stakeholder) relationships and a third category termed infrastructural relationships.
There are therefore multiple constituencies to which marketing, or more appropriately, RM can become orientated. Such orientation can include segmenting other constituents or stakeholders, building a understanding of reciprocal value in those segments and delivering that value to a mutually satisfying degree of competency (Payne et al., 2005). Such other constituencies beyond market based constituents form are discussed at length in the conclusions of this thesis.

2.7: Temporal models of relationship marketing

The temporal nature of relationships will develop into a central theme in the conclusions of this thesis. It is important therefore to review the RM literature that relates to the development of relationships across time. Sub-Section 2.4.3 explored the argument that RM is a paradigm shift from short to long-term orientation. However, research into the association with relationship outcomes and relationship duration has reported some mixed results. Whilst much of the material reviewed in this chapter, reports positive associations between relationship duration and positive outcomes, other authors have reported negative associations (Doyle et al., 1980; Grayson and Ambler, 1999; Jap and Ganesan, 2000; Mitchell et al., 1995). Other research has therefore focussed on relationship stages or episodes as part of a relationship lifecycle, rather
than asserting an unquestioned association between relationship duration and relationship quality.

Research into relationship lifecycles can be characterised as, initially, conceptual in nature, with later work being more empirically grounded. The earliest conceptual work into relationship lifecycles in the RM literature is that by Grönroos (1980) and Ford (1980). Defining elements of such relationship lifecycle models is the strength and direction of growth in such relational episodes (Eggert et al., 2006). Types of temporal relationship episodes can demonstrate a direction characterised as generative, degenerative or neutral (Schurr, 2004, 2007). Generative episodes are defined as episodes which have a positive effect on a relationship through increasing, for instance, trust and commitment (Jap, 2001; Jap and Ganesan, 2000) and in terms of the changing value expectations (Flint et al., 1997); a degenerative episode would have the opposite effect. A third categorisation would be episodic neutrality. Ring and Van De Ven (1994: p. 97) further discuss such episodal expectations:

“we view the development and evolution of an IOR [inter-organizational relationship] as consisting of a repetitive sequence of negotiation, commitment, and execution stages, each of which is assessed in terms of efficiency and equity. Although these stages overlap through recurrent sequences, it is useful to separate them for analytical purposes. In addition, even the temporal occurrence of these stages may be almost simultaneous in simple transactions, the duration of each stage varies according to the uncertainty of issues involved, the reliance on trust amongst the parties to cooperative IOR, and the role of relationships of the parties.”

Ring and Van De Ven (1994) proposed an empirical lifecycle model that accounts for all interorganisational relationships, whereas research by Dwyer et.al (1987) forms the foundation of empirical investigation into explicit buyer-supplier interactions, and forms the basis of a number of further studies. The crucial distinction between the two aforementioned models is the focus in Ring and Van De Ven’s model of the individual
over the elements of relationship quality that form the deterministic element in Dwyer et al.’s taxonomy. The relationship phases identified by Dwyer et al. (1987) are as follows:-

1. Phase One: awareness.
2. Phase Two: exploration.
   i. Attraction.
   ii. Communication/negotiation.
   iii. Developing and bargaining.
   iv. Norm development.
   v. Development of co-operation and planning expectations.
3. Phase Three: expansion.
4. Phase Four: commitment.
5. Phase Five: dissolution.

Jap and Ganesan (2000) later simplify these phases as awareness, exploration, build up, maturity and decline/deterioration, and this modified taxonomy is further discussed and developed in later work (Jap and Anderson, 2007). The deterioration/decline stage has been the subject of further distinct episodal study (Tidstrom and Åhman, 2006; Tahtinen, 1998, 2002). Grönroos (1997: p. 408) also argues that “latent relationships” always do exist, essentially proposing that firms or individuals always have a latent relationship intention that could be activated depending on needs. Such latent potential therefore precedes the first stage of the previously introduced lifecycle taxonomies. Latent relationships may lead directly to enduring relationships but, equally, relationships may at times become fully mature almost immediately, should circumstances enable that to happen (Easton and Smith, 1984), and equally, may end as abruptly. “Relationships are not always close, harmonious or long lasting” (Cunningham, 1985: p. 4).
A recent addition to RM terminology in that of *intermistic* relational exchange (Fig. 2.9) which is different from an enduring relational exchange as, although, there is a requirement for high levels of co-operation, adaptation and joint planning, the anticipated time-scale involved is shorter than in an *enduring* exchange. With intermistic exchanges, the pressure to accelerate the lifecycle artificially, is strong (Lambe et al., 2000).

Low (1996) proposes that relationships, short in duration, may not mean that they are failed relationships and that a short relationship may in itself be a test bed for a longer term relationship at some point in the future. Coterminal is the notion of *relationship intention* which is defined as the “intention of a customer to build a relationship with a firm while buying a product or service attributed to a firm, a brand and a channel” (Kumar et al., 2003: p. 669).

Stakeholders and relational constituencies were discussed in Sub-Section 2.6. Further to this discussion, Payne and Holt (2001: p. 171) propose that “understanding long-term relationships with both customer and other stakeholder groups is neglected in the mainstream marketing literature.” Understanding lifecycles amongst multiple constituencies is of central importance in this thesis. Importantly, a lifecycle taxonomy
has been proposed in further research in relation to stakeholder relationship development emerging from stakeholder relationships. Such a taxonomy is proposed as consisting of potential stakeholders, new stakeholders, regular stakeholders, supporting stakeholders and finally, advocating stakeholders (Tuominen, 1995). This taxonomy has also been modified to accommodate negative stakeholder influences and the taxonomy reformed as threatening, competitive, neutral, co-operative and allied (Polonsky et al., 2002).

The issue of time in researching relationships will be further discussed as a part of the philosophical defence of this thesis, in Sub-Section 6.5.2.

2.8: Loyalty and the development of relationships

The RM and services schools of thought have significant overlap. It has not been felt necessary to conduct a thorough review of brand loyalty as brand loyalty is deemed to be outside the scope of this thesis. Service loyalty is more dependent on the development of interpersonal relationships as opposed to the type of loyalty associated with tangible products. Loyalty, derived from personal interactions, forms an essential element in the marketing of services (Czepiel and Gilmore, 1987; Surprenant and Soloman, 1987).

RM is a technique through which customer loyalty is enhanced (Barnes, 1994; Davis, 1994; Donath, 1994; Orr, 1995; Too et al., 2001). Levitt (1983: p. 87) proposed that “the sale then merely consummates the courtship, at which point the marriage begins.” Tynan (1997: p. 700) however, contests that the marriage analogy does not completely relate to RM, “we can assume that both parties must be interested in, and willing to
participate in forming a relationship.” This analogy would therefore seem appropriate for a mutually consensual exchange relationship. However, reciprocity may not always be evident in an exchange relationship. “When companies ask their customers for friendship, loyalty and respect, too often they do not give those customers friendship, loyalty and respect in return” (Fournier et al., 1998: p. 44). Tynan (1997: p. 700) further cautions that conditions of reciprocity and consent “are at variance with current database marketing perspective.” Database marketing and, more relevantly, the movement towards permission marketing (Godin, 2002; MacPherson, 2001) demonstrate that consent may not always be in evidence where RM practice occurs. Equally, other authors have found that the rhetoric of RM has led to a decrease in consumer trust (O’Malley and Prothero, 2004). As such, the concept of loyalty, as analogous to a relationship between two partners in a marriage, should be used with extreme caution.

Pritchard et al. (1999: p. 333) state, “understanding how or why a sense of loyalty develops in customers remains one of the crucial management issues of our day.” In marketing literature, the term loyalty was for many years used interchangeably with the notion of repeat purchase (Ehrenberg, 1988), preference (Guest, 1944), commitment (Hawkes, 1994) and retention (Ahmad and Buttle, 2002). This thesis will start however, from the assumption that customer loyalty is the feeling of attachment to or affection for a company’s people, products or services (Jones and Sasser, 1995).

It is a well established argument in current marketing literature that it is more cost effective to retain customers than to obtain new ones (Rust et al., 2000; Stone et al., 1996). Grönroos (2000a: p. 128) refers to a need to aim for more than just to maintain
customers in the “zone of indifference as far as repurchasing behaviour is concerned.” A satisfied customer, rather than an indifferent customer, should lead to greater levels of repeat purchase and loyalty and leads to a greater level of tolerance in the event of a service failure (Parasuraman et al., 1991). To a business organisation, loyal customers are a competitive asset and are the single most important driver of long-term financial performance and profit levels (Dekimpe et al., 1997; Jones and Sasser, 1995; Reichheld, 1993, 1996). One way that profitability is enhanced is through customer advocacy, essentially turning customers into unpaid salespeople (Grönroos, 2000a). Such advocacy falls within the referral domain of the six markets framework (see Fig. 2.7). The presence of customer loyalty also represents a basis for charging price premiums (Aaker, 1991; Fullerton, 2003, 2005) and is a key determinant in predicting market share (Baldinger and Rubinson, 1997). Loyalty ambition is not therefore an altruistic motive, even in Reichheld and Sasser’s (1990: p. 105) seminal “zero defection” philosophy, companies were advised to retain all the customers they can profitably retain. Whilst the link between customer retention and enhanced profitability now seems to pass without too much contestation, a deeper understanding of the loyalty construct is needed.

Loyalty in a B2B context has, however, received significantly less attention from marketing academe than B2C loyalty (Bennett et al., 2005; Caceras and Paparoidamis, 2007; Patterson et al., 1997; Russell-Bennett et al., 2007; Yanamandram and White, 2006). Wind and Webster (1972) propose that consumer behaviour models can be modified and applied to industrial buying behaviour and, indeed, other authors have argued that consumer and industrial marketing approaches are not distinct enough to warrant separate threads of research (Fern and Brown, 1984). However, key
distinctions are discernable in current literature. Bennett et al. (2005) and Russell-Bennett et al. (2007) assert that a core difference between a B2B setting, over a B2C setting that B2B purchases, are seldom likely to be an impulse buy undertaken with little or no information gathering. Further distinctions between B2C and B2B approaches are offered by Yanamandram and White (2006) who suggest that business marketing is generally considered to be more complex than consumer situations and involving multiple personalities, in essence a buying centre. Loyalty in a B2B context must also be assessed with reference to network forms of organisation. However, at the heart of loyalty research lie commonalities that are helpful in overcoming the paucity of research into loyalty directed at B2B contexts.

A type of loyalty which demonstrates psychological attachment, is characterised as attitudinal loyalty, which differs from behavioural loyalty, a more habitual manifestation of loyalty (Iwasaki and Havitz, 2004; Park, 1996). Behavioural loyalty is made up of duration, frequency, intensity, sequence and probability of use over time (Iwasaki and Havitz, 2004). Essentially, behavioural loyalty can be likened to the notion of repeat purchasing or habitual behaviour (Iwasaki and Havitz, 2004; Park, 1996). Loyalty, in this sense, is consistent with measures of relationship duration and the relationship lifecycle discussed in Sub-Section 2.7. Hougaard and Bjerre (2002) propose that there are classifications of customer re-purchase behaviour; switching, promiscuous and polygamous. Therefore, the greatest manifestation of behavioural disloyalty would seem to be the occurrence of switching behaviour, sometime referred to as customer churn (Lovelock and Wirtz, 2001).
Repeat purchasing behaviour may not be based purely on a preferential disposition, but on various bonds that act as switching barriers to consumers (Liljander and Strandwick, 1995). Palmer (1998: p. 131) argue that it is “naïve to assume that a longer time duration implies a greater relational orientation.” Customers, who are with a single supplier for many years, may be in detention, such as, a situation where there is an embedded monopoly. The contraposed notion of retention, of customers implies a situation where a service consumer has alternatives and their long-term association with a service provider is therefore a volitional act (Dick and Basu, 1994). Detention has also been termed hostage in different taxonomy (Harvard Business Review, 1995; Jones and Sasser, 1995). Along with hostage, this typology illustrates that there are service apostles, terrorists and mercenaries in respect of service utilisation.

Apostles are the desirables who evangelise to others about the service; mercenaries are those who, although they may be satisfied, continuously shift suppliers. These are the
promiscuous and polygamous categorisations discussed above. There is some literature to suggest, however, that behaviour of *mercenaries* is less prevalent in service markets than in tangible product markets (Rundle-Thiele and Mackay, 2001). *Terrorists* are the extreme polar opposite of apostles; terrorists are apt to tell very many people of their bad experiences. A further useful taxonomy is that of the loyalty ladder (Fig. 2.10).

Competition, at the transactional end of the loyalty ladder is strong. Transactional exchanges are also seen as the first step on the loyalty ladder (Gumnesson, 1999). In a transactional situation there is an absence of brand identity, a no-frills product, and no allegation of an attempt to solicit customer loyalty. Differentiation will be limited if evident at all (Donaldson and O'Toole, 2002). At the other end of the ladder lie demonstrations of relational commitment that go beyond straight re-purchase, such as *supporter, advocate and partner*. The strategic application for organisations is to identify where, on the loyalty ladder, an interaction with a third-party is taking place.

However, the taxonomies discussed above encompass both behavioural and attitudinal elements, in essence, proposing that there should be a two-way causality between behavioural and attitudinal loyalty, in that, behavioural loyalty should in time build up attitudinal loyalty. Conversely, attitudinal loyalty should lead to repeat purchase behaviour (Rundle-Thiele and Mackay, 2001). It is contestable that the behavioural concept of relationship duration and frequency of transaction (O'Brien and Jones, 1995), is alone, an adequate measure of loyalty. Hougaard and Bjerre (2002: p. 109) posit that “customer loyalty conceptually implies both an *attitude* (think) dimension and a *behavioural* (do) dimension, neither one acting independently of the other.” In a services context, a low degree of repeat purchasing of a particular service, may well
also be the result of various situational factors, a purely behavioural approach to loyalty, therefore, may not yield a comprehensive insight into the underlying reasons for loyalty (Gremler and Brown, 1996). Loyalty is, therefore, proposed to have both behavioural and attitudinal perspectives. It is important to understand also the attitudinal perspective of loyalty and this will be explored in the remainder of this subsection.

Loyalty must be conceptualised as something other than a duration of time with the same supplier (Reinhartz and Kumar, 2000). Definitions of customer loyalty, from a psychological perspective, are proposed in a number of papers (Dick and Basu, 1994; Fitzgibbon and White, 2005; Park, 1996). Jones and Sasser (1995) refer to feelings of attachment to, or affection for, a company’s people, products, or services as manifestations of customer loyalty. Dick and Basu (1994) view customer loyalty as the strength of the relationship between an individual’s relative attitude towards an entity (brand, service, store or vendor), and repeat patronage. The behavioural approach is significantly supplemented with the concept of relative attitude. Dick and Basu (1994) posit that true loyalty only exists when repeat patronage coexists with a high relative attitude. *Attitudinal loyalty* is therefore based on stated preferences, commitment or purchase intentions, greater tolerance of negative experiences, less price sensitivity and greater levels of advocacy (Fitzgibbon and White, 2005; Mellens et al., 1996). The attitudinal approach takes more of a deterministic view of purchase behaviour than the behavioural approach and seeks to explain loyalty in terms of attitudes, values and beliefs (Russell-Bennett, 2002). Attitudinal loyalty is made up of; a lack of alternative activities and the accumulation of investments; normative pressure, the awareness of
social pressure from significant or relevant others, and a desire to continue due to affective attachment and identification (Park, 1996).

Relationship quality in a business-to-business environment has also been argued to have been under researched. Crosby et al. (1990) posits a two factor assessment of relational quality based on an assessment of trust in a salesperson and satisfaction with the outcomes of that interaction with that salesperson. Trust also emerges in more recent work as an important mediating variable in the development of B2B loyalty and share of purchases (Doney et al., 2005). Interestingly, Doney et al. also find support for a direct link between social interaction and loyalty in a B2B context. Plank and Newell (2007) find that social conflict has a negative impact on relationship quality and therefore loyalty. Woo and Ennew (2004) apply the IMP interaction variables of cooperation, adaptation and atmosphere to the analysis of relationship quality and satisfaction in a B2B environment. They find that relationship quality is linked to service quality which is a mediating variable in customer satisfaction. Woo and Ennew (2005) further place product, financial, social and information exchange alongside cooperation and adaptation as important antecedents between the mediating variable of B2B professional services and the outcomes of customer satisfaction and behavioural intention.

In addition to the behavioural and attitudinal approach to customer loyalty there is also a cognitive side to customer loyalty (Lee and Zeiss, 1980). In the case of services, direct experience through the service encounter, increases information acceptance and use in repurchase decisions (Smith and Swinyard, 1988). In a cognitive sense, customer
loyalty is frequently operationalised as a conscious evaluation of the price/quality ratio, or the willingness to pay a premium price, or as price tolerance (Zeithaml et al., 1996).

Arguments in numerous papers suggest that loyalty cannot be studied as an isolated concept. Research into loyalty, in the leisure industry, has examined the association between commitment, involvement (Havitz and Dimanche, 1997; Iwasaki and Havitz, 1998; Iwasaki and Havitz, 2004; Kim et al., 1997; Park, 1996), resistance to change (Iwasaki and Havitz, 2004) and identity salience (Laverie and Arnett, 2000; Park, 1996). The following conceptualisation of loyalty is drawn from studies of the commitment construct (See Sub-Section 2.9.3).

![Fig. 2.11: INTEGRATED MODEL OF RETAIL SERVICE RELATIONSHIPS](image)


Fullerton examines the connections between continuance and affective commitment and three outcomes; *advocacy intentions, switching intentions and willingness to pay more* (see Fig.4). Continuance commitment is coterminous with behavioural loyalty, whilst affective commitment, is consistent with attitudinal loyalty. The presence of continuance and affective commitment has a negative effect on switching intentions, that is, when they are present, defections are reduced. Later work, however, has found
that the link between service quality with loyalty, must be mediated by the strength of satisfaction (Beerli et al., 2004; Stan et al., 2007). Strongly satisfied customers are 60% less likely to switch than weakly satisfied customers (Chandrashekaran et al., 2007). Satisfied customers therefore do defect; it is the strength of satisfaction that determines the likelihood so to do. One element of later relevance is the link between communication of expectation and customer satisfaction (Ronald et al., 2003; Zeithaml et al., 1993). Higher expectations of service has been found to lead to greater levels of dissatisfaction, particularly where there is an emotional dimension for the consumer (Amy and Ruth, 2002). There is clearly a link therefore between service expectations and loyalty mediated by satisfaction.

Satisfaction is a well-researched affective variable in the analysis of consumer loyalty. Further affective variables that have been the subject of less research are the constructs of emotion and mood. The constructs of positive and negative mood have also been examined over extended periods of service delivery. In situations where a service consumer experiences a negative mood, satisfaction has a high importance in sustaining loyalty. Where positive mood occurs, satisfaction is de-emphasised in the link to loyalty and repeat purchase (De Ruyter and Bloemer, 1999), positive mood here provides a more direct link with loyalty. Positive emotion was also found to have a high impact on loyalty, more so in higher involvement services than lower involvement service situations (Bloemer and de Ruyter, 1999). Bennett et al. (2005) assert that in a B2B setting, emotion has been largely overlooked as an important variable. The presence of attitudinal dissatisfaction, however, is found not to automatically lead to switching behaviour, many customers in the banking sector are found to consistently repurchase whilst in a state of attitudinal dissatisfaction (Bennett and Rundle-Thiele,
2004). In Fullerton’s (2005) work, only affective commitment was found to have a positive relationship to advocacy intentions, the highest level of the loyalty ladder (Peck et al., 2000), an element of co-production (Gruen et al., 2000); and willingness to pay more. Continuance commitment would seem to be based purely on a lack of alternative supply.

As a conclusion, there is strong evidence that supports the link between satisfaction and attitudinal loyalty, and, further causal links, to increased retention, profitability and customer advocacy. However such causal links do not pass entirely without contestation (East et al., 2006).

2.9: Defining constructs of relationship marketing

Much attention is given to the precursors of long-term relationships. Arguably, the most supported of these is Morgan and Hunt’s (1994) Key Mediating Variables (KMV) model. Core to the KMV model is that relationship commitment and trust are key constructs, positioned as mediating variables between five important antecedents of relationship termination costs, relationship benefits, shared values, communication and opportunistic behaviour and five outcomes. The outcomes in the KMV model are acquiescence, propensity to leave, co-operation, functional conflict and uncertainty. Additional work has found support for all or most of the KMV model, (Cannon and Perreault Jr., 1999; Friman et al., 2002; Naude and Buttle, 2000; Kalafatis and Miller, 1997; Veloutsou et al., 2002; Yau et al., 2000).

Each element of the KMV model was reviewed in this thesis. However, only those that have particular bearing on the findings have been included in the finished document.
The elements that will be reviewed in the remainder of this sub-section are, trust, commitment, relationship benefits, shared values, communication and opportunistic behaviour. Acquiescence and co-operation have limited literature dedicated to them in the marketing literature. Co-operation is discussed at length in Sub-Section 5.3 in the guise of collaborative strategy. Acquiescence, propensity to leave and co-operation implicitly appear in discussions in Section C of this thesis.

Fig. 2.12: THE KMV MODEL OF RELATIONSHIP MARKETING

An additional element that is not in the KMV model, but which is frequently juxtaposed with it, is the construct of involvement. The construct of involvement is included as an additional element in this chapter.
2.9.1: Relationship value

The concept of value creation is central to RM theory and it is necessary to have simultaneous increases in relationship duration and value (Van Raaij and Poiesz, 2003). In this sense, attitudinal loyalty can be seen in terms of perceived value, attained through a continuing relationship.

<table>
<thead>
<tr>
<th>Definition</th>
<th>Values</th>
<th>Desired values</th>
<th>Value judgement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Implicit beliefs that guide behaviour</td>
<td>What customer wants to have happen (benefits sought)</td>
<td>Assessment of what has happened (benefits and sacrifices)</td>
</tr>
<tr>
<td>Level of abstraction</td>
<td>Abstract, centrally held, desired end states, higher order goals</td>
<td>Less abstract, less centrally held, lower order goals, benefits sought to facilitate higher order goal achievement</td>
<td>Overall view of trade offs between benefits and sacrifices actually received</td>
</tr>
<tr>
<td>Locus or source of value</td>
<td>Specific to customer (person or organisation)</td>
<td>Conceptualised interaction of customer product/service and anticipated use situations</td>
<td>Interaction of customer, product/service and a specific use situation</td>
</tr>
<tr>
<td>Relationship to use</td>
<td>Independent of use situations</td>
<td>Independent of use specific experience</td>
<td>Dependent on specific user experience</td>
</tr>
<tr>
<td>Permanence</td>
<td>Enduring</td>
<td>Moderately enduring</td>
<td>Transient over occasions</td>
</tr>
</tbody>
</table>

**Fig. 2.13: THREE FORMS OF VALUE**

Value creation mechanisms are understood poorly in specific situations, and that the relationship between environmental conditions and a customers value creation mechanisms have not been significantly scrutinised in RM literature (Lindgreen and Wynstra, 2005; Veloutsou et al., 2002).
Value has been categorised into four broad areas, cost, esteem and exchange value (Miles, 1961). The following definition of value as “the perceived worth in monetary units of the set of economic technical, service and social benefits received by a customer in exchange for the price paid for a product offering” (Anderson et al., 1993: p. 5) contains both elements of use and cost value, depending whether the perspective is from the user or seller. The semantic distinction between values, desired values and value judgements is illustrated in Fig. 2.13.

Value can therefore be discussed as a subjective value judgement measured against what customers want to happen, in a specific time and space context, with the help of a product or service offering (Woodruff and Gardial, 1996) or engaging in a relationship.

Fig. 2.14: THE IDENTITY SALIENCE MODEL OF RELATIONSHIP MARKETING SUCCESS
Source: Arnett et al. (2003: p. 90).

Returning to the debate surrounding other stakeholders, relationship value amongst these other stakeholders has received limited attention from scholars (Westerlund and Svahn, 2008). Research has tended to focus on customer and supply chain value. One construct in RM literature, that may help to understand the value from the perspective of other stakeholders, is identity salience (Fig. 2.14). Identity salience is an example of esteem value and an important mediating factor between the antecedents of RM and RM success, especially in situations where one party is an individual and receives social benefit as the result of participating in an exchange (Arnett et al., 2003).
The perceived identity salience of a person participating in a relationship is of intrinsic value. MacMillan et al. (2005) found that non-material benefits (intrinsic) were mediating factors between trust and commitment in a non-profit environment and indeed, that the link between material benefits and commitment was not significant. Identity salience may be particularly relevant to RM success in non-profit situations, and, equally in situations where for-profit actors commit to a peripheral or indirect relationship, where profit will not directly accrue. The nature of value can also be discussed in relation to the type of relationship linkage in evidence (see Fig. 2.15 below).

<table>
<thead>
<tr>
<th>Level of effect</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In the relationship</td>
<td>On the relationship</td>
<td>On the relationship portfolio</td>
<td>Within the network</td>
</tr>
<tr>
<td>Nature of value</td>
<td>Immediate</td>
<td>Value in terms of change to the state of the</td>
<td>Value in terms of change in the total</td>
<td>Value in terms of change in the network</td>
</tr>
<tr>
<td></td>
<td></td>
<td>relationship</td>
<td>relationship portfolio</td>
<td></td>
</tr>
</tbody>
</table>

**Fig. 2.15: LEVEL OF EFFECTS IN THE RELATIONSHIP**


Value is a consumer’s perception of the intrinsic and extrinsic value of being in a relationship minus the costs (Sirdeshmukh et al., 2002). Fig. 2.15 models the process of interaction, the level of effects on a relationship and the nature of the derived value. Foa (1974) proposes that reward or benefit in a relationship can be classified as love, services, goods, money, information and status. The receipt of goods, money, information, and services could be termed extrinsic benefits (MacMillan et al., 2005; Rempel et al., 1985). Intrinsic benefit is a benefit that is essentially tacit and therefore it is difficult to elucidate how it is achieved. Intrinsic benefit is defined by Rempel et al. (1985: p. 98) as “the relationship itself generates it’s own rewards.” An
example is where personal bonds “might stimulate creativity in the relationship which could be rewarding in itself” (Biong et al., 1997: p. 97). Love, status and some aspects of information acquisition are of intrinsic value as is knowledge, which is an additional factor that does not sit comfortably under any one of Foa’s six categories.

Exchange value must also be considered in terms of reciprocity. There is a negative value of being in a relationship, categorised as; loss of control, indeterminedness, resource demands, preclusion from other opportunities and unexpected demands (Håkansson and Snehota, 1998). Hunt (1997) proposes that advocates of RM recognise that firms should at times avoid developing certain relationships and as such, evidence of a focus on value creation should in some way be reflected by evidence of selectivity in the choice of exchange partners. Some relationships may become burdensome and some businesses may see opportunities to behave opportunistically and indeed build a business model around it (Blois, 1997).

2.9.2: Trust

Charles Handy (1995: p. 41) speculated whether the firms of tomorrow are to be anything other than a “box of contracts.” Contracts secure compliance with an exchange partner’s wishes by the enforcement of sanctions in the event of failure to perform. An alternate method, in contrast to that of regulation by contractual obligation, is a reliance on trust. When present, trust reduces transaction costs in relationship interaction, through a reduction in monitoring costs (Kramer and Tyler, 1996). Trust between alliance partners allows for the informal resolution of conflict and this informality, in turn, allows partners to adapt to each other’s needs and requirements (Håkansson and Deo Sharma, 1996). Trust amounts to a binding force in most
productive dyadic buyer/seller relationships (Hawes et al., 1989) but has relevance beyond dyadic interaction in the context of supply chains. In the context of supply chains, trust begets trust, and extends beyond direct relationships of the focal dyad and pervades any downstream relationship (Svensson, 2001) from intermediary, to intermediary. In relation to hybrid forms of organisation such as networks, these hybrid forms of organisations alone are “constitutively dependent on the existence of a considerable amount of trust among economic actors” (Bachmann, 2001: p. 339).

Grönroos (2000a: p. 129) proposed that the ambition of service organisations should be “zero trust defects” hinting at the need to avoid activities that could be perceived as opportunistic behaviour. From an academic perspective, the construct of trust is complex, difficult to uncover. Trust is addressed through the efforts of multiple disciplines without a clear resolution being arrived at; for instance, see the multidisciplinary review of trust in the 1998 special edition of the Academy of Management Review (Bhattacharya et al., 1998; Das and Teng, 1998; Doney et al., 2005; Jones and George, 1998; Lewicki et al., 1998). In that special edition, Rousseau et al. (1998: p. 394) summarises the areas where there is a degree of convergence in the interdisciplinary perspectives, into the value of trust, some of which have particular relevance in an interorganisational perspective. The existence of trust reduces the costs of harmful conflict through a decreased need to monitor an exchange partner.

Trust is defined as a reciprocal concept (Dion et al., 1995) where “one party has confidence in an exchange partner's reliability and integrity” (Morgan and Hunt, 1994: p. 23). Trust exists in a situation where there is “a willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1993: p. 82). Confidence
emerges as a central theme in a number of papers (Ganesan, 1994; Moorman et al., 1992; Schurr and Ozanne, 1985) as does the notion or reliance (Blois, 1999; Doney et al., 1998). In the context of RM, a party may rely on an exchange partner, but may not trust them, such as in a situation where the costs to an exchange partner of not being reliable are so great that it can be reasonably expected that they will perform reliably (Blois, 1999). A distinction between trust and reliance is discernable in a situation where it is perceived that a firm will positively act as its exchange partner would positively act, should the situation be reversed and the firm’s resources placed at the disposal of their exchange partner (Thorelli, 1986).

A distinction between reliance and trust can also be discerned in a situation where a firm “may take initiatives (or exercise discretion) to utilise new opportunities to [an exchange partner’s] advantage, over and above what was either explicitly or implicitly promised” (Blois, 1999: p. 199). Thus, returning to Morgan and Hunt’s (1994: p. 23) definition of trust as a situation where “one party has confidence in an exchange partner's reliability and integrity,” the notion of integrity, alongside reliability, is a crucial juxtaposition to consider. Confidence denotes a situation where “dependable goodwill” is expected to be expressed towards an exchange partner at least to the level of, or above and beyond, what could reasonably be expected, as opposed to expecting “dependable competence” (Blois, 1999: p. 200) alone. Reliance, without the expectation of additional goodwill, allows the dominant firm to shape the relationship on their own terms and exhibit behavioural control (Anderson and Narus, 1984, 1990). Trust in this context must consist of reliance and the expectation that an exchange partner will behave with dependable goodwill. The existence of perceived integrity in terms of how an exchange partner acts, what an exchange partner says, and the
concomitant decisions they make, can lead to the confident expectation that the outcomes of the exchange will be positive (Anderson and Narus, 1990; Lewicki et al., 1998) for the firm in a relational situation where they experience risk. This risk may potentially include perceived vulnerability.

*Vulnerability* is defined as “the willingness of a party to be vulnerable to the actions of another (Mayer et al., 1995: p. 712) and further as a “reliance on information received from another person about uncertain environmental states and their accompanying outcomes in a risky situation” (Schlenker et al., 1973: p. 419). Vulnerability may be present in a non-trusting relationship demonstrating asymmetric reliance on the seller by the buyer. Perceived *dependence* is defined as the “perceived difference between its own and the partner firm’s dependence on the working partnership” (Anderson and Narus, 1990: p. 43). Risking something of value, (Arino et al., 2001; Bialaszewski and Giallourakis, 1985; Doney et al., 1998) is also seen, by some authors, as central to the trust construct. *Risk* occurs as a result of uncertainty, without uncertainty, trust exists as a trivial concept (Bhattacharya et al., 1998). *Vulnerability* is a less helpful construct than *risk* when trying to understand the construct of trust. *Vulnerability* is an exposure to a negative outcome, in the sense that at least one possible scenario, from all possible outcomes should be negative. *Risk* is evident in this vulnerability scenario, but equally evident, in respect of all the other possible positives, uncertain scenarios, but to different degrees of satisfaction (Bhattacharya et al., 1998). Trust therefore encompasses a situation where a firm relies on a third party in a situation where the outcomes are uncertain, but which outcomes may be positively or negatively orientated. As such, *vulnerability* to at least one negative outcome may not necessarily be evident.
for trust to exist. To the contrary, it is difficult to perceive a situation where a party will trust an exchange partner that they expect that they cannot rely upon.

Trust is also discussed as relating to individuals, such as trust in a salesperson (Crosby et al., 1990; Hawes, 1996; Swan et al., 1999). Sirdeshmukh et al. (2002) posit that consumer trust in an individual front line employee directly affects consumer loyalty. Definitions of trust involving the perceived reliability of a promise, word given, or obligation made (Schurr and Ozanne, 1985) also attest to an individual notion of trust as well as being distinct from a notion of reliance. Specific papers refer to the focus of the discussion of trust as between a party or parties (Anderson and Weitz, 1989; Morgan and Hunt, 1994; Schurr and Ozanne, 1985) and this is interpreted through the content of those papers as implicitly relating to organisations rather than individuals (Blois, 1999). In other papers, trust is discussed more explicitly, as existing between organisations (Anderson and Narus, 1990; Garbarino and Johnson, 1999) rather than just between individuals.

It is unlikely that blanket trust can ever apply, in its purest sense, in a market relationship, “while a person may completely trust another with regard to certain aspects of their behaviour, they may positively distrust them in other matters” (Blois, 1999: p. 200). As such, when asking questions about trust and trustworthiness it is important to ask both who can be trusted or is trustworthy, but, also, in what respects can they be trusted or are trustworthy. It is conceivable an individual in an organisation may be trusted, whereas the firm he or she works for may be simply relied upon, in the sense that the firm is not trusted to act with dependable goodwill, only with dependable competency. The defection of a key trusted employee in this situation could be
financially damaging for a firm, even a competent one. Also conceivable is a situation where an individual, in an organisation, could be trusted whilst the firm, on the whole, is mistrusted.

A number of sub-categories of trust exist that have relevance to the development of relationships. *Calculative* or calculus based trust is based up “credible intelligence as to the intentions or competence of another” (Rousseau et al., 1998: p. 1998) and is evident where the trustor bases trust on a calculation of the costs and rewards of target acting in an untrustworthy manner (Doney et al., 1998). Calculative trust denotes a situation in which a participant believes an exchange partner can help them and trusts them in the hope that they will be as good as their word (Faulkner, 2000).

Relational trust is defined by Rousseau et al. (1998) as occurring as a result of repeated interactions and is related to the notion of affective trust. *Affective trust* occurs in situations where exchange partners get to like each other as people and trust takes on a more personal aspect (Faulkner, 2000). *Characteristics based trust* pertains only to individuals and is dependant on criteria such as social similarity between individuals (Ali and Birley, 1998). Affective trust is facilitated in situations where characteristics based trust is in evidence through a *predictive* trust building process. A predictive trust building process is one where, one exchange partner believes that the other will behave as they say they will, and will actually do so, since they have done so in the past (Faulkner, 2000). Trust is easier where the individual’s origin is from within the same cultural group. Characteristics based trust can also be based on repeated past experiences of an exchange partner’s capability. An underlying assumption of the predication based trust building process is that the behaviour of individuals is
consistent and rational, therefore predictable (Doney et al., 1998). A predication based trust building process can therefore develop into process based trust (Ali and Birley, 1998). *Process based trust* exists between individuals who have known each other for a long time, without sharing loyalty to a specific group. Equally, process based trust would seem to be achievable through a *capability* based trust building process, where the trustor assesses a target’s ability to fulfil his or her promises. However, the preceding definition would seem to ignore the distinction between dependence and trust discussed above. A capability based assessment of trust defines a situation where a partner develops an expectation of dependable competence potentially without the expectation. It has also been noted that trust can be transferred from one source to another, for instance through the recommendation of a trusted source in respect of an unknown third party. The *transferability* notion of trust building relies heavily on proof sources and in a network context, existing trusted members of a network may be utilised as trust sources. *Intentionality* has further been discussed as influential in the trust building process. An assessment could arguable be made as to whether a potential exchange partner’s motives are selfish or altruistic (Doney et al., 1998). However, dependable goodwill could also be evident in a situation where an exchange partner’s motives are selfish. The long-term selfish best interests of a firm may be served by demonstrating dependable good will. Individuals also have internalised values that may mean that they have a greater propensity to work towards earning an exchange partner’s trust (Jones and George, 1998; Mayer et al., 1995).

Whilst there is little apparent agreement on the definition of trust, there is an interdisciplinary agreement that trust is not behavioural, or a choice, but an underlying psychological condition (Rousseau et al., 1998) as a result of experience and
interaction. Crucial aspects are the distinction between reliance and trust, alongside the notion of positive expectations as to uncertain future outcomes. These uncertain outcomes denote risk including potentially, risk through vulnerability in at least one possible future scenario. Assumed integrity on the part of a trustor towards an exchange partner is crucial in order to gain the full benefits of trust outlined at the beginning of this sub-section. Trust can relate to individuals and organisations and includes multiple cross-sectional definitions and multiple longitudinal trust building processes. It is therefore difficult to isolate mutually exclusive constructs of trust that make up a viable taxonomy however, the individual discussions are useful when examining specific contexts.

2.9.3: Commitment

Advanced in a number of papers is the argument that trust leads to a higher sense of commitment amongst exchange partners, and consequently to stronger relationships (De Ruyter et al., 2001; Kothandaraman and Wilson, 2000; Mohr and Spekman, 1994; Moorman et al., 1993; Morgan and Hunt, 1994; Naude and Buttle, 2000; Pesämaa and Hair, 2008) and that commitment is “the most common dependent variable used in buyer-seller relationship studies” (Wilson, 1995: p. 337). Commitment is however a similar construct to that of loyalty (Caceras and Paparoidamis, 2007) discussed above. Morgan and Hunt (1994) propose that the when both commitment and trust are present, they produce outcomes that promote efficiency, productivity and effectiveness. In short, commitment and trust lead directly to co-operative behaviours that are conducive to RM success and as such, a failure of commitment and/or trust can end a relationship in a short time at any stage of the relationship lifecycle (Zineldin, 1998). Problems with commitment may be problems with trust or vice versa (Egan,
Morgan and Hunt (1994) propose three reasons why commitment and trust are key in RM. First, the presence of trust and commitment encourages marketers to work at preserving relationship investments by co-operating with exchange partners. Second, the presence of trust and commitment encourages marketers to resist attractive short-term alternatives in favour of the expected long-term benefits of staying with existing partners. Third, the presence of trust and commitment encourages marketers to view potentially high-risk actions as being prudent because of the belief that their partners will not act opportunistically.

Commitment is defined as “an enduring desire to maintain a valued relationship” (Moorman et al., 1992: p. 316) and the extant that the relationship warrants “maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely” (Morgan and Hunt, 1994: p. 23). Such relationship temporal endurance is central in most definitions of commitment. Salancik (1977) proposes that in addition to endurance, commitment is in evidence when actors sense that their decision was not easily revoked, that the committed action is brought to the attention of significant others and is undertaken as a free choice. In other words, that the choice made was volitional. When exchange partners sense that their choices are unhindered, the resulting commitment is likely to be stronger and more deeply held (Pritchard et al., 1999). Additionally, commitment involves an assessment of “the importance that a seller (or buyer) attaches to its opposite number and is measured by its willingness to invest time and resources in its dealings with them” (Ford, 1984a: p. 102). Commitment, therefore, has behavioural (Gundlach et al., 1995) alongside temporal (endurance and volition) implications. A further behavioural element of commitment is discussed as the “extent to which the supplier is prepared to
adapt to [customer] requirements” (Ford, 1984a: p. 102). A third attitudinal component of commitment, alongside temporal and behavioural elements, is routed in psychology, similar to the notions of goodwill, intention and integrity in the exchange relationship discussed above in relation to trust.

Reciprocal commitment is discussed as commitment proportionality (Gundlach et al., 1995). “Asymmetries in commitment probably result in unsatisfactory relationships because the more committed party is vulnerable to opportunism by the less committed party” (Anderson and Weitz, 1992: p. 20). However, asymmetric commitment does not lead automatically to opportunistic behaviour (Gundlach et al., 1995) on the part of the dominant partner, Commitment asymmetry only facilitates opportunistic behaviour should the powerful exchange partner not have the dependable goodwill discussed above in the sub-section on trust. An important recent extension to the KMV model is the construct of interpersonal commitment. Interpersonal commitment has been found to mediate between trust and interorganisational commitment in B2B environments. However, interpersonal commitment was not found to mediate in such a way when considering reciprocation. Reciprocation was found to be determined more by economic value and perceived gain (Pesämaa and Hair, 2008). Commitment proportionality must, therefore, be discussed at interpersonal and interorganisational levels.

Three types of commitment are discernable from a review of literature discussing the construct. These three types of commitment are affective, normative and calculative/continuance commitment. Affective commitment is defined as the extent to which customers like to maintain their relationship with their supplier. Affective
commitment is based on a generally positive feeling towards the exchange partner (Kumar et al., 1994). *Calculative commitment*, a negatively orientated type of motivation, refers to a firm’s motivation to continue the relationship because it cannot easily replace its current partner. Calculative commitment persists because an exchange partner cannot obtain the same resources and outcomes from other sources. Calculative commitment would seem to be similar to the description of *continuance commitment*, which is based on the self-interest stake in a relationship (Gundlach et al., 1995; Wiener, 1982). In the organisational sciences literature (Allen and Meyer, 2000), continuance commitment is defined as the degree to which an employee is psychologically bonded to an organisation, in which they are employed, on the basis of the perceived costs (economic, social and status related) associated with leaving an organisation (Yau et al., 2000). Continuance commitment also relates to termination costs in the KMV model (Fig. 2.12). *Normative commitment* is defined as an employee’s sense of moral obligation toward the firm within which they are employed by (Allen and Meyer, 2000).

Fullerton’s (2005) work on commitment was introduced and illustrated (Fig. 2.11) in the sub-section on loyalty. There is some considerable overlap between the constructs of loyalty and commitment and their sub-categories. Fullerton examines the connections between continuance and affective commitment and three outcomes; advocacy intentions, switching intentions and willingness to pay more (see Fig. 2.11). Fullerton found that the presence of continuance and affective commitment had a negative effect on switching intentions, that is, when continuance and affective commitment are present, defections are reduced. Only affective commitment was found to have a positive relationship to advocacy intentions, the highest level of the loyalty
ladder (Peck et al., 2000), and an element of co-production (Gruen et al., 2000). Affective commitment but not continuance commitment is linked to a willingness to pay more. This causality suggests that commitment is manifest as something other than relationship duration. Evidence of continuance commitment could therefore be evidence of customer detention rather than retention.

2.9.4: Communication in relationships

A thorough review of marketing communication literature is beyond the scope of this thesis. Communication in this sub-section therefore is reviewed from discussion of the communication construct in RM literature only.

Some authors note that communication is often a neglected subject in RM papers (Duncan and Moriarty, 1998; Mohr and Nevin, 1990). Anderson (2001: p. 170) proposes that RM scholars do not often deal effectively with the role of communication in relationship development, they see it as “an entirely different marketing paradigm.” Other authors recognise the increasing importance of communication, particularly in light of developments in communications technology (Honeycutt et al., 1998). In the context of RM, communication is defined as “the formal as well as informal sharing of meaningful and timely information between firms” (Anderson and Narus, 1990: p. 44).

Communication in a RM context is two-way and sometimes a multi-way dialogue (Grönroos, 2000b, 2004). The importance of communication between key actors is emphasised in dyadic buyer-seller exchanges (Anderson and Narus, 1990; Boles et al., 2000). In Morgan and Hunt’s KMV model (1994) and its developments (Friman et al., 2002), communication is argued to be a precursor of relationship strength mediated via
trust, a precursor of commitment. Within a relational context, a comparison between transactional and collaborative exchange communications is illustrated in Fig. 2.14. Transactional communication is defined as being focused on communication and dialogue (Duncan and Moriarty, 1998) and therefore, confusingly, concomitant with collaborative exchanges, not transactional exchanges.

<table>
<thead>
<tr>
<th>Transactional exchanges</th>
<th>Value-adding exchanges</th>
<th>Collaborative exchanges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast marketing</td>
<td>Tailored interactions</td>
<td>Two way collaboration</td>
</tr>
<tr>
<td>Targeting based on information about customers</td>
<td>Emphasis on retention</td>
<td>Joint-problem solving</td>
</tr>
<tr>
<td></td>
<td>Targeting based on information from customers</td>
<td>Multilevel contacts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extensive sharing of propriety information</td>
</tr>
</tbody>
</table>

**Fig. 2.16: TRANSACTIONAL AND COLLABORATIVE EXCHANGES**  

Fig. 2.16 can be regarded as a hierarchy of communication messages in a relationship. Discussion of communication in relationships is made in conjunction with the RM lifecycle. Anderson (2001) relates the different emphasis on communication to different stages of the relationship lifecycle.

Figure 2.16 illustrates taxonomy for each of four stages of a relationship lifecycle. It presents an analysis, as to the communication tasks, as the relationship lifecycle progresses. In the initial stage of the relationship, the communication process is unidirectional from seller (S) to buyer (B). The media strategies, involved in the initial stage of the lifecycle, are proposed to be mass communications, and intermediated unidirectional communications through reputation management, and referrals from existing customers to potential customers.
In the negotiation phase of the lifecycle, bi-directional communication becomes more prevalent using more interpersonal contact with individuals from both the buying and the selling companies. Relational processes are based upon the comprehension of each other’s meanings, and this is obtained through bi-directional interpersonal communication; largely through talking (Duck, 1986). The ability of a creative strategy to carry a message about meanings in a relationship is referred to as its richness capacity. Similarly, media richness can be defined as the ability of a channel to carry a rich message (Barry and Crant, 2000). Communicational richness should take on greater relevance from the negotiation stage.

<table>
<thead>
<tr>
<th>Planned messages</th>
<th>Product messages</th>
<th>Service messages</th>
<th>Unplanned messages</th>
<th>Absence of communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass communication</td>
<td>Usefulness</td>
<td>Interactions with service processes</td>
<td>Word of mouth</td>
<td>Silence following a service breakdown</td>
</tr>
<tr>
<td>Brochures</td>
<td>Design</td>
<td>Deliveries</td>
<td>Referrals</td>
<td>Lack of information about progress processes</td>
</tr>
<tr>
<td>Direct-response sales</td>
<td>Appearance</td>
<td>Invoicing</td>
<td>References</td>
<td></td>
</tr>
<tr>
<td>Web</td>
<td>Raw materials</td>
<td>Invoicing</td>
<td>References</td>
<td>News stories</td>
</tr>
<tr>
<td></td>
<td>Production processes</td>
<td>Claims handling</td>
<td>Gossip</td>
<td>Internet</td>
</tr>
<tr>
<td></td>
<td>Product documentation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer service</td>
<td></td>
<td></td>
<td>Chat groups</td>
</tr>
</tbody>
</table>

**Fig. 2.17: HIERARCHY OF COMMUNICATIONS IN A RELATIONSHIP**
Source: Grönroos (2000a: p. 8).

A crucial aspect of the development phase of the relationship lifecycle is the creation of a relationship atmosphere. Hallen and Sandström (1991) propose that communication is thought to be a central part of a relationship atmosphere. Because of extended temporality, a relationship atmosphere develops, and this leads to greater levels of shared values and mutual understanding in a relationship. “Emerging relationship
norms and routines [...] over time, accumulate and can become difficult to disentangle or change” (Barry and Crant, 2000: p. 652).

![Diagram showing mutual adaptations over time.](image)

**Fig. 2.18: DESIGN OF COMMUNICATION MEANS AND STRATEGIES**

Source: Adapted from Anderson (2001: p. 172).

Anderson and Narus (1990: p. 45) noted that “past communication is an antecedent of trust,” but they also noted that “in subsequent periods this accumulation of trust leads to better communication,” potentially through the development of shared norms and routines. Through repeated interaction, the interplay between communication, trust and commitment therefore enable a positive relationship atmosphere to develop.

Communication can be seen as relationship episodes alongside economic, social and legal episodes that along with co-ordination and adaptations, make up the interaction process (Olkkonen et al., 2000). Relational communication, literally, communication about relationships, “has to do with how the message is intended and serves, therefore, to define the relationship between the actors” (Soldow and Thomas, 1984: p. 84). Relational communication has the greatest relevance at the development stage of the
relationship lifecycle and is rich in contextual and implicit meaning, discernable by experienced individuals. Interactional richness is defined as:-

“the extent to which communication within an interacting dyad at a given point in time is efficient (high in symbolic content), coordinated (characterized by synchronous interaction) and accurate (symbolic meaning is shared and appropriately interpreted)” (Barry and Crant, 2000: p. 651).

Relational communication is high in both message and channel richness, leading to the development of overall interactional richness. Relational communication should have an uncertainty reducing element. A crucial aspect in the above discussion regarding trust in RM was the notion of positive expectation. Relational communication should therefore have the effect of creating positive expectations as to the long-term outcomes of a relationship. Interactional richness is enhanced as exchange partners’ communicate “more often, more equitably, and over a wider range of subjects” (Barry and Crant, 2000: p. 653).

**2.9.5: Opportunistic behaviour**

Opportunistic behaviour is a precursor and defining construct of RM (Friman et al., 2002; Morgan and Hunt, 1994). The importance of avoiding opportunistic behaviour is due to the subsequent negative impact on trust and perceived integrity. “Perceiving a partner as opportunistic undermines extant relational norms and raises the spectre that the exchange partner is not concerned with the well-being or fairness of the exchange” (Palmatier et al., 2007: p. 177). Avoiding opportunistic behaviour becomes increasingly important in conditions of strong-form trust where there are conditions where a trustor expects dependable goodwill on the part of an exchange partner (Barney and Hansen, 1997). Incomplete contracting can greatly increase the opportunities to terminate an exchange relationship (Nielsen, 1998). The development of relational norms may,
therefore, be essential, even in the presence of contracts to ensure satisfactory interorganisational exchange. “Norms […] inhibit cheating and shirking and make it possible to put less cost into detecting malfeasance and enable fewer mismatches in deciding how to sort residual rents” (Lin, 2006: p. 554). Even where a channel is owned by one organisation, ownership must be complemented by relational exchange, in order to be effective in avoiding opportunism (Brown et al., 2000). It is the norm for powerful firms to increasingly behave in a non-opportunistic way (Handfield and Bechtel, 2002). As such, trust can be established through the demonstration of non-opportunistic behaviour, even where asymmetric power relations exist.

Opportunistic behaviour is discussed in line with illegal, dubious and unethical behaviour such as cheating, exploitation of a relative power dynamic, and stealing (Willenborg, 1998; Rokkan and Haughland, 2002). Free riding is discussed as something different to opportunistic behaviour. The distinction between opportunistic behaviour and free riding lies in the level of intentionality involved in the negative behaviour. Free riding is defined as “the extent to which the chain members violate explicit or implicit obligations towards the chain unit” (Rokkan and Haughland, 2002: p. 216). Free riding is, therefore, associated with passive opportunistic behaviour manifested through shirking responsibility, evading obligations or opportunities to adapt to an exchange partner’s needs (Wathne and Heide, 2000). Blatant opportunism manifests itself through deliberate misrepresentation of a relationship. The following Fig. brings together both the relationship lifecycle and the constructs of both passive and active opportunistic behaviour.
Detection of opportunistic behaviour on the part of an exchange partner will lead to relationship unrest, but not necessarily to relationship termination. Where there is relationship unrest, a firm that wishes to continue with a relationship, should consciously manage relationship unrest and search for a resolution. The management of unrest may be instigated by a weak partner who is dependent in some way on a strong partner or by a benign strong partner (Good and Evans, 1999).

<table>
<thead>
<tr>
<th>Passive Behaviour</th>
<th>New circumstances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evasion</strong></td>
<td><strong>Refusal to adapt</strong></td>
</tr>
<tr>
<td><strong>Cost effect</strong></td>
<td><strong>Cost Effect</strong></td>
</tr>
<tr>
<td>Decrease for O</td>
<td>Minimal</td>
</tr>
<tr>
<td>Increase for E</td>
<td><strong>Revenue Effect</strong></td>
</tr>
<tr>
<td><strong>Revenue Effect</strong></td>
<td>Increase for O (short term, from concessions), decrease for E and O (long-term, forgone revenues due to maladaptation)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Violation</th>
<th>Forced Renegotiation</th>
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<tbody>
<tr>
<td><strong>Cost Effect</strong></td>
<td><strong>Cost Effect</strong></td>
</tr>
<tr>
<td>Increase for E</td>
<td>Increase for E (haggling, concessions)</td>
</tr>
<tr>
<td><strong>Revenue Effect</strong></td>
<td>Increase for O (short term, from concessions), decrease for E and O (long-term due to maladaptation)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Active Behaviour</th>
<th>New circumstances</th>
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<tbody>
<tr>
<td><strong>Evasion</strong></td>
<td><strong>Refusal to adapt</strong></td>
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<tr>
<td><strong>Cost effect</strong></td>
<td><strong>Cost Effect</strong></td>
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<td>Decrease for O</td>
<td>Minimal</td>
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<tr>
<td>Increase for E</td>
<td><strong>Revenue Effect</strong></td>
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<tr>
<td><strong>Revenue Effect</strong></td>
<td>Increase for O (short term, from concessions), decrease for E and O (long-term, forgone revenues due to maladaptation)</td>
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<tr>
<th>Violation</th>
<th>Forced Renegotiation</th>
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<tr>
<td><strong>Cost Effect</strong></td>
<td><strong>Cost Effect</strong></td>
</tr>
<tr>
<td>Increase for E</td>
<td>Increase for E (haggling, concessions)</td>
</tr>
<tr>
<td><strong>Revenue Effect</strong></td>
<td>Increase for O (short term, from concessions), decrease for E and O (long-term due to maladaptation)</td>
</tr>
</tbody>
</table>

**Fig. 2.19: FORMS OF OPPORTUNISM AND POSSIBLE OUTCOMES**

2.9.6: Reciprocity

Whilst the nature of any organism is to dominate its environment and thus self-interest is the driving force, in certain situations, self-interest is better served through cooperation a rather than antagonistic action (Håkansson and Johanson, 1991). Relationships provide mutual support; reciprocity is identified as a key point in
mutuality (Duck, 1991). Reciprocity denotes that a person receiving help and support should reciprocate by providing help and support, “or at least not repay help with harm.” Such a situation defines positive reciprocity. Positive reciprocity may also be measured across the long term, similar to the psychological concept of delayed gratification (Bembenutty, 1999; Peake et al., 2002; Schwarz and Pollack, 1977). Negative reciprocity denotes that one should repay harm with harm “or at least not repay harm with help” (Meeker, 1983: p. 22). Ethical marketing should prevent any notion of harm being sought; however, negative reciprocity could be seen as perfectly ethical where competition is repaid with competition.

Wilson and Jantrania (1996) propose that trust is characterised by reciprocity. Reciprocity is thus an appropriate dimension of RMO. Trust and reciprocity are complements, not substitutes, to other obligations (Lorenzoni and Baden-Fuller, 1995). Brennan and Turnbull (1999) propose that the adaptations that lead to different levels of effects in the relationship are made up of first, tactical adaptations; relatively minor planned adaptations, perhaps as bargaining chips. Second, strategic adaptations occur, which are defined as large-scale planned adaptations, such as investments, and finally socialisation processes which are minor and unplanned adaptations. Such adaptations may be made with reference to the norms of reciprocity based on their past experiences within the relationship and elsewhere (Ford et al., 1995).

Adaptation can be framed in terms of the willingness to adapt to a partner and can be measured as a hierarchy of effects. Li and Ng (2002) propose that relationship strengthening only occurs when it is mutually complimentary. Three relationships; company/intermediary, company/consumer and company/employee are at the heart of
RM but there remains an emphasis on external customer relationships (Buttle, 1996). An additional point with regard to reciprocity is ‘voluntarism.’ Miles and Snow (1992: p. 69) propose that if partners are “not free to withdraw from relationships they believe are unfairly structured, then the value of openness and explicitness is compromised.” Thus, reciprocity and adaptation could also be reformed as a mutual ability to withdraw from an arrangement. Reciprocity as a norm of practice can also lead to the appreciation amongst boundary spanning roles that additional personal benefits can accrue through consistent reciprocal behaviour which could include personal satisfaction and ego enhancement (Pervan et al., 2009).

2.9.7: Involvement

Within leisure marketing literature, Iwasaki and Havitz (2004; 1998) note that resistance to change is an important element of psychological commitment to a leisure activity. Psychological commitment is defined as a resistance to change preferences toward the brand (Iwasaki and Havitz, 2004; Pritchard et al., 1999). Iwasaki and Havitz (2004: p. 50) indicate that “becoming a loyal client is entailed by becoming highly involved in a leisure activity and developing psychological commitment to a recreation agency.” The construct of involvement here is a different construct to that of high and low involvement constructs, used in consumer behaviour, to denote the level of mental processing that takes place in respect of a purchase decision. Iwasaki and Havitz (2004) define involvement in the leisure marketing context as an “unobservable state of motivation, arousal or interest toward a recreational activity or associated product.” They also link involvement to a sense of guilt in the event of switching behaviour. Additional work proposes that when examining psychological commitment, it is appropriate to “shift from treating the service provider as the attitude object to treating
the recreation setting as the attitude object” (Kyle et al., 2004: p. 102). The attitude object therefore becomes equally crucial in understanding involvement. The dimensions of involvement that have received most attention in the leisure marketing literature include attraction, identity affirmation, identify expression, social bonding and centrality to lifestyle. Object attraction refers to the perceived importance or interest in an activity or product, or the pleasure or hedonic value derived from participation or use of the object. Identity affirmation refers to the unspoken statements that purchase or participation conveys about the person, to the person and identity expression how those statements are transmitted to others. Centrality to lifestyle encompasses the central role of the activity in the context of an individual’s life. (Kyle and Chick, 2002; Kyle et al., 2004; Kyle et al., 2007). Centrality to lifestyle denotes a situation where an environment is beyond mere socialisation, “it reinforces an activity choice that encompasses one’s own lifestyle orientation” (Funk et al., 2004: p. 41). Social bonding extends the construct of centrality to lifestyle and considers the centrality of the activity, in the life of an individual’s social group, and the reality that involvement occurs as a result of ties to significant others. Work conducted in health club sector confirms the importance of social bonds in generating retention after the expiration of a financial bond in the form of a contract (Campbell et al., 2005). Stanko (2006: p. 8) argues that in the context of RM, “management should place strong emphasis on developing the behavioural and emotional dimensions.”

Laverie and Arnett (2000) propose that socio-psychological involvement can be divided into enduring involvement and situational involvement. Enduring involvement is linked to hedonic and ego involvement (Havitz and Mannell, 2005; Kyle and Chick, 2004). Ego involvement refers to a grouping of values, norms, goals and standards and
these tend to be stable across the mid term and vary less with situation specificity (Havitz and Mannell, 2005; Kyle and Mowen, 2005). Situational involvement on the other hand will vary from context to context, “even objects or events that are extremely important to an individual are not experienced as personally relevant all the time” (Havitz and Mannell, 2005: p. 155). The predominance of cross-sectional research has proved less helpful in understanding situational involvement (Havitz and Dimanche, 1999). A further notion of position involvement is also proposed (Pritchard et al., 1999). Position involvement is an element of psychological commitment relating to self expression or sign value (Kyle et al., 2004).

The involvement construct is found, in the leisure marketing literature, to be an antecedent (Kyle and Chick, 2002) to commitment. Commitment, in the context of leisure activity, is defined as “those personal and behavioural mechanisms that bind individuals to consistent patterns of leisure behaviour” (Kim et al., 1997: p. 323). Commitment is argued to be the external structures that bind an actor to a leisure activity (Kyle and Chick, 2002). Iwasaki and Havitz (1998: p. 257) argue that “developmental processes driven by levels of involvement and psychological commitment explain participant’s behavioural loyalty.” Kim et al. (1997: p. 322) propose that loyalty and involvement have behavioural and attitudinal dimensions and therefore that “loyalty is largely subsumed within the concept of involvement.” Through redeployment from leisure activity to the context of regional development activity, the construct of involvement takes on high significance in this thesis.
2.10: Chapter summary

This chapter has discussed RM, its evolution, schools of thought and its constituent elements. Arguably RM can be grounded in the resource-based rather than market-based view of marketing. The RBV of business and marketing will be reviewed in Chapter Three. Chapter Two, above, has focused largely dyadic level relationships. Chapter Four will break out of this dyadic focus and examine the network literature within the marketing discipline. The logic of separating these sub-sections lies in the fact that network literature and resource-based literature has included extensive material from outside the discipline.
Chapter Three: The resource-based view of the firm and competency-based competition

3.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section A</strong></td>
<td><strong>Literature Review</strong></td>
</tr>
<tr>
<td>Chapter One</td>
<td>Introduction</td>
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<tr>
<td>Chapter Two</td>
<td>Relationship Marketing</td>
</tr>
<tr>
<td>Chapter Three</td>
<td>The Resource-Based View of the Firm and Competence-Based Competition</td>
</tr>
<tr>
<td>Chapter Four</td>
<td>Networks in Marketing</td>
</tr>
<tr>
<td>Chapter Five</td>
<td>Outwith Literature</td>
</tr>
<tr>
<td><strong>Section B</strong></td>
<td><strong>Methods and Methodology</strong></td>
</tr>
<tr>
<td><strong>Section C</strong></td>
<td><strong>Findings, Conclusions and Contributions</strong></td>
</tr>
</tbody>
</table>

Current position in the thesis shaded

Fig. 3.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

The resource-based view (RBV) of the firm can been seen very simplistically as “firms compiling lengthy and indiscriminate lists of strengths and weaknesses” (Day, 1994: p. 38), one side of the SWOT analysis that is inculcated into every marketing student. The RBV is otherwise, but perhaps unsurprisingly, underemphasised in comparison to the market-based perspective in marketing literature.

As highlighted in Fig. A.1 in the introduction to Section A, the importance of the RBV literature in this thesis emerged at the mid point of the fieldwork, as a counter point to the market-based perspective in a new macro theory, that will be presented in Chapter Eight. An explicit review of this literature began during Phase Two and was deployed in the later stage of Phase Two of the interviews. Chapter Eight of the thesis presents a macro theory, the foundation of which is grounded in the dialectic of the resource and...
market-based views of marketing. A further theory presented in Chapter Ten is a competency-based theory entirely grounded in the theory presented in this chapter.

The structure of the chapter is as follows. First, the foundations of the RBV are discussed (Sub-Section 3.2), leading in to a further discussion of competencies and capabilities (Sub-Section 3.3). Next discussed are the notions of firm addressable, as well as firm specific, resources and these notions form a link to an analysis of a firm’s external relationships. The chapter concludes with a discussion of the application of resource and competence-based perspectives in the discipline of marketing (Sub-Section 3.4).

3.2: Resource-based competition

The origins of the RBV are often attributed to Edith Penrose (1959), whilst the term itself is generally attributed to Wernerfelt (1984). The RBV is presented by some authors as a new paradigm in strategic analysis (Stalk et al., 1992) against the paradigm espoused in the outside-in perspectives of Porter (1985). Other authors argue that the value of the RBV lies primarily in synthesis with a market-based perspective (Verdin and Williamson, 1994). In the RBV, the strategic assets of a firm are defined as a “set of firm specific resources and capabilities” (Shoemaker and Amit, 1997: p. 372), competitive advantage is gained through the possession and deployment of such “exceptional strategic resources” (Monteverde, 1997: p. 100). Barney (1991) proposes the following factors which must be manifest for sustainable competitive advantage grounded in unique, exceptional resources. He proposes that a resource must be valuable, rare amongst current competitors; it must be imperfectly imitable and there
must be no strategically equivalent substitute, that substitute being valuable but neither rare nor imperfectly imitable.

Sympathetic to Barney’s criteria, the notion of core competence (Prahalad and Hamel, 1990) is grounded in the earlier concept of distinctive competencies (Selznik, 1957). Distinctive competencies are defined as “the idea that a company should identify and exploit the resources it has and in particular those things it does so well as to give it a comparative advantage over its competitors” (Blois, 1980: p. 354). The activities that firms *do well* denote and reveal the existence of competencies. The notions of distinctive and core competence have more latterly evolved into the principles of competence-based competition. The evolution of the competence-based view (CBV) has deepened and extended the RBV (Hamel and Heene, 1994; Lowendahl and Haanes, 1997).

**3.3: Competencies and capabilities**

**3.3.1: Competencies**

It is necessary to negotiate a passage through this sub-section using several key terms; *resources, skills, assets, competencies and capabilities.*

*Threshold competencies* are defined as those resources which are essential in order to gain parity with the offerings and capabilities of competitors (Johnson and Scholes, 1999). *Core-competencies* (Prahalad and Hamel, 1990) are proposed to be those competencies that provide sustainable competitive advantage in the market place. Core-competencies are the unique competitive elements that provide sources of competitive
differentiation. In essence, a firm must possess the industry standard level of threshold competencies and be distinctive in a small number of core-competencies.

A distinction between a competency and a behaviour is made in the assertion that, “a competency is a process or a collection of skills; behaviours are what people regularly say and do to display the competencies they possess” (Galpin, 1997: p. 77). Competency has multiple subordinate behaviourally grounded categories. For instance, core-competencies are divided into action traits and cognitive traits. (Bogner and Thomas, 1994) Action traits are the core skills (Bogner and Thomas, 1994) or tacit skills (Ambrosini and Bowman, 2001) that underpin all activity. Cognitive traits (Bogner and Thomas, 1994) are such things as operational recipes and routines, shared value systems and the tacit understanding of interaction. Cognitive traits are underpinned by knowledge-based or experiential assets (Helleloid and Simonin, 1994). As such, a distinction between activity (cognitive traits) and an individual aptitude to perform such activity (action traits) becomes discernable.

3.3.2: Capabilities

Capabilities are broken down contextually as individual, group and corporate capabilities, as well as strategic, functional and operational (Hooley et al., 1998). Capability is defined as “the capacity for a team of resources to perform some task or activity (Grant, 1991: p. 119) and as “specific types of meta-resources or meta-assets that encompass only repeatable patterns of action” (Skaates and Seppanen, 2005: p. 80). Capabilities have also been defined as “complex bundles of skills and collective learning exercised through organisational processes” (Day, 1994: p. 38). The following diagram also highlights areas where core capability can occur.
All four dimensions in Fig. 3.2 “reflect the accumulated behaviours and beliefs based on early corporate success (Leonard-Barton, 1992: p. 114). The four dimensions attest, very strongly, to the impact of history on the capability development process, although many of the models discussed within the resource- and competency-based literature have been argued to be static rather than temporally grounded models. To address this, two-layer models have been proposed in which firms have been argued to have a series of meta-skills, which govern the way firms acquire and deploy other skills. Four categories of meta-skills have been proposed; learning, innovating, skill categorising and embedding (Klein et al., 1991). Klein and Hiscocks (1994: p. 186) further discuss the principle of multi-layered causality, “firms may be represented as layers of skills and attributes, each layer being causally linked to the next.” Such causal layering has also been discussed as path dependency. “A process is said to be path dependent when events early in the evolution of a process have significant effects on subsequent events” (Barney, 2002: p. 166). Klein and Hiscocks (1994) add a further meta-skill which they
call a time-orientation meta-skill where a firm balances the needs of the day, with the needs of the future. As such, a skill can be temporally related to another skill, the absence of one skill, limiting the further acquisition of another. Extending the principle of dynamic capabilities, Helfat and Peteraf (2003) propose a capability lifecycle. Their capability lifecycle has three initial stages; founding, development and maturity, followed by three alternative routes with six additional stages. They refer to these six stages as the six Rs of capability transformation; renewal, redeployment, recombination, replication, retrenchment or retirement. The lifecycle stages reflect the reality that competency may extend over time beyond the boundaries of markets and industries in which they were originally developed.

Tangible assets and capabilities are sometimes seen as categories of resources. Asset based capabilities are based on regulatory or positional assets. Regulatory asset-based capabilities are based on such things as trademarks or trade secrets. Positional asset-based capabilities are based on past experiences such as reputation. Capabilities based on talents or aptitudes are further divided into functional and cultural. Functional competence-based capability relates to the ability to do specific things, resulting from knowledge, skills and experience. A firm which is inherently innovative would possess such a functional capability. Cultural competence-based capability is based on values, beliefs and attitudes (Hall, 1994, 1997; Kay, 1993). These are summarised in Fig. 3.3.

The notion of dynamic capability, having the ability to modify the resource-base and competencies of an organisation, has also been discussed and has significant temporal relevance to this thesis (Helfat et al., 2007; Teece et al., 1997) as is the notion of architectural capability. Architecture is defined as “a system of relationships within the firm, or between the firm and its suppliers and customers, or both (Kay, 1993: p. 14).
The terms capability and competency are treated as coterminous and are used interchangeably in many articles (Hooley et al., 1998: p. 99; Hamel, 1994; Leonard-Barton, 1992). The semantic distinction between capability and competence becomes even more blurred in other articles, such as, in the assertion that capabilities can be based both on assets or competencies (Hall, 1994). A consideration of both competency and capability presents a number of additional, but largely complementary, perspectives in addition to that provided by a review of either term in isolation. However, the deployment of the terms in this thesis, outside this chapter, will follow the distinction made by Haanaes and Lowendahl (1997: p. 206-207) who advocate that the term capability should be limited to a description of a firm’s ability to perform a series of tasks. “Capabilities such as routines affect value creation through activities, whereas reputation affects customer’s perceptions of firm value creation.” They propose that competency can be distinguished from capability as being at an individual
level made up of skills and aptitudes. Competence is also a broader term than the subordinate term of capability. As a broader term, competence is not limited to capabilities. Competencies such as reputation and loyalty Haanaes and Lowendahl collect together under the heading of *relational competencies*, in that they are perceptual rather than activity based.

![Diagram of strategic resources]

**Fig. 3.4: STRATEGIC RESOURCES**

### 3.3.3: Firm addressable and firm specific resources and competencies

A firm can possess *firm specific resources* and access *firm addressable resources* (Sanchez and Heene, 1997). Scientific discovery is presented as an example of the importance of *firm addressable resources* (Klavans and Deeds, 1997), more often than
not, it occurs in communities through collaboration with other external bodies, than occurring within the hierarchy of an individual firm. Firm addressable resources are those resources that are accessible to the firm through association with other external organisations and therefore a logical extension of a firm’s strategic asset base, as part of an architectural capability, which is discussed in more length below. Firm addressable resources could be seen as “getting the benefits of what another organisation offers without the risks and responsibilities of owning it” (Kanter, 1989: p. 7).

“Resources always have ‘hidden’ and unexploited dimensions that can be explored and developed in interaction with business partners. It is through the continuous combining and recombining in business relationships that new resource dimensions are identified and further developed” (Gadde et al., 2003: p. 360).

Thus in some cases, significant parts of an organisation’s asset base can be located beyond the legal hierarchy of the firm.

“The firm’s possibilities to use critical resources pertain to the kind of relationships it has with surrounding actors. It is also assumed that resources to some extent are caused through the interactions in the exchange relationships” (Blankenburg, 1995: p. 377).

Resource dependability can be determined by assessing the importance of the addressed resource to the achievement of a firm’s objectives and the substitutability of that resource (Koopenjan and Klijn, 2004). Over periods of time, organisations build up asset stocks that are relationship specific assets (Dierickx and Cool, 1989), these asset stocks are non-transferable to other relationships.

Architectural capability, arguably, encompasses the motions of cultural and functional capability in Fig. 3.3. Architectural capability is difficult to discern and therefore potentially offers a sustained source of competitive advantage (Kay, 1993). However, where scarce competencies, are contained within individuals or groups of individuals, a firm can lose these competencies through opportunistic behaviour, on the part of its
workforce, such as defection of a key employee to another firm. A firm may attempt to mitigate against such risks by codifying the underlying knowledge and diffusing skills and codified knowledge throughout the organisation. Such mitigation of risk creates a “paradox of value” as, by doing so, the competencies are no longer scarce (Boisot et al., 1997). Sustainability can therefore be damaged both through opportunistic behaviour, or paradoxically through loss of scarcity. However, this view is challenged as naïve as it first equates articulation with codification. Second, such a paradox also assumes that a possessor of tacit knowledge can inadequately protect their advantage when tacit knowledge becomes articulated or codified and that a competitor will become immediately aware of such codification or articulation and, even if they do, that they can easily and quickly replicate it (Håkanson, 2003).

Value in relationship marketing (RM) was discussed in Chapter Two above. Value creation can depend both on intra-firm resources and competencies and those contained by other agents outside the firm (Lowendahl and Haanes, 1997). Dynamic capability denotes an ability to adapt, potentially, to the needs of external actors. Relationships are a resource in themselves, but are also a link between a firm’s asset base and the other external asset bases of individual organisations, or stocks of assets contained as social capital (see Sub-Section 5.8.4) When speaking of social capital, it denotes the potential situation where a large proportion of a firm’s asset base may lie outside the hierarchy of the firm (Gadde et al., 2003). The ability of a firm to absorb knowledge is referred to as an absorptive capacity (Cohen and Levinthal, 1990; Zahra and George, 2002) and an absorptive capacity is closely linked to a firm’s previous knowledge, therefore contains a strong temporal dimension. “A firm’s prior related knowledge enables it to recognise valuable new information, assimilate and apply it to commercial ends” (Klavans and
Deeds, 1997: p. 107). Wallin (1997) proposes that four types of capability (Fig. 3.5) that encompass organisation capability at firm addressable and firm specific levels.

**Fig. 3.5: RESOURCES, OFFERINGS, CUSTOMERS AND CAPABILITIES**

*Relationship capability* Wallin defines as the capability to listen and understand the customer and the ability to communicate the value proposition to the customer (Fig 3.5). *Transformative capability* is defined as the ability to combine bundles of threshold capabilities and generate greater rents than the costs incurred in developing the capabilities. *Generative capabilities* denote the ability to create new bundles of products that constitute firm specific competencies. Finally, *Integrative capabilities* relate to the ability to acquire and deploy these firm addressable resources.

The need for “relational capital” as a means of moving from competitive to a cooperative logic is discussed (Lecocq and Yami, 2002: p. 9). The notion of social capital and stocks of capital, in general, will be returned to in Chapter Five where further literature, outwith the discipline of marketing, considerably extends knowledge in this
area. Complex social systems and systems of relationships are imperfectly imitable and therefore offer a source of sustained competitive advantage (Rowe and Barnes, 1998). Again, these concepts will be extended in the next chapter by examining outwith literature in respect of social capital, embededness, clusters and untraded-interdependency.

3.4: The RBV and CBV in marketing

Most of the RBV literature reviewed above has related generally to the broader discipline of business. Moving within the discipline of marketing it is possible to identify a further albeit limited body of literature, “it must be pointed out that marketing scholars have been hesitant in their embrace of competence theory” (O'Driscoll, 2006: p. 112). Marketing capability is however addressed in a small number of papers (Hooley et al., 1998; Möller and Antilla, 1987; Srivastava et al., 2001; Vorhies, 1998). Marketing capability is defined as the “integrative process by which knowledge-based resources and tangible resources come together to create valuable outputs” (Vorhies and Harker, 2000: p. 148).

Market orientation has been positioned, alongside entrepreneurship, innovativeness and organisational learning, as precursors of achieving a rare and inimitable market position (Hult and Ketchen, 2001). Higher level marketing capabilities, such as marketing orientation, are more difficult to imitate due to their causal ambiguity and therefore offer a greater potential source of sustained competitive advantage (Hooley et al., 1999). Segmentation, targeting and positioning capabilities must be developed at the strategic dimension and, finally, capabilities to aid implementation at the tactical level. Day (1994) extends this analysis by seeing marketing capabilities on three levels,
outside-in, inside-out and boundary spanning capabilities. These are illustrated in Fig. 3.6. These capabilities are defined (Hooley et al., 1999) as operational capabilities that can be positioned in Webster’s marketing dimensions discussed above.

![Fig. 3.6: CLASSIFYING MARKETING CAPABILITIES](source)

Vorhies and Harker (2000: p. 148) further propose that marketing capabilities can be divided into six categories:-

1. Marketing research capabilities.
2. Pricing development capabilities.
3. Product development capabilities.
4. Channel management capabilities.
5. Promotion capabilities.
6. Marketing management capabilities.

Slotegraaf and Dickson (2004: p. 371) add a further classification of “marketing planning capability” which can “cultivate an organisational capability through the integration, combination and reconfiguration of a firm’s resources.” They stress however that too rigid a capability can create a *core rigidity* (Leonard-Barton, 1992) and thus a paradoxical situation. Arguably, any other of the seven marketing...
capabilities could produce core-rigidities, if not combined with the dynamic capabilities and absorptive capacity discussed above in Sub-Section 3.3.3. A form of dynamic capability, discussed in the marketing literature, is a market focussed strategic flexibility, the firm’s “intent and capability to generate firm-specific real options for the configuration and reconfiguration of appreciably superior customer value propositions” (Javalgi et al., 2005: p. 213).

**3.5: Chapter Summary**

The varying perspectives originating from the RBV and CBV can be summarised under the terms competence-based competition, competence-based strategic management and competencies (Mosakowski and McKelvey, 1997). This thesis has confirmed here some “subtle variations” (Peterhaf, 1993: p. 180) in terminology but has isolated the core terms and proposed some unification of the terms that are deployed in Section C.
Chapter Four: Networks in marketing

4.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

| Chapter One | Introduction |
| Section A | Literature Review |
| Chapter Two | Relationship Marketing |
| Chapter Three | The Resource-Based View of the Firm and Competence-Based Competition |
| Chapter Four | Networks in Marketing |
| Chapter Five | Outwith Literature |
| Section B | Methods and Methodology |
| Section C | Findings, Conclusions and Contributions |

Fig. 4.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

As detailed in Fig A.1 at the beginning of this section, RM was detailed as the first body of literature reviewed, which led to a review of the related bodies of literature, termed the IMP interaction and network perspectives. During the Pre-Empirical Phase and Phase One of the fieldwork of the thesis, the network literature appeared to be the most appropriate body of theory, with which to interpret the research phenomena. A crucial limitation emerged due to the issue of network boundaries, which are not dealt with well in the marketing network literature. Neither the network literature nor much of the outwith literature were found to be perfectly applicable to the phenomena under investigation, however, both are analogously helpful. The following areas within the network literature that are helpful in this respect are reviewed in this chapter.
The structure of this chapter is as follows. First, a background of business and social networks is provided (Sub-Section 4.2). The remainder of the literature reviewed in the chapter is drawn from the IMP and American network schools of thought. Sub-sections are presented outlining, focal networks, network change, network structure and positioning and personal networks (Sub-Sections 4.3-4.7).

4.2: Network principles

The extension of market relationships beyond the constraints of dyadic exchange is examined under several umbrella terms; the virtual corporation (Byrne et al., 1993), the virtual network (Campbell and Wilson, 1996), the borderless organisation (Rappaport and Halevi, 1991), co-opetive borderless organisations (Zineldin, 1998), the imaginary organisation (Gummesson, 1996), value-adding partnerships (Johnston and Lawrence, 1988) and hybrid organisations (Borys and Jemison, 1989). A unifying theme, between all the above concepts, is the issue of strategic collaboration across organisational boundaries. The network term is deemed to be a further unifying theme in these descriptions.

Ostensibly, network theory and RM seem contiguous, there is however little mutual recognition of the work of RM grounded authors and those from the network school of marketing, evidenced by little mutual referencing, from the two schools of research. Networks and RM are however part of the “same general paradigmatical orientation” (Mattson, 1997a: p. 448).

Networks contain three basic building blocks (Håkansson, 1987; Håkansson and Snehota, 1989), actors, activities and resources. Actors control which activities to
perform, how these activities are performed, and which resources are to be utilised when performing such activities (Håkansson and Johanson, 1992). Networking can, therefore, be seen as the activity of actors in networks. However networks can exist for different purposes and it is necessary to examine these purposes before continuing a review of the elements of networks.

4.3: Business and social networks

Cook and Emerson (1978: p. 725) succinctly define networks as “two or more connected sets of exchange relationships.” Webster Jr. (1992: p. 9) further develops the definition of networks from an economic perspective as:-

“a loose and flexible coalition guided from a hub where the key functions include development and management of the alliances themselves, coordination of financial resources and technology, definition and management of core competencies and strategy, developing relationships with customers, and managing information resources that bind the network.”

Powell and Smith-Doerr (1994) however, see networks, as a term, relating to two separate phenomena. First, networks exist as an analytical tool to understand social interaction. Second, networks exist as an alternate form of governance mechanism to traditional hierarchical control approaches. Networks are an average between market and hierarchy (Axelsson, 1995; Thorelli, 1986; Thompson, 2003) and are governed by relational mechanisms. Miles and Snow (1992) review the evolution of organisational structure. Starting with the functional organisation in the late nineteenth century, an evolution is observed to the divisional organisation in the late fifties, and the matrix form organisation in the late sixties. The network form of organisation, they note as being relevant from the eighties onwards.
Authors identify two distinct variants of governance network. The *organised* variant requires some degree of direction and management by actors whilst the *self organising* kind continually grows and evolves into a more organic fashion, without strategic management (Möller and Svahn, 2003; Ritter et al., 2004; Thompson, 2003). Håkansson and Ford (2002: p. 135) however, take a position that “a business network is seldom the result of one *designer*, although some companies might believe that.” Networks, whether organising or self-organising, are also governed by relational mechanisms (Mattson, 1997a), found to consist substantially of two main elements; joint planning and joint problem solving (Claro et al., 2003). It is the impact of social norms of behaviour that makes social and business network theory compatible.

Donaldson and O”Toole (2002) propose that the key element of social relationship theory is that it concentrates on relationships, rather than transactions, and that these relationships are embedded\(^2\) in society. They emphasise the centrality of trust, commitment and the importance of avoiding opportunistic behaviour, whilst accepting that self-interest remains the core motivating force in network interaction. Ritter (1999: p. 469) suggests that:-

“both specialist and social qualifications are needed because inter-organisational relationships are built around interpersonal exchanges (social qualifications) but are based on economic and technological objectives (specialist qualifications).”

The consideration of business networks as an extension of social network theory involves the additional examination of the economic exchanges that take place within them. This thesis takes a stance that, conversely, the study of business networks cannot be separated from the social systems within them. The links between social and business networking are well established in many cultures, for instance, in China with the principle of guanxi (Arias, 1998) and recognised within the emerging Chinese

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\(^2\) The construct embeddedness will be discussed in Chapter Five.
4.4: Focal dyads in networks

The process of networking has been defined as “the attempt by the focal firm to create access channels to sources of resources, competencies and capabilities and to manage these access channels once created” (Cunningham and Culligan, 1991 [1988]: p. 510). The instrument of measurement for research into buyer-seller relationships is often the focal dyad. The focal dyad defines the customer-supplier relationship that is connected to other relationships (Anderson et al., 1994) and is the focus of an investigation. The primary function of network analysis involves examination of the interactions of the focal dyad (Anderson et al., 1994). “A complex business market can be seen as a network where the nodes are business units, manufacturing and service companies and the relationships between them are the threads” (Håkansson and Ford, 2002: p. 133).

A focal network is the interconnected relationship, extending from the focal firm that affects the focal firm in a certain market. Secondary, or network functions, capture the effects of a relationship because the firm is directly or indirectly connected to multiple other relationships (Anderson et al., 1994). A consideration of multi-level relationships is macro level network analysis (Mattsson, 1986).

Direct relationships are defined as those relationships that are identified to exist with the focal firm and where an economic exchange takes place (Easton, 1992). Indirect relationships are identified by considering, if firm A has a direct relationship with B, while B has a direct relationship with C, B-C is an indirect relation for A. Firm A has
an indirect relation to C (Biemans, 1992; Håkansson, 1987). Secondary functions must include those indirect relationships that have an effect on the functioning of the focal organisation (Salmi, 2000). The effects of changes in the network on indirect relationships are dependent on whether the indirect relationships are positively or negatively connected.

“Relationships are positively connected to the extent that exchange in one relationship increases the likelihood of exchange in another partner and are negatively connected when the likelihood decreases exchange in another relationship” (Hertz, 1996: p. 183).

A basic assumption of the network model is that of interdependency, that is, that one partner relies on resources controlled by another (Johanson and Mattson, 1988). The link to the resource- and competency-based material reviewed in Chapter Three is evident. A network firm must doubly see the opportunities to make external assets firm-addressable, whilst acquiring the firm-specific competencies it must possess, in order to facilitate the relationships that underpin such resource sharing. Such competencies are increasingly recognised as sustainable core competencies (Batt and Purchase, 2004). Möller and Halinen (1999) refer to such network capabilities as network visioning capabilities, net management capabilities and portfolio management capabilities. Over time, firms build up asset stocks that are relationship specific, that is, specific skills that are relevant to a specific relationship (Dierickx and Cool, 1989). The combination of resources in a network should create synergies between the resources of partners (Zineldin, 1998).

4.5: Network change

Networks have a clear temporal dimension and are subject to incremental change over time (Easton, 1992). Much used in organisational design, a different approach to
change that is applied to networks, is the punctuated equilibrium model (Greiner, 1972).

Fig. 4.2: FROM DYADIC CHANGE TO CHANGING BUSINESS NETWORKS

Through this punctuated equilibrium process, a network experiences deep periods of stability and is changed through short periods of intermittent revolution. According to equilibrium models, “systems evolve through the alternation of periods of equilibrium, in which persistent underlying structures permit only incremental change, and periods of revolution, in which these underlying structures are fundamentally altered” (Gersick, 1991: p. 13). The relative impact of incremental change and revolution through radical change is illustrated in Fig. 4.2. A significant element in radical change is the entry and exit of actors, thus characterizing such networks as turbulent (Salmi, 2000).
Networks are flows of interaction through nodes in the network (Easton and Lundgren, 1992; Smith and Laage-Hellman, 1992). Research suggests that such flows can be characterised as:

1. **Reflection**: (c initiates and b either rejects or nullifies the initiating actor is left to make the necessary adjustments or accept the status quo).
2. **Adaptation**: (the change is managed between the organisations rather than by one or the other).
3. **Absorption**: (actor b accepts the change and absorbs the impact within the boundaries of the organisation i.e. a price rise).
4. **Transmission**: (the nodal actor B transmits the effects of the change or proposed change to one or more members of the network).
5. **Transmutation**: (occurs when a nodal actor accepts the demand for a change but is both willing and able to change both the transformation and exchange activities it undertakes).

Change can be as a result of learning arising from network interaction. Incremental changes occur as a result of learning, each adjustment increases the dependency between actors in the network (Håkansson and Johanson, 2001). Radical events occur as a result of such things as netquakes (Dahlin et al., 2005), the forced termination of dyadic relations, that have a pronounced effect on the network, akin to that of an earthquake. Revolutionary periods are more of a heterogenisation process and evolution occurring through structuring and hierarchisation processes (Håkansson and Henders, 1995).

### 4.6: Network structure and positioning

Network structure is the position an organisation occupies in respect of relationships beyond the immediate dyadic exchange (Andersson et al., 2005b). For a firm to understand its network structure, a firm must understand the boundaries within which it operates.
Wilson and Möller (1995) find that network boundary definitions address two, important issues, where the hybrid firm begins, and where any firm has a legal claim on resources. Network approaches to business are deemed to be holistic over atomistic and pay “particular attention to the connectedness of business relationships and the borderless nature of the network in which each company is embedded” (Halinen et al., 1999: p. 780). Network boundaries are defined by the firm’s network horizon, its overview and perspective of a network. A network horizon therefore depends on the perspective of the actors involved in it, and the time that the perspective is taken (Anderson et al., 1994; Holmen and Pedersen, 2003). The complexity of a network is likely to defeat any single actor’s attempt to gain a comprehensive perspective on it (Håkansson and Snehota, 1995). Where a horizon ends, the environment begins (Anderson et al., 1994).

The changes that occur in networks over time are analysable under the following three factors, density, scope and clustering. Network density is defined as the total number of relationships that exist out of a possible total set of potential relationships. A completely connected network is defined by a total set of directly connected relationships. The scope of the network denotes the level of involvement chosen by an actor in relation to the total set of opportunities and available resources within the network. Scope is related to the network density, that is, the amount of other actors linked to a focal firm in a network (BarNir and Smith, 2002; Rowley, 1997; Thorelli, 1986).

Clustering defines situations where there are clusters of direct relationships in one part of the network. In other parts of the network, connectivity may be less direct or dense.
(Axelsson, 1995). These dense individual clusters are termed *nets* (Hertz, 1996) which exhibit greater levels of interdependence than other parts of the network. Thorelli (1986) however proposes that a critical mass in total quality and quantity of relationships is required before one can talk of networks. Quality and quantity issues can be examined by considering network structure.

Interaction within a network follows a temporal flow, defined as entry, positioning, repositioning and exit (Salmi, 2000; Thorelli, 1986). This temporal flow can be added to the temporal views of RM discussed in Sub-Section 2.7. A key area of positioning is power. An individual firm’s relative advantage in a network context is determined by its economic resource base, technology, expertise and perceived trustworthiness (Thorelli, 1986). A firm can therefore be said to draw on its relative resources to establish a position in the network and subsequently reposition as needed. Strategic interventions by actors in the network influence positioning by either changing or preserving their position within a network (Johanson and Mattsson, 1992). Therefore there is also recursive interplay between the activities of actors, and the structure of the network. The interplay between agency and structure will be returned to and discussed at length in Chapter Six.

The *propensity to network* (BarNir and Smith, 2002) denotes an actor’s inclination to create and maintain social contacts. The propensity to network depends on a number of factors, such as, the locus of control and the perceived identity salience from being involved with other actors outside the firm. The propensity to network also denotes the level and intensity of involvement with third sector actors, such as trade associations, and as such, involvement can include perceived voluntary activity. However, such
activity can have longer-term benefits to the firm. BarNir and Smith propose that such involvement has benefits in terms of the amount of information made available to them, and in terms of developing collective norms that pervade the network. The propensity to network is therefore the initializing conditions that trigger network entry and the subsequent process of orientating and positioning.

There are four factors, which define the structure of networks; homogeneity, hierarchy, structuredness and exclusiveness (Mattsson, 1986). Structuredness is a clear division of work where bonds are strong. Homogeneity refers to the similarity of bonds between actors, concomitantly; heterogeneity is the difference between roles and actors in the network. The network hierarchy defines whether a firm, or group of firms, within a network, has a dominating effect over the others. Exclusivity refers to the interdependence between positions in the focal network and positions in other networks.

Networks can be either loosely or tightly structured, determined by the quantity, quality and closeness to the core of the activity of the parties involved (Thorelli, 1986). This network structuring is termed as its density, and measures the relative number of ties in the network in which the actors are embedded (Rowley, 1997). The value creating capability of a potential partner is also recognised as its network identity. Network identity is defined as “the extent to which a focal firm perceives that engaging in an exchange relation episode with its partner firm has, in addition to effects on outcomes within the relation, a strengthening, supportive or otherwise advantageous effect on its network identity” (Anderson et al., 1994: p. 7). Two firms must establish a congruent
understanding of each other’s network identity for a relationship between them to prosper (Ring and Van De Ven, 1992).

As a result of positioning and due to enhanced network identity, when a firm encounters a situation where it begins to exercise dominance in a network, it should be duly worried, as this is not how successful networks function (Håkansson and Ford, 2002). Conversely, it is noted that one reason a firm enters into a network is to dominate another partner. Where a potential partner has limited resources or competencies, a focal firm may make their resources and competencies available to another firm in order to control that exchange partner to some extent (Zerrillo Sr. and Raina, 1996).

A final important aspect of network positioning or importance is the prestige of network members, that is, the perceived status of network members. High status members are argued to be better sources of information (BarNir and Smith, 2002). Network identity and positioning can be enhanced through linkage and perceived linkage to prestigious others. Equally, a firm’s identity or reputation is affected in the marketplace by the performance of network partners. This has been examined recently as reputational risk (Christopher and Gaudenzi, 2009).

4.7: Word of mouth and personal networks

Research into personal networks has been advanced within the American school of marketing networks and is influenced “to some degree” (Spekman, 1996: p. 10) by the work of the IMP. Personal networks can be seen as facilitators of word-of-mouth communications. Word-of-mouth communication is an important element in creating
awareness, changing and setting expectations, perceptions and attitudes, and affecting behavioural intentions (Sheth, 1971; Day, 1971) in the target audiences for those communications. Arguably today, word-of-mouth need not be “face-to-face, direct, oral, or ephemeral” (Buttle, 1998: p. 243). A key development of word-of-mouth in the electronic era is that of viral marketing (Goldsmith, 2002; Perry et al., 2002). The effectiveness of word-of-mouth lies in the C2C nature of the interaction (Cyrot et al., 2003) and is argued to be an essential element in the diffusion of innovation (Rogers, 1983) in society. Word-of-mouth is the “primary form of action through which organisational culture is expressed and reconstituted” (Buttle, 1998: p. 244).

Face-to-face communication is the richest form of media, the telephone, addressed written documents and unaddressed written documents follow in descending order (Leek and Turnbull, 2004). Leek et al. (2003b) finds that despite the generally positive perception of IT in supporting relationships, it has not supplanted the need for face-to-face contact. Cunningham and Turnbull (1982) identify six different task related roles for personal contacts. These are information exchange, assessment, negotiation, adaptation and crisis insurance. These also define two non-task related outcomes; social and ego enhancement.

An important aspect of interpersonal relationships in networks is the issue of network management, leadership, or championing (Boles et al., 2000; Gupta et al., 2005; Woodside, 1994). Network champions are initiators of, rather than active participants in, network interaction. The role of the network captain is to develop the primary and secondary relationships (Campbell and Wilson, 1996).
Network researchers within the marketing discipline have only recently begun to examine the role of social capital in business networks (Batt, 2008; Bowey and Easton, 2007; Butler and Purchase, 2008; Partanen et al., 2008; Ramström, 2008; Theingi et al., 2008; Westerlund and Svahn, 2008). Westerlund and Svahn (2008: p. 493) for instance define social capital as the:

“sum of its actual and potential resources that are embedded within, available through, and derived from the network of relationships by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network.”

Consideration of social capital is considered as a cumulative resource embedded in a network. Batt (2008) makes a determined appeal for further research to be conducted by marketing scholars into the contrast of social capital. Social capital will be furthered reviewed through literature, outside the discipline of marketing, in Chapter Five. It is interesting to note the limited cross-referencing of this outwith material in these marketing papers.

4.8: Chapter summary

This chapter has reviewed networks from a social and business perspective. The product of social network theory is extensively assimilated into the marketing literature. However, other extensions of social network theory are found in other disciplines outside marketing, and indeed, outside other core business disciplines. As a postscript to this chapter, Dicken et al. (2001: p. 96) note that “some networks are relatively more localised because they are dependent on traded and untraded interdependencies of geographical agglomeration achieved through territorial embeddedness,” The impact of geographic proximity, untraded interdependency, and
networks between co-located actors will be reviewed in Chapter Four. Word-of-mouth, face-to-face communication and social capital are a central themes.
Chapter Five: Outwith literature

5.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

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Fig. 5.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

This chapter contains, collectively, what has been termed *outwith* literature, that is, literature that falls substantially outside the discipline of marketing, and outside the scope of review in the work of most marketing scholars.

During the pre-empirical phase of the research, it became apparent that the body of literature, termed relationship marketing, even with the extension of this review into the marketing network literature, would be inadequate to explain the phenomena under investigation. As illustrated in Fig. A.1 at the beginning of this section, the initially promising areas that were reviewed in the pre-empirical phase of the thesis, were Public Private Partnership (PPP) and Knowledge Management (KM). PPP remained of helped in building the final theory, but of lesser significance than visualised in the pre-empirical stage of the thesis. KM proved to be a red-herring and was cut from the final
thesis, the issues identified as associated with KM being better explained in the final thesis with recourse to RBV literature. The literature areas to emerge from the fieldwork in Phase One, that are reviewed in this chapter, were the vicarious theories surrounding industrial clusters and related theories of co-location and the construct of regional buzz and these proved central to the theories developed. Through Phase Two and Three, the theories surrounding social capital, and finally, embeddedness proved essential in building the theories presented in Section C.

This chapter is structured as follows. A logical place, to begin an analysis of the changes, is through the contraposition and juxtaposition of collaborative strategy with competitive strategy (Sub-Section 5.3). Collaborative strategy will then be discussed, in the context of regional competitiveness, and the attempts by regional actors to develop collaboration and competition between spatially proximate actors in order to further regional competitiveness agendas (Sub-Section 5.4-5.5). Public Private Partnership (PPP) implications and stakeholder theory will be examined, also in the context of regional competitiveness (Sub-Section 5.6). Spatial proximity will be examined further by examining the literature which discusses industrial clusters, innovative mileaux and the constituent elements of co-location, social capital and embeddedness (Sub-Section 5.8).

5.2: Globalisation

Three eras of humanity are historically discernable; nomadic, agricultural and more recently, an industrial age. Snow et al. (1999: p. 16) argue that “humanity is currently undergoing an evolutionary transition from an industrial to an information-based economy and society.” Terms such as knowledge- and information-based economy are
common in the political rhetoric of developed market economies. A further, and often controversial, definer of the modern era is the phenomenon of globalisation. Each phase of globalisation has its own specific features. The new regionalism school of thought in economic geography is related to the evolving phenomenon of regionalisation in late 20th century phase of globalisation. This phase began with the collapse of the cold-war bi-polar world and continues into the subsequent movement toward a multi-polar world. Commencing in, and radiating worldwide from Europe, a number of regions of the world have recognised the need for greater levels of regional integration and co-operation. Regionalisation has evolved through increasing trade liberalisation, ostensible abandonment of anti-market practices, particularly in the South and East of the world, and, the increasing prevalence of foreign direct investment as a means of market entry. Such regionalisation is defined as “a process of change from relative heterogeneity and lack of co-operation towards increased co-operation, integration, convergence, coherence and identity in a variety of fields such as culture, security, economic development and politics” (Schultz et al., 2001: p. 5). Regionalisation is facilitated by massive strides in information processing and communications technology (Ethier, 2001) concomitant with the information age.

The phenomenon of globalisation and related phenomena of regionalisation is greatly facilitated by changes in communications technology, increasing maturity in developed markets, and a concomitant shift to a more collaborative orientation between nation-states. These drivers are similar to the drivers discussed in Chapter Two as driving RM. Whilst no direct causal relationship can be attributed between the changes in organisational structure and the evolution in globalisation/regionalisation, there is a clear coincidental increase in tendencies towards organisational alliances and relational
arrangements towards the later half of the 20th Century. Where a causal connection can be asserted is where the two coincide, at the boundary between public sector regional administration and the private sector. At this spatial dimension, public sector market orientation, in some developed countries, has moved away from an adversarial model to a more collaborative arrangement between actors from different sectors of society. Where private sector organisations have evolved into less hierarchically governed entities, a basic synergy exists, facilitating an increase in public-private sector arrangements.

5.3: Collaborative strategy

Discussion of collaborative strategy falls substantially outside of the marketing literature. Collaborative strategy lies at a macro-level of theory above RM, but this connection is infrequently made in RM articles, there is however, some inevitable overlap which is outlined in this sub-section. Collaborative strategy is introduced here as a contraposition to competitive strategy and underpins the later discussions of regional competitiveness.

5.3.1: Collaboration and competition

Throughout the 1990s the primacy of competitive markets and national economic efficiency has remained constant (Palmer, 2000). Simultaneously, the growth in collaborative arrangements between competitors has grown exponentially. There is increasing recognition that competition and collaboration can co-exist, without loss of welfare to society, historically associated with cartels and collusive activities.
Fontenot and Hyman (2004: p. 1211) propose a note of caution that, when discussing RM and collaborative strategy, “rarely do researchers consider the antitrust or anti-monopolistic legislation through which free market capitalist economies are governed.” Gummesson (1997a: p. 423) summarises neo-classical economics as having the “core variables of supply and demand balanced by the invisible hand in a market of free competition.” Fontenot and Hyman (2004: p. 1212) propose that under US antitrust laws, “illegal business practices must have the potential to, or be proven to, affect competition adversely, such as when competition is limited or impeded by the joint actions of two or more firms.” Strategic collaboration between businesses would, therefore, ostensibly seem to fly in the face of neoclassical economics. Where a company learns that giving something up in the short-term may lead to long-term gain; viewed in the short-term the act can appear altruistic, longer term it is revealed as selfish (Palmer, 2000: p. 688).

Hunt (1997: p. 432) proposes that a co-operate to compete thesis calls for a “theory of competition that is radically different from neoclassical theory. Ballantyne (1998: p. 277) argues that in neoclassical theory, “actors are only connected to each other by monetary exchanges in the market,” assuming both perfect information and stability of beliefs and social values. Such stability is invalid in today’s turbulent environments. RM offers one possible solution, consideration of collaborative strategy is another.

Collaborative strategy or collaboration is coterminous with “co-operation, co-ordination, coalition, network, alliance, partnership and bridge” (Huxham, 1996: p. 7). In particular, partnership as a term “seems to have been rendered meaningless simply as a result of having been used too often and to mean too many different things” (Brennan, 1997: p. 769). Collaboration is discussed in juxtaposition with, and therefore
as a complement to, competitive strategy. Burton (1995: p. 2) proposes that “neither a
totally adversarial stance on all fronts or an entirely collaborative approach should be
necessary.” Choosing the correct blend of collaboration and competition, he deems a
*composite strategy*. “Collaboration entails mutual adjustment, needed for the utilisation
of complementary resources from different organisations (Noteboom, 2004: p. 2).
Collaborative strategic intent implies a “positive, purposive relationship between
organisations that retain autonomy, integrity and distinct identity, and thus the potential
to withdraw from the relationship” (Cropper, 1996: p. 81).

The original, yet still iconic, five competitive forces model (Porter, 1985) has been
heavily criticised, since its conception, in its ability to adequately account for
collaborative activity. The five forces model has undergone significant refinements in
line with what is termed “the new competitive reality” (Snow et al., 1992: p. 10). Grant
(2002) proposes that, the easiest way to combine these developments with Porter’s
original work, is to add a sixth force to the original five forces model, that of
complementors. Brandenburger and Nalebuff’s (1996) concept of the value net also
positions complementors as one of the four main forces in addition to competitors,
suppliers and customers. The developments of the five forces model respond to
criticisms of collaboration theory (Faulkner and De Rond, 2000: p. 21) that argue that
exchange is seen as “dyadic” and for “economic motive.” Developments of the five
forces model include remodelling the value net for political and technological
environments (Cummings and Doh, 2000) and this is illustrated in Figs. (5.3 and 5.4).
5.4: Regional competitiveness

Region in the economic geography literature can be supra-national or relate to sub-national geographic spaces (Braunerhjelm and Carlsson, 2003). Evolutionary geography, however, views region as a fairly flexible and changing spatial phenomenon, “it would be wrong to view the region as a static a fixed entity […] they may extend or shrink in space, or even disappear over time” (Boschma, 2004: p. 1003). A clear definition of region, in an analysis of regional competitiveness, becomes problematic but should be as consistent with the views of Willoughby (2004) as coherent space.

Spatial economic development is a process of creating wealth through the mobilisation of resources, in particular human, natural and capital resources. Economic development is often conducted within convenient and politically motivated spatial environments and one might argue that these are sometimes incoherent spaces, incoherent in respect of it making sense to the actors operating within it.

Regional administration often operates sub-optimally and therefore, development strategies are increasingly being advanced throughout the world, at supra-regional and sub-regional levels (O'Neill, 2000) to transfer central funds, in order to balance sub-optimality. Economic development involves the deployment of innovation and technology to best leverage regionally grounded resources (Kinsella, 1989). Where provision of services operates sub-optimally; greater levies on citizens are imposed through taxation. In some instances, funds are diverted from national or supra-national administration to correct such imbalance, ostensibly as a short-term measure. The use
of grants to foster regional development is damned by some as anti-competitive, particularly if perpetuated over the mid-term. The UK Labour Government has progressed regional policy initiatives since coming to power in 1997, in particular, to move funds from the more prosperous South of England, to the North, West, Midlands, Wales, Northern Ireland, and Scotland. In England, nine regional development agencies (RDAs) have been set up (Department of Trade and Industry, 2003). Small and medium sized enterprises are seen as specific constituents by development agencies, as is manufacturing, service and retail sectors of commerce. In addition, business support services and training providers are also a focus. The public sector, community, healthcare and educational sectors are key segments and voluntary services often receive discreet mention in the documents of UK development agencies. Levels of strategy can be local, city, city-region, sub-regional, regional or national, all exerting different levels of influence and demanding different levels of resources from a regional development strategy. Economic development can also be unequal at supra-national levels of spatial geography, hence regional assistance and regeneration programmes abound globally at both spatial dimensions. Different successful regions can also be differentiated through their structural properties.

Dahlstrand (2000) categorise a number of different kinds of regional business environments, first, there are university-based regions. Examples would include Cambridge, Oxford and Pisa. These are regions where innovativeness is clustered around powerful university institutions. In Cambridge for instance, the majority of small firms are thought to be locally founded. The second category is that of industrial regions. Examples include Munich, Grenoble and Goteburg. The third category is the metropolitan area such as Silicon Valley and the final categorisation is that of
technopoles (Castells and Hall, 1994) and peripheral regions. Examples of technopoles are regions that have developed through the influence of public policy.

Schultz et al. (2001: p. 5) propose that most debates surrounding the definition of regionalism and regionalisation are compiled by state actors and therefore the state is frequently defined as the primary driver of the phenomena. They argue that this pool of research does not try to “understand the regional logic amongst market actors in a deeper sense,” and that a more logical consideration of regionalism would consider, “state, market and a wide range of (civil) society actors.” The relevance of geography, to many firms, may be global, but there is significant literature within the international business discipline, (Rugman, 2004, 2000; Rugman and Brain, 2003; Rugman and Verbeke, 2001, 2004, 2005) to suggest that local activity amongst multi-national enterprises is of increasing strategic relevance. Key aspects in an assessment of regional competitiveness are co-location, proximity and shared-interdependency between co-located actors. Sennett (2001: p. 21) argues that from the point of view of the new regionalism school of research thought “proximity facilitates the development of networks of interdependencies and common understanding surrounding individual firms, which activate relevant resources such as information, knowledge, technology and ideas.” As a school of thought, new regionalism therefore, considers not only the hard economic characteristics and the soft interdependencies that underpin regional competitiveness, but also how this links to information, knowledge, technology and ideas.

Place competitiveness is the “the ability of an economy to attract and maintain firms with stable or rising market shares in an activity while maintaining and increasing
standard of living for those who participate in it” (Storper, 1997: p. 992). In contrast, regional competitiveness is defined as “the success with which regions and cities compete with one another in some way” (Kitson et al., 2004: p. 992). There is some debate, whether the concept of regionalism is grounded in globalisation or a defensive measure, against the most negative aspects of the globalisation phenomena (O’Neill, 2000), thus regionalism could be seen as a competitive epiphenomenon, in response to the external competitive environment. Where one city or administrative area competes for businesses or residents, this is termed “interjurisdictional competition” (Olberding, 2002: p. 481). A jurisdiction has an optimal level of businesses and residents, with which, efficiency can be achieved by public sector organisations serving it.

It is clear therefore that at different levels of spatiality, regions compete with each other and that the quality of the social environment (place competitiveness) contributes to competitiveness. The mechanisms, through which regions successfully compete, however, are grounded, as much in collaboration, as they are in competition between co-located actors. The co-ordination of what could be referred to as a regional composite strategy needs further examination.

5.5: The role of a central agent in regional development activity

An as yet unaddressed question in this thesis is, who is responsible for building and managing regional networks? A public regional agency, with a development remit, would be a logical suspect, but it has also been proposed that multi-national enterprises can act as flagship firms to shape networks of value-added activities in partner firms (Rugman and Brain, 2003; Rugman and Verbeke, 2001, 2004, 2005). “It is possible to trace the change in inter-firm relationships within IDs [industrial districts] back to the
strategic choices of leader firms, rather than to social and cultural local factors” (Carbonara, 2002: p. 231). Similar to the discussion of network champions, discussed in Chapter Four, leader firms manage and build interpersonal relationships. The strategies of leader firms, rather than public sector or arms-length organisations, can therefore drive development in a spatial environment.

Building further on the discussion of network champions in Chapter Four, there are a range of terms used to describe a central public entity that in some way manages the activities of a network such as network broker (Lawless and Moore, 1989; Mandell, 1984) or network administrative organisation (Provan and Milward, 2001). The role of the network administrative organisation or broker, to be referred to as the strategic network centre for the remainder of this sub-section, is recognised as being “critical for network success” (Provan and Milward, 2001: p. 419). Koopenjan and Klijn (2004: p. 11) find that “the role of the strategic network centre is one of mediator and stimulator of interaction and not one of central director” and further holds responsibility to forge relationships with key firms (Campbell and Wilson, 1996). Research into governmentally driven networks recognises the need for “identification and interaction with the proper players and resources, whilst keeping the players committed, defining the roles of the players, and facilitating effective interaction among the players” (McGuire, 2002: p. 560). Further work into the role of the strategic network centre (Lorenzoni and Baden-Fuller, 1995) suggests that the strategic network centre should operate as a creator of value for its partners and as a leader, rule setter and capability builder, whilst simultaneously structuring and strategising. They further propose that the four main features of a strategic centre’s role are first, strategic outsourcing. Strategic outsourcing is discussed as a situation which occurs when a firm outsources
activities and shares resources with more partners than that which a traditional firm is apt to do. Strategic outsourcing requires partners to be more than doers. A strategic network manager expects partners to be problem solvers and initiators of solutions. Second, the strategic centre facilitates the development of the core skills and competencies of partners to make them more effective and competitive. The strategic centre encourages members of the network to share their expertise with others in the network, and with the central firm. Third, the strategic centre encourages and contributes significantly to the development of shared technology systems. Finally, the role of the network centre is to define the nature of competition. They should explain and demonstrate to partners that the principle dimension of competition is between value chains and networks. Leadership on development networks has been noted to evolve, the public sector perhaps leading, and then private sector actors taking over leadership at some point (Andrésen and Lundberg, 2007).

5.6: Public-private partnership in regional development

Public-private partnership (PPP) is in itself a new form of organisation that transcends traditional organisational boundaries, a virtual form of organisation of burgeoning importance within the UK and globally. The partnership term is recognised to have penetrated the language games played by politicians (Teisman and Klijn, 2002) in multiple countries and within the language of UK regional development agencies. PPP is much vaunted in recent political language such as being heralded as characterising a “new spirit of capitalism” (Satre Ahlander, 2001: p. 416). Link (1999: p. 192) defines such partnerships as “co-operative arrangements engaging companies, universities, government agencies and laboratories in various combinations, to pool resources in pursuit of a shared R&D objectives.” It has also been proposed by definition that PPP
arrangements attend to community interest, stewardship and solidarity (Scharle, 2002). Scharle additionally proposes that there are at least six meanings of partnership are distinguishable in the promotional, political and professional literature.

1. Management reform: skills to find new markets, to enhance productivity and to stay ahead of the competition are needed to improve government performance. Government managers must become more occupied with making deals than with administration procedures.
2. Problem conversion: Government managers have to commercialise problems
3. Promoting private business growth.
4. Moral regeneration: PPP is intended to have moral effect on people.
5. Risk shifting.
6. Restructuring public service.

There are a number of different types of PPP. It can occur with the private sector as leader, also where the public sector leads. Further arrangements exist where responsibility is evenly shared between public and private sectors (Larkin, 1994). The use of the term is common, but the definition of PPP remains vague (Ghere, 2001) and assumes various definitions with situation specificity. The nature of the arrangement is highly context specific and no magic formula exists as to absolute best practice (Sears and Reid, 1992). Three types of PPP can however be discerned, ranging from contract, to joint venture (JV) and informal collaboration with market players (Ghere, 1996). Ostensibly, a partnership lifecycle reflects the relationship lifecycles discussed in Chapter Two. A four stage partnership lifecycle is proposed as follows; pre partnership collaboration, partnership creation and consolidation, partnership programme delivery and the final stage of partnership termination (Rees and Gardner, 2002). Googins and Rochlin (2000) also propose a further temporal model that describe the PPP lifecycle from a value perspective; reciprocal exchange, developmental value creation, and finally symbiotic value creation.
Inter-sectoral alliances are increasingly being seen by the public sector as a way to expand capabilities beyond that which any free standing organisation’s own resource base permits (Sagawa and Segal, 2000). There is also a recognition that a trend towards PPP initiatives is as a response to the need for improved governance and increasing interdependencies (Teisman and Klijn, 2002). Olberding (2002) proposes three broad areas which increase the imperative for regional development partnership.³ The first of these three areas is where the economic need is relatively high; a significant macro- economic shock such as a factory closure would be such an instance. The second is where there is a regional lifestyle; where particular aspects of society within a region require customised attention to realise regional objectives. The third is the stated commitment of regional or indeed national leaders, towards a regional development agenda. Where this becomes part of publicised policy, this exposure leads to commitment on the part of public sector actors. Fig. 5.2 defines the political stances in the UK and the relationship between society and state. The New Labour movement in the UK advocates a third way, sometimes referred to as involving a “third sector” (Etzioni, 1973: p. 315) of stakeholders.

The terms partnership and stakeholder are linked explicitly to the New Labour movement and are illustrated in Fig. 5.1. Development agencies in England must increasingly focus on developing regional partnerships (Office of the Deputy Prime Minister, 1999) and this is reflected in the published strategies of individual agencies. Emphasis is placed on bridging the gaps between local, sub-regional, and regional levels of development initiatives (Welsh Development Agency, 2003; Yorkshire Forward, 2001) through partnerships. Such partnerships are seen a key success factor in

³ This work was conducted in the context of USA PPP arrangements.
the delivery of regional economic development objectives (Humber Forum, 1999; North West Development Agency, 2002) and more specifically, three year (tier two) regional strategies are stated as requiring a partnership approach if they are to be achieved (Yorkshire Forward, 2001). An objective to broaden the base of local economic development partnerships is also evident (Humber Forum, 1999) as is the recognition that partnership working is needed at all levels (East Midlands Development Agency, 2000).

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<th>Public Philosophy</th>
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<td>Partnership</td>
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<td>Trust</td>
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**Fig. 5.2: NEW LABOUR AND THE PUBLIC SECTOR**

Beyond highly formalised and contractual arrangements, PPP can also occur within more informal network arrangements. Increasingly there is a broad move on the part of public administration to pursue success through network arrangements, such structures often involve webs of public, not-for-profit and business organisations (O'Toole, 1997). Networks between sectors are subtly different to conventional for-profit networks, as the financial performance of actors here is commonly seen as a viable way of measuring network effectiveness (Saxton, 1997). The recognition of the network term however is clear through the published strategies of developers as being key to increasing innovation, stimulating business networking and catalysing collaborative innovation activity (West Midland First, 1998) enabling transfer of best practice and technology (East of England Development Agency, 2001). The concept of industrial clusters is a network concept that is also a focal mechanism in the policies of U.K
regional development agencies, bringing together commercial enterprises with common market characteristics. Of significant interest in this thesis is the assertion that the key focus of a public policy, in respect of the development of clusters, should be the encouragement of interaction and co-operation (McDonald et al., 2006). A crucial focus of such policy lies in the interaction between public and private sectors.

The concept of private not-for-profit regional development agencies, that can carry out business related activities benefiting private parties, is a facet of their activity that public organisations cannot legally perform (Kolzow, 1994). These organisations are sometime referred to as arms-length organisations. Private arms-length regional development agencies are effective in separating the role of co-entrepreneur from the legal roles of government such as planning regulation (Priemus, 2002). Arms-length organisations stymie the chance of any given private sector organisation benefiting individually from public sector funds; however this tension is still central. Private not-for-profit regional development agencies would seem outwardly to be an effective solution, on the part of government, to further the objectives of regional development.

Each participant in PPP must have an understanding of how partnerships will generate value for them (Googins and Rochlin, 2000) and the question of self-benefit would seem central to the decision to commit the resources of any organisation to the PPP concept (Provan and Milward, 2001); it is particularly relevant where primary responsibility is to produce value for shareholders, not to demonstrate benefit to society as a whole. Key negative tensions for the public sector, with regard to PPP, include being saddled with a project they do not want, supplier domination, public interest protection from the short-term profit driven strategies of the private sector, and the
issue of public money being used to generate private profits (Van Ham and Koppenjan, 2000). Key benefits sought by the public sector are private sector efficiency levels, market experience and creativity levels (Van Ham and Koppenjan, 2000), diversity, and flexibility (Kolzow, 1994). There is also need, in many cases, for the public sector to increase the scale and visibility of its programme efforts in an attempt to increase support for projects, leverage capital and enhance the overall effectiveness of programs (O'Toole, 1997). Key benefits, sought by the private sector, are potential public sector funding of parts of complex investment propositions that cannot be expected to generate a return on investment (Van Ham and Koppenjan, 2000), such as a rail connection to an airport development. For the private sector, PPP may open up new markets, opportunities and friendships (Larkin, 1994). Sagawa and Segal (2000) propose that alliances allow organisations from all sectors of society greater levels of flexibility, presenting the possibility at its ultimate potential of a “cauldron of innovation” (Googins and Rochlin, 2000: p. 128).

Within the vocabulary of public sector developers, the ultimate beneficiary of regional development activity would seem to be every individual or organisation within the geographical remit of a regional development agency or regional strategy. As such, in theory, two competitive organisations could receive the same benefit from regional partnership, one having diverted resources to making it work, one who has not. If the term partnership is invoked arbitrarily to identify any intended organisational beneficiary, within a geographical remit, then this may impose the label of rhetoric on the term partnership. Whereas the satisfaction of a higher level awarding body of government may be measured in terms of the success of meeting objectives, aimed at
society as a whole, organisational beneficiaries, usually termed partners, may see benefit in terms of self-interest unless priorities lie external to the organisation.

The notion of exchange in regional development and regional competitive agendas is less simplistic than in dyadic, market-based exchange relationships. The ultimate recipient of value therefore needs further scrutiny. The notions of value will therefore be examined with reference to stakeholder theory.

5.7: Stakeholders, shareholders and beneficiaries

Stakeholder, as a term, was first deployed in the USA in the sixties and seventies as a critique of free-market capitalism (Bevir and O'Brien, 2001). Stakeholders are defined as “all of those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose” (Freeman, 1984: p. 46) or constituents who have a legitimate claim on the firm (Hill and Jones, 1992). As an extension of the definition of stakeholders, Midgley’s (2000: p. 149) perspective is that stakeholders are not just those who are involved, but also those that ought to be involved. He refers to this as the “sweeping in” of other perspectives. A further recent and helpful definition of stakeholder is “individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers” (Post et al., 2002: p. 8).

Firms do not respond to each stakeholder individually, but react to a collective of stakeholder influences (Rowley, 1997). A slightly narrower definition involves voluntary or involuntary risk takers (Clarkson, 1995). A review of literature betrays a
bewildering array of identified stakes in a business. Mitchell et al. (1997: p. 854) alludes to this confusion by listing stakeholders that exist as:

“primary and secondary stakeholders; as owners and non-owners of the firm; as owners of capital or owners of less tangible assets; as actors or those acted upon; as those existing in a voluntary of involuntary relationship with the firm; as rights-holders, contractors, and moral claimants; as resource providers to or dependents of the firm; as risk takers or influencers; and as legal; principles to whom the agent-managers bear a fiduciary duty.”

Stakeholders in for-profit firms are categorised into seven main groupings, community and public, government, suppliers, customers, employees and unions, shareholders and managers (Gwin, 1990). Managers occupy a unique position as the only stakeholder group that holds implicit and/or explicit contracts with all other stakeholders (Hill and Jones, 1992). Furthermore, taxpayers, donors, third-party providers and patrons are classified as stakeholders in non-profit businesses. Stakeholders in for-profit service organisations or non-profit businesses are also been classified into non-revenue generating service users, revenue generating service users, regulators and advisory boards (Gwin, 1990).

The main focus in stakeholder research is to identify who are a firm’s stakeholders and to determine what types of power and influence they exert overall on a focal firm (Rowley, 1997). However, it is also noted that “none of the marketing literature and little of the stakeholder literature has suggested or tested ways in which firms can identify stakeholders’ interests or what strategies can be used to address stakeholders’ interests, should they be identified” (Polonsky et al., 2002: p. 110). A starting point is helpfully proposed as being approachable through three categorisations, the stakeholder’s power, the stakeholder’s influence and the urgency of the stakeholder’s need (Mitchell et al., 1997).
A further identified weakness in stakeholder analysis is the absence of common definitions of the various roles and knowledge of which participants perform which roles (Skok, 1995). The impact of power and influence, on a relationship between two actors, is a key analytical issue. The mapping of the stakeholder environment is approachable through several different methods. From the perspective of a commercial for-profit business, the stakeholder environment is represented in Figs. 5.3 and 5.4. The classic dyadic relationship is represented horizontally with complementors and competitors represented vertically. The linkage between, for instance, suppliers and economic complementors is demonstrated and this begins to illustrate a network context. The economic model, self-evidently, represents an interaction with an economic motive. The extension of Cummings and Doh’s work is an attempt to remodel the stakeholder environment for a focal firm that is not involved in a commercial for-profit exchange.
Figs 5.3 and 5.4 introduce the concept of political competitors already explored in this thesis. The nature and perception of competition can be radically different between the public and private sectors. Competition is regarded by public bodies as a situation where another public body is competing for funds from the same pot, or another public, or indeed private body, competing for funds or credibility in fulfilling the same macro-objective (McLeish, 1995; O'Neill et al., 2003). Competition in non-profit organisations should be refocused on “satisfying the real needs of the target public [stakeholder] to a higher degree than the existing alternatives” (Vazquez et al., 2002: p. 1024).

The discussion will now move to the constituent elements that distinguish successful regions from unsuccessful regions. The discussion will continue with an examination of industrial clusters that are a crucial policy area of many regional development agencies.
5.8: Proximity and local economic geography

5.8.1: Industrial clusters

Spatial clustering became a central theme in international business in the nineties (Birkinshaw and Hood, 2000). It is therefore another of the contemporary emergent themes such as RM and network analysis that was discussed in the introduction to this thesis. Cooke (2002: p. 121) distinguishes a network from an industrial cluster as being “within the same spatial setting but not in the same market and achieving competitive advantage through co-operation rather than simultaneously competing and collaborating.” The competitive and collaborative dynamic of clusters makes them distinctly different to networks.

“Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and companies in industries related by skills, technologies or common inputs. […] clusters include governmental and other institutions—such as universities, standards setting agencies, think tanks, vocational training providers, and trade associations that provide specialised training, education, information, research and technical support” (Porter, 1998: p. 78).

Clusters are promoters of activity on a single industry basis but unlike the thrust of the network approach in marketing, reviewed extensively in Chapter Four. Cluster theory considers interaction between businesses; and between business and the public sector and third sector. Maskell (2001: p. 930) further states that:-

“the cluster exists because of locational economies that are independent of the internal degree of interaction, at least in principle. The sole requirement is that firms undertaking similar activities are placed in circumstances by co-locating where they can monitor each other constantly, closely, and almost without effort or cost.”

Horizontal interaction can be absent in effective clusters, however interactions within clusters are likely to have substantial vertical interactions. Wolfe and Gertler (2002: p. 9) however also propose that memberships of clusters can be “any organisations that
may contribute to a dynamic local culture in the region.” The role of universities has also been found to be particularly important as producers of research, trained manpower and researchers, (Doutriaux, 2003). The role of regional institutions more broadly is repeatedly emphasised (Turok, 2003).

Porter (1998: p. 78) defines industrial clusters as “geographic concentrations of interconnected companies and institutions in a particular field” later refined to “geographically proximate groups of interconnected companies, suppliers, service providers, and associated institutions in a particular field, linked by commonalities and complementarities” (Porter and Ketels, 2003: p. 27). Clusters are holistic approaches to regional economic development activity that mark a move away from “narrowly focused firm-based strategies” (Lundequist and Power, 2002: p. 686) which may be based on purely traded interdependencies. Hakanson (2003: p. 2) adds that clusters are “agglomerations of professionals, i.e. practitioners belonging the same or related epistemic communities.” Clusters have “rapidly moved from being an academic term used to describe industrial agglomerations to a process of economic development to promote local business competitiveness and enhance growth within local economies” (Brown, 2000: p. 4). As a policy initiative, the industrial cluster is intended to create both collaboration and vigorous competition in equal measure.

“Firms [in clusters] do not necessarily have close contacts to one another or intensive input-output relations involving substantial physical transactions. Rather, the respective firms benefit from their co-location through which they are well informed about the characteristics of their competitors’ products and about the quality and cost of the production factors that they use. Advantages of proximity thus arise from continuous monitoring and comparing” (Bathelt et al., 2002: p. 8).
However, as a partnership-orientated tool for regional development practitioners, clusters are dismissed as “merely a re-packaging of existing development approaches and measures” (Hallencreutz and Lundequist, 2003: p. 536).

Porter (2000) argues that clusters are contained within one part of his diamond model (1990) of national competitive advantage; that of related and supporting industries, but that clusters are best seen as a manifestation of all four facets of the diamond. Clancy et al. (2001: p. 10) proposed that “apart from spatial proximity, the containment of a diamond within national borders will also bring cultural and social proximity, further facilitating the flow of information.” Proximity is one of four factors isolated as being consistently identified with cluster analysis along with formal buyer-supplier linkages, shared business-related local institutions and evidence of informal co-operative competition (Feser and Bergman, 2000).

Traded interdependency is the focus of much cluster research, and denotes an examination of only those commodities that can be priced and exchanged. The holistic perspective on the study of clusters is part of a “broader conceptual shift in economic geography which recognises the socially embedded character of production systems” (Henry and Pinch, 2000: p. 194). Numerous authors within the new economic geography school of thought argue that the importance of regions lies increasingly in what researchers call untraded interdependencies (Maskell and Malmberg, 1999; Storper, 1995, 1997). Lundequist (2002: p. 16) propose that after 1992 there is a move from in spatial clustering theory “from emphasis on transaction costs towards an increased interest in knowledge spill-over and other untraded interdependencies.” Storper (1995) refers to untraded interdependencies as non-material assets generated as
the result of business interaction beyond those available through traded interdependency, such as economies of scale. Storper (2000: p. 151) further proposes that untraded interdependencies are to do with “spill-overs of knowledge or ideas which those firms consider necessary to stay on top of the competitive process.” Knowledge creation and sharing are the most consistently cited example of untraded independency in cluster analysis (Longhi and Keeble, 2000). Henry and Pinch (2000: p. 192) find that untraded interdependencies consist of “conventions, rules, practices and institutions which combine to produce frameworks of economic action.” Boschma (2004: p. 1002) suggests what is crucial about these untraded interdependencies is that they are “spatially bounded, shaped and reproduced through interaction between local actors.” Further findings make the connection between untraded interdependencies and regional competitiveness; that it facilitates “co-operation among firms and social actors” and that they “generate cumulative learning processes, enhancing the innovativeness and competitiveness of the local territorial system” (Camagni, 2002: p. 2405). Untraded interdependency is also constraining in that it tends to “enshrine and perpetuate established values and business relationships and so inhibit entry to sectors with different backgrounds and traditions” (Clark and Smith-Canham, 1999: p. 233). In light of the increased recognition as to the importance of untraded interdependency, the traditional economic notion of agglomeration is argued to be in need of replacement by the notion of “relational space, defined through regional economic and social interactions” (Longhi and Keeble, 2000: p. 28).

The notion of clusters as narrow spatial phenomena is contestable. Owen-Smith and Powell (2002) [quoted in Bathelt et al. (2002)], propose that extra-local information flows are pipelines and it is acknowledged by some researchers that “knowledge flows
present in a cluster frequently involve a combination of both local and global sources” (Wolfe and Gertler, 2002: p. 22-23). Different social fields in clusters can relate to different geographic spaces (Floysand and Jakobsen, 2002) which may indeed be global. Pipelines are facilitators of knowledge transfer and thus innovation and multiple spatial dimensions.

Clusters are today seen firmly as part of public policy and a conscious entity of which firms and institutions may see themselves to be part. Clusters are a basket of spatially embedded resources, competencies and dynamic architectural capabilities that build up over time. Surprisingly, however, recent authors have questioned whether the extension of the resource-based view (RBV), into the context of clusters, is extensive, such work, as there is, has not examined the causal relationship between resources and enhanced cluster performance in the same was as firm-specific resources are linked to enhanced firm performances (Hervas-Oliver and Albors-Garrigo, 2007). A further observed weaknesses of current cluster research is summarised from other authors by Malmberg and Maskell (2001) is the tendency of researchers to ground studies in regional success stories rather than in weaker regions.

5.8.2: Innovative mileaux

Another body of literature from economic geography, the innovative mileaux (Camagni and Capello, 2000) perspective, considers both multi-sector interaction and spatiality. The innovative mileaux “acts as a microcosm in which network forces are at play but are reinforced and empowered by spatial and cultural proximity” (Cova et al., 1998: p. 206). This is expanded upon by Willoughby (2004: p. 94) who proposes:-
“the essence of the innovative milieux idea is that success in technological
innovation may not be adequately explained by the strategies of individual
firms or even by the combined strategies of groups of firms acting in
alliances or networks. Rather, technological innovation is nurtured
through the complex interplay of intangible factors within complex local
milieux within which firms and individuals are embedded.”

The mileaux approach arguably places political administrative boundaries around the
spatial interaction. Camagni and Capello (2000) propose the milieu to consist of two
sets of co-operative processes. First, the milieu is a set of informal, untraded
relationships amongst customers and suppliers, and between private and public sector
actors. Within the mileaux tacit transfers of knowledge take place, by means of work
force mobility, competitor isomorphism develops. Second, more formalised trans-
territorial co-operation agreements between firms, collective agents and public
institutions in respect of technological development, vocational training, infrastructure
and services provision.” Newlands (2003) proposes that other terms such as *industrial
districts, new industrial areas and milieux* can be used interchangeably.

To gain further insight into the phenomenon of spatial proximity, it is necessary next to
examine some of the subordinate and supporting constructs of milieux and clusters. The
following sub-sections will examine these under three headings, co-location, social
capital and embeddedness.

5.8.3: Co-location and relational space

“The presence of the elements of an industrial cluster does not lead automatically to
increased competitiveness” (Kotval and Mullin, 1998: p. 317). Researchers in the field
of clusters seem still to be searching for the elusive x-factor that defines the success of
industrial clusters in developing regional competitiveness. Going back to the early
conceptual work of Alfred Marshall (1919: p. 271) into agglomeration theory, he proposes that:-

“when an industry has thus chosen a locality for itself, it is likely to stay there long; so great are the advantages which people following the skilled trade get from near neighbourhood to one another. The mysteries of the trade become no mysteries; but are as it were in the air […] Good work is rightly appreciated, inventions and improvements in machinery, in processes and the general organization of the business have their merits promptly discussed: if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further ideas.”

Marshall (1927: p. 284) further argues that people and firms share atmosphere. “Which yield gratis to the manufacturers […] great advantages, that are not easily to be had elsewhere: and an atmosphere cannot be moved.” Storper and Venables (Storper and Venables, 2002: p. 13) ask the valid question “what does atmosphere consist of, and how does it work, if it is not reducible to networks?” One of the most intractable problems with location is the definition of a location.

“Many of the problems associated with defining territorial competitiveness are that the definition of territory itself is narrowly geographical. If one conceives of industrial filieres, many of their activities are distributed over industrial space. Similar arguments can be made for supply chains in certain industries. These territories are geographically constrained because of access to market reasons, but the dominance of Euclidean space in national and regional policy often renders policymakers’ objectives redundant because of spill over effects not being contained within administrative boundaries” (Budd and Hirmis, 2004).

While theories of clustering abound, there is little reference to what people within clusters actually do (Dosi, 1988), and much cluster analysis “fails to capture many important actors and relationships in competition.” Also recognising the importance of individuals in cluster development, Odenthal et al. (2003) assert that there is a shift in importance from know-how, to know-who, in the information ecology. Various interpretations and theories in the area of clusters say “virtually nothing about what

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4 Two or three dimensional space.
these people do -- how they act -- when they circulate and come into contact, and why they do what they do.” Such activity potentially points to a missing x-factor in cluster analysis. However, it is also noted that in what research into clusters that has been undertaken, “the central issue, face-to-face contact of people in regular physical proximity of each other, is avoided” (Storper and Venables, 2002: p. 13).

Further support for the importance of individuals, in the functioning of clusters, is provided by Feser and Luger (2003: p. 13) who ask “what if firms co-locate but do not trade with each other?” The analogy of a local domestic neighbourhood was discussed in the introduction to this thesis (Chapter One) and the notion of a relationally isolated firm was advanced. A firm may perceive that it has no reason to interact with other co-located actors. Feser and Luger continue, “by the very nature of their co-location, businesses share markets and local resources, but they may not have chosen their location for the purpose of realising economies of that sort.” A firm may therefore locate due to a market or a resource-based logic, but Feser and Luger allude to a suspicion that this does not explain all location decisions. A distinction could perhaps be made between the resources embedded in a region, and the region as a resource. Regional resources could include atmosphere and regional buzz. A co-located firm with no direct relationship with other co-located actors will share an atmosphere with the same co-located actors, and therefore enjoy an indirect relationship with them.

Hallencreutz and Lundequist (2003: p. 538) refer to a glue that facilitates long-term commitment between co-located actors and is “based on the understanding that they (the key players) have different areas of responsibility, needs and goals and yet will benefit still from a successful regional cluster.” Feser and Luger (2003: p. 13) further
add that “perhaps we only care if they could realize those [hard location specific] economies, even if they selected their locations for other reasons. If that is the case, looking for actual evidence of interdependence is less important than discovering potential for interdependence.” Potential interdependence might better be expressed as unrecognised interdependence on the part of a firm within its local geography. The glue that secures commitment must therefore be perceived as such by co-located actors.

Physical proximity and physical co-presence may therefore be the crucial relational elements in explaining the missing x-factor in the success of clusters, rather than purely co-location. “Only by being in the same local environment, and by meeting repeatedly in person can, and will, such more subtle forms of information be exchanged” (Bathelt et al., 2002: p. 2). Brown (2000: p. 4) concurs that “geographical proximity enables face-to-face networking, common labour markets and the diffusion of knowledge, especially tacit knowledge which is difficult to codify.” Anderson et al (2002: p. 117) propose that “idiosyncratic, tacit and and/or non-codified knowledge is [the most] difficult to transfer from one unit to another,” explaining the inherent advantage in the physical co-presence of actors. Storper and Venables (2002: p. 14) assert that of face-to-face contact facilitated by co-location “takes on many different levels at the same time, verbal, physical, contextual, intentional, [and] non-intentional,” and stress the importance of these factors in the transmission of tacit knowledge. Relational space therefore encompasses co-located actors and facilitates physical co-presence.

Successful clusters are not underpinned by the co-location of individually successful, but dependent firms. Successful clusters can better be seen as based upon successful interdependent co-located firms. Interdependence is built by the successful interaction
of actors within them. Dankbaar (2004: p. 698) notes that “clusters are not a natural and automatic phenomenon,” hinting that the development of clusters is as the result of conscious endeavour requiring “vision and commitment on the part of the key players.” Dankbaar recognises the time and space dimension of clusters by noting that actors “sometimes have to sacrifice short-term benefits in order to reach for the long-term gains.”

Cooke (2002: p. 79) suggests that “if the partners are co-located, the reductions in uncertainty, time lag, and transaction costs are clearly palpable” which he sums up as “the economies of proximity.” Proximity can relate to different social fields. Different social fields are defined as those relating to independent individuals, firms and institutions, and can relate to different geographic spaces (Floysand and Jakobsen, 2002). Within co-located space, actors are not scanning their environment in a typical marketing intelligence gathering fashion, “but rather are surrounded by a concoction of rumours, impressions, recommendations, trade folklore and strategic information. It is almost unavoidable to receive information, rumours and news about other cluster firms and their actions” (Grabher, 2002: p. 209).

Tacit knowledge is equally as useful in transferring knowledge in multiple social fields, at different local and non-local spatialities. A phenomenon embedded in a local field is Storper and Venables’ (2002: p. 13) notion of the buzz of the city or agglomeration. Bathelt et al. (2002: p. 11) propose that buzz refers to the “information and communication ecology created by face-to-face contacts.”

“It [buzz] incorporates the upstream conditions of knowing what is happening; intentional face-to-face contacts; and unintentional or more diffuse face-to-face ‘rubbing elbows,’ or the force of ‘being there.’ Thus,
buzz is much more than the ‘circulation of information,’ or ‘participation in networks’ (Storper and Venables, 2002: p. 32).

In a recent study into the Cambridge technology cluster, “informal local access to innovative people ideas and technologies,” was ranked considerably higher by SMEs than access to suppliers or customers (Keeble and Wilkinson, 2000: p. 12). It was discussed earlier in this sub-section that it is inappropriate to argue that co-location alone is an indicator of regional interaction, as a firm might exist and operate in isolation of other co-located firms. Within this buzz may therefore lay certain benefits and motivations such as, personal relationships and serendipitous information exchange, (Cooke, 2002) that explain the success of industrial clusters.

5.8.4: Social capital and weak ties

Capital is described as being inclusive of financial, customer, structural, human, social and intellectual capital (Newell et al., 2002). Social capital is not appropriable and is owned by those who develop and sustain it (Cooke, 2002). “Human, social and relational capital endowments emerge as the sources of the competitiveness of territories” (Camagni, 2002: p. 2398). Social capital was briefly mentioned in Chapter Four in respect of networks. It was established, in preceding chapters, that clusters and networks are not the same, but “are both economic forms of social capital in which trust and learning are centrally involved” (Cooke, 2002: p. 101). “What makes a network right or wrong is increasingly referred to as social capital” (Rutten, 2004: p. 664). Social capital, along with other untraded interdependencies, has also been proposed to be substantially overlooked in the examination of clusters (Wolfe and Gertler, 2002).
Social capital is defined as “the application or exercise of social norms of reciprocity, trust, and exchange for political or economic purposes,” and is “a protean concept for defining ‘the missing ingredient’ in successful practice that economics cannot explain” (Cooke et al., 2005: p. 1066). Social capital has cognitive dimension through which norms and values are developed (Nahapiet and Ghoshal, 1998). Indeed, failure to adhere to the etiquette defined by social norms in building a relationship, can damage any prospect of long-term trust (Anderson and Jack, 2002). Sympathetically, Cooke (2002: p. 11) defines social capital as “the expression of norms of reciprocity and trust between individuals and organisations that are embedded is a system of co-operation.” Cooke clearly makes the connection between social capital and collaborative strategy and further discusses how social capital can favour those who are in-group, against those that are out-group, and can be based on such unifying themes as culture, religion, or spatial proximity. Cooke (2007: p. 80) also discusses the relevance of social capital to organisations with limited firm-specific resources such as SMEs; “they can, together, overcome barriers caused by small size in a relatively costless manner. This is known as exploiting social capital.” Cooke et al. (2005: p. 1066) note the extension of social capital theory from urban studies to the sociology of education, regional policy, economy, business studies, management studies, innovation studies and policy studies.

In relation to social networks, Burt (1992) makes the distinction between redundant and non-redundant relationships. A non-redundant relationship is a non-exclusive relationship, essentially a relationship with only one path between two firms. An organisation that has multiple non-redundant relationships may occupy a unique brokerage position called by Burt (1992) a structural hole. A network made up mainly of non-redundant relationships is referred to as an open network (Andersson et al.,
A redundant relationship is one where there are multiple paths between firms that could be negotiated. Multiple redundant relationships could lead for instance to an organisation receiving the same information from different sources. A network made up of mainly redundant relationships is referred to as a closed network. Social capital is divided into bonding and bridging social capital (Putnam, 2000). Bonding social capital relates to an exclusive set of relationships, bridging capital is more inclusive and can include cross-cultural groupings (Cooke et al., 2005: p. 1066). Bridging capital is therefore, closely related to the notion of weak ties. A further notion of connectivity relates to the different ties that can exist between two actors, referred to as firm or organisational multiplexity (Provan and Milward, 2001). Two firms can be said to have multiplex ties if they have multiple levels of exchange.

Intrinsic benefits, such as friendship and ego enhancement, are discussed as social rewards in network relationships (Biong et al., 1997; Cunningham and Turnbull, 1982). Family ties are also useful in overcoming relationship opportunism (Galaskiewicz, 1996; Granovetter, 1985). Conversely, too close an external friendship could be detrimental to an actor’s loyalty to their own company (Halinen and Salmi, 2001), giving rise to nepotism. Such relationships based on friendship, and indeed family ties, are termed strong relationships. Tracey and Clark (2003: p. 5) argue that strong ties are reliable and effective at transmitting information, but “tend to be poor sources of new ideas and ways of working.” The American RM school of thought has proposed that the weakest relationships often produce better leads than those closer to a focal actor, this is referred to as the strength of weak ties (Burt, 1992; Granovetter, 1973). Weak ties “provide a link to other firms and networks with different ways of viewing the world, and are therefore important for the introduction of new ideas and perspectives” (Tracey
and Clark, 2003: p. 5). It has been noted in numerous publications that small business owners operate personal contact networks (Carson et al., 1995; Chell and Baines, 2000) and that all actors can build up a *relationship sediment* (Axelsson and Agndal, 2000) that could be transferred from business to business, or in the case of entrepreneurs, venture to venture. Face-to-face contact therefore builds up stocks of spatially embedded social capital. The term *associability* attests to an aspect of social capital that includes the ability to socialize and put group objectives ahead of selfish objectives (Leana and Van Buren, 1999). Associability is crucial in turning contact into capital.

Having considered the phenomenon of co-location and social capital, it is therefore important to search for further insight into what makes a firm good or bad at exploiting reserves of co-located social capital. This insight can be furthered by examining the construct of embeddedness.

### 5.8.5: Embeddedness

This sub-section will review the concept of embeddedness substantially from within the outwith literature, but will make a small number of diversions into marketing literature. Such diversions are clearly indicated.

A holistic perspective deployed in the study of clusters is part of a “broader conceptual shift in new economic geography which recognises the socially embedded character of production systems” (Henry and Pinch, 2000: p. 194). However, authors note that a satisfactory definition of embeddedness has yet to be reached (Boekma and Rutten, 2004). Embeddedness clarified in the work of Anderson and Forsgren (1996) is grounded in reciprocal interdependency, rather than uni-directional dependency.
However, whilst recognizing intangible activity, Anderson and Forsgren state that their own research focuses mainly on traded interdependency. Newlands (2003: p. 524), on the other hand proposes that “the embedding of economic relations into a wider social framework appears to be most common where business activity is conditioned by local politics, religion, close kinship and friendship relationships.” Religion, kinship and friendship patterns attest to the concomitant importance of social embeddedness and untraded interdependency.

The principle of embeddedness is discussed as the argument that institutions cannot be analysed independently of their social context. A strong bias in sociology, anthropology, amongst political scientists and historians, is that social relations take on less significance in market, rather than pre-market societies. The school of thought, termed new institutional, has emerged as a riposte to such bias and asserts the importance of embeddedness in the analysis of economic activity (Granovetter, 1985). The embeddedness argument is developed as a counter to the undersocialised views of neo-classical economics (Dankbaar, 2004). Beckert (2003: p. 769) proposes that embeddedness refers to “the social, cultural, political and cognitive structuration of decisions in economic contexts” and further highlights the “indissoluble connection of the actor with his or her social surrounding.” It is the position of Anderson and Forsgren (1996: p. 492) that a “focal company [in a network] can be more embedded in some relationships than in others, it is the total sum of the interdependences in all involved relationships that builds up the focal company's embeddedness.” Andersson et al. (2007: p. 34) state that “economic behaviour is not performed in isolation from

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5 The concept of structuration is discussed in depth in Chapter Six.
institutions, technology, political or cultural conditions and, especially, not removed from the social context.”

A clear distinction is made between two subordinate constructs of embeddedness, *relational* and *structural* embeddedness, that make up the sum-total of interdependencies. Relational embeddedness refers to the total set of dyadic relationships for any firm within the network, “the interdependence between social relations, exchange of resources, and combination of resources in the relationship” (Andersson et al.: p. 34). *Structural embeddedness* on the other hand refers to the position in the overall network which includes non-direct relationships as well as direct or dyadic relationships (Andersson et al., 2002; Andersson et al., 2001; Granovetter, 1985). The extent of an organisation’s structural embeddedness may be unknown to firm as the indirect linkage may be beyond the focal actor’s horizon.

*Network embeddedness* was discussed in Chapter Four. Network embeddedness is made of strong social influences alongside business imperatives, “where a community spirit prevails, the overall local business network is infused with shared values and mutual concerns generated by networking beyond economic exchange” (Johannisson et al., 2002: p. 299). A localised network includes a firm’s embeddedness in a context that includes local institutions and agencies. A relevant term to discuss, in relation to institutional embeddedness, is that of *institutional thickness*. Institutional thickness is defined as the “existence of high levels of trust and a shared framework of understanding between key institutions – in order to generate a pool of collective resources that supports entrepreneurship and innovation” (Mackinnon et al., 2004: p. 90). Institutional thickness is, therefore, an element in the previously discussed notions.
of social capital and is an element of untraded interdependency. As such, institutional embeddedness can be seen as the relationship between business, institutions, and indeed between different institutions. Regional institutions and agencies are essential in developing third-order networks and institutions as they increase the quantity of weak ties in a regional environment (Johannisson et al., 2002). Such institutions should ideally occupy structural holes.

<table>
<thead>
<tr>
<th>Embeddedness</th>
<th>First order inter-firm networking</th>
<th>Second order firm/institution networking</th>
<th>Third order holistic networking</th>
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<tbody>
<tr>
<td>Descriptions</td>
<td>Business-to-business</td>
<td>Firm to social/economic institutions</td>
<td>Link between small firms through institutions</td>
</tr>
<tr>
<td>Systemic (Economic)</td>
<td>Commercial relations</td>
<td>Business acquiring services, joint projects</td>
<td>Indirect potential business exchange through interacting economic and social institutions</td>
</tr>
<tr>
<td>Substantive (Social)</td>
<td>Personal business relations</td>
<td>Business leaders as association members</td>
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</tbody>
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**Fig. 5.5: ALTERNATIVE IMAGES OF SOCIAL AND INSTITUTIONAL EMBEDDEDNESS**

Source: Johannisson et al. (2002: p. 201).

In can be seen from Fig. 5.4 that a distinction is made between economic and social embeddedness in Johannisson's et al.'s work. Relational embeddedness applies to both economic and social relationships at the first and second orders. The distinction between social and economic embeddedness holds for first and second order networking, with third order holistic networking similar to the previously discussed notion of structural embeddedness.

Johannisson et al. (2002) propose that first order relationships are characterised first by friendship ties, characterised by acquaintance and talking. Second, first order relationships are characterised by combined friendship and commercial relationships.
Third, they identify complex ties that are characterised by intertwined, business, social and professional ties.

In addition to network and institutional embeddedness, the notion of temporal embeddedness has also been proposed. Temporal embeddedness is discussed as the number of times a firm has interacted over time. This has a positive impact on trust and reduces monitoring costs due to the perceived reduction in the likelihood of opportunistic behaviour. Temporal embeddedness also refers to the extent that interactions are expected to continue into the future (Rooks et al., 2000). Temporal embeddedness is a competence built up over time that allows a firm to make external local assets and competencies firm-addressable. The capacities of firms in clusters can evolve across time (Hervas-Oliver and Albors-Garrigo, 2007) and demonstrate a similar lifecycle to the relational models discussed in Sub-Section 2.7.

The distinctive competencies that a subsidiary of a multi-national enterprise must possess in order to maintain competitiveness are illustrated in Fig. 5.6. In the context of SMEs, local embeddedness is defined as the degree to which a firm utilises the resources of local institutions and sources material from local suppliers (Mackinnon et al., 2004). From a competency-based perspective, Simoes et al. (2002) see regional embeddedness as a means through which a subsidiary can access local innovativeness, perhaps contained within clusters.

Competence development relies heavily on a firm’s ability to recognise and utilise local knowledge. Such capability was discussed earlier (Sub-Section 3.3.3) as an absorptive capacity.
“The absorptive capacity is highest when the subsidiary is deeply embedded in existing relationships. The higher the degree of embeddedness in relationships with other organizations, the greater the pre-existing knowledge about potentially useful knowledge” (Anderson et al., 2002: p. 116).

**Fig. 5.6: THE DETERMINANTS OF SUBSIDIARY AUTONOMY: A CONCEPTUAL FRAMEWORK**


Absorptive capacity is maximised in areas where the prior knowledge, mentioned above, is in areas related to the area where knowledge is currently been absorbed.

“ Acquisition of new information, therefore, is not only dependent on the existence of the information as such, but also on the subsidiary's knowledge about areas or problems similar to, or related to, the new information. The more a subsidiary knows about a domain, the greater the likelihood of it scanning for new ideas within that domain.” (Andersson et al., 2001: p. 1015).

The construct of “interactive learning” (Lane and Lubatkin, 1998: p. 462) includes the contention that tacit knowledge is harder to absorb than codified knowledge, therefore, the absorption of such knowledge must take place over multiple interactions. As such,
the previously discussed notion of temporal embeddedness can be better understood, as a competency that allows for increasing absorptive capacity over time.

A subsidiary’s degree of local embeddedness, in terms of trust, frequency of interaction, and reciprocal adaptation of resources is a relevant indicator of a firm’s innovative behaviour (Andersson et al., 2005a). Embeddedness, in this sense, is the ability of a firm to transfer knowledge from, and to, partners in a network. The principle of embeddedness is that proximity facilitates greater levels of personal contact and therefore opportunities for knowledge transfer. Subsidiary embeddedness (Fig. 5.5) refers to the impact of a head office control philosophy on the local embeddedness of its regional divisions or subsidiaries (Andersson et al., 2005a). An important aspect here is the interplay between corporate embeddedness, through the length of tenure of local subsidiary senior managers, the attitude of the corporate entity to local environments, and the levels of social capital in any given environment. The success of a firm in accessing the resources of any spatial environment would seem to depend on this interplay, in addition to the ability to temporally embed itself over time. These factors may be context specific, resources and competencies may be cluster embedded and therefore non-transferable to other clusters within the same industry (Hervas-Oliver and Albors-Garrigo, 2007). A final notion of political embeddedness is characterised as relating to political institutions, political actors, the political activities of firms and political resources (Welch and Wilkinson, 2004). The engagement with the political environment by private sector firms may be to access political resources.
5.9: Chapter summary

This chapter has substantially reviewed a number of contiguous issues from outside the discipline of marketing but which aid the definition of a new marketing problem. At the heart of this new marketing problem lie the particular issues of RM in local geography, and between co-located actors. A number of the areas such as proximity and social capital have had slim consideration from marketing scholars. Assimilation of the four substantive areas of literature reviewed in Section A must now be made and this will be done in conjunction with the empirical findings of the fieldwork for this thesis. These findings will be presented in Section C. The next stage of this thesis, Section B, will outline the philosophical underpinnings of, and methodology for, the fieldwork from which the empirical findings are drawn.
SECTION B: METHODS AND METHODOLOGY

I: Section Introduction

The purpose of Section B is to outline the approach to the research undertaken for this thesis. Methodology is defined in Section B as distinct from a statement of methods deployed in this thesis. Methodology is defined as “the set of theoretical ideas that justifies the use of a particular method or methods.” Method is distinguished as “a set of techniques operated in a sequence […] to achieve a given purpose” (Midgley, 2000: p. 105). Methodology is presented in Chapter Six as a review of meta-theoretical and meso-methodological issues affecting this research and defines the conscious stance taken by the researcher in relation to philosophical level issues. A statement of micro-methods, essentially, the doing aspects of the research, is provided in Chapter Seven.

When considering the correct approach to a research problem, a large number of dichotomous debates must be negotiated. The most significant of these dichotomies are qualitative versus quantitative, subjective versus objective and deductive versus inductive. The purpose of Chapters Six and Seven is to challenge that nature of such entrenched dichotomies in marketing scholarship and propose a non-dichotomous and pluralistic theory and method for the primary investigation undertaken in this thesis.

Objective One, of the thesis, is to present an appropriate research methodology to investigate both agency and structure in interaction over extended time periods within a defined spatial context. The argument and research approach presented in Section C
fulfills this objective and contributes to knowledge in itself, due to the originality of such an approach being deployed within the marketing discipline.
Chapter Six: Methodology, meta and meso-level issues

6.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter One</th>
<th>Introduction</th>
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<tbody>
<tr>
<td><strong>Section A</strong></td>
<td>Literature Review</td>
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<tr>
<td><strong>Section B</strong></td>
<td>Methods and Methodology</td>
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<td>Chapter Six</td>
<td>Methodology, Meta and Meso-Level Issues</td>
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<td>Chapter Seven</td>
<td>Micro Methodical Issues</td>
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<tr>
<td><strong>Section C</strong></td>
<td>Findings, Conclusions and Contributions</td>
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<td><em>Current position in the thesis shaded</em></td>
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Fig. 6.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS

Source: Author.

This chapter outlines the approach, and the attitude taken by the researcher in respect of the research in this thesis. The chapter starts with an outline of the research problem and context (Sub-Section 6.2). Sub-Section 6.3 begins a philosophical level discussion, defending the very need for such a discussion in a marketing PhD. thesis. Sub-Sections 6.4-6.5 begin an examination of the dichotomy of interpretivism versus positivism, as a lead to developing a critique against such entrenched dichotomies in marketing research. Key areas of discussion in these sub-sections are the so called paradigm wars and the literature espousing critical pluralism. An argument is built, throughout Sub-Sections 6.6-6.8 for pluralism in research approaches. The argument for such pluralism is presented first as a meta-theoretical level and Giddens’ theory of structuration is presented as the meta-theory, within the boundaries of the research problem outlined in this thesis. Qualitative traditions of enquiry are next discussed and grounded theory proposed as the appropriate meso-level tradition of enquiry within which to implement the research.
6.2: The research problem and context

A research methodology is neither appropriate nor inappropriate until applied to a specific research context (Downey and Ireland, 1983). This chapter is dedicated to the discussion of meta and meso level methodological issues, the following chapter is a statement of methods. A discussion of the research context, here, has relevance to the following philosophical discussions.

The research context is a defined geo-political space in the United Kingdom. To protect the anonymity of respondents, who could be identified from a description of their positions alongside a description of the region in which they work, the actual definition of the region is withheld in this thesis. A geo-political region is selected as an initial starting point but does not, definitively, define the boundaries of the research context as the definition of the boundaries forms part of the investigation. A lacuna that was identified in RM theory is a specific issue relating to interaction between co-located actors who have a relationship due, in part, or exclusively, to geographic co-location. Theoretically, soft factors such as untraded-interdependency and regional buzz have seemingly defied adequate explanation in the outwith literature. The methodologies developed in this chapter must be consistent with both RM and a co-located geographical context.

6.3: The philosophy of science

Burton (2005) discusses an argument that has developed in marketing that marketing, is an applied discipline, and, therefore methodological and philosophical considerations should be subordinate to practical concerns. Easton (1998: p. 73) equally observes that
“few researchers involved in research in the business or marketing disciplines spend much time thinking about research methodology. Fewer still show any concern with, or interest in, epistemology.” Such criticism can also be found in other disciplines drawn on for this thesis. For instance, in the context of their own discipline, public administration, Jochoms and Rutgers (2006) decry the lack of interest in ontology and epistemology in interdisciplinary research. This chapter of the thesis will address these concerns.

The argument that marketing is consciously unconcerned with philosophy is used to promote marketing superiority, in the sense that marketers are, in fact, worthy pragmatists pursuing the interests of practitioner stakeholders over that of other academic stakeholders more demanding of theoretical rigour (Burton, 2005; Troye and Howell, 2004). Hackley (1999: p. 731) however counters that a “good marketing theory must begin with epistemological considerations in order to advance the intellectual connections between marketing theory and practical expertise” and requires “grounding in an ontological framework.” As such, Hackley makes a connection between issues of a philosophical nature and the development of practical findings, rather than seeing the two issues as in tension. Thus, before moving into a proposal of an appropriate method for the primary research activity conducted within this thesis, a defence of the philosophical stance of the author will be made.

6.3.1: Why is it important to understand the philosophy behind the research

It would seem appropriate that before commencing a research project, any researcher should have some understanding about the nature of knowledge, that is, what constitutes knowledge. It would also seem important to consider how the observed, and
the observer, are juxtaposed in relation to a perspective on knowledge and how the nature of a researcher’s values influence any transfer of knowledge, from the researched to the researcher. Easterby-Smith and Thorpe (1991) propose that there are three reasons why it is important to understand the philosophy behind research; first, it can help to clarify research designs, second, it can help to identify which designs will work and which will not, and third, to help to create a design which may be outside the experience of the researcher. In addition, the process of considering philosophical issues enlightened the author to several new perspectives, in particular critical pluralism, multi-paradigm perspectives and structuration that developed in this thesis into a new methodological approach to a RM problematic. The deployment of this new approach enabled a greater richness of into the research problematic than that that would have been achievable through deployment of recognised approaches.

6.3.1.1: Ontology, epistemology and axiology

Ontology is defined as “the basic questions about the nature of reality. It is concerned with assumptions about the kind of things there are in the world” (Proctor, 2003). This could also be summarised as “the nature of being” (Collins English Dictionary, 1998). Epistemology can best be understood by asking the questions, how do we know the world, and, what is the relationship between the enquirer and the known? Epistemology is essentially a researcher’s “personal theory of knowing” (Jankowicz, 2005: p. 108) and asks the question, can knowledge truly exist? There are three possible responses, yes (dogmatism), no (agnosticism) and maybe (scepticism) (Gummesson, 1991b). Axiology defines the relative importance of a researcher’s values in defining the conclusions of a piece of research. Axiology can range from value free
to value laden. The principles of epistemology, ontology and axiology can best be understood in the context of the dichotomies and stances related to them and will be discussed next.

6.3.1.2: Positivism and anti-positivism

It is most effective to discuss epistemology, ontology and axiology by illustrating them dichotomously. The most common epistemological stance in the physical sciences is that of positivism which encompass logical positivism, logical empiricism and falsificationism (Anderson, 1986). The term positivism is usually be associated with naturalism although naturalism has several sometimes contradictory definitions. The most discernable strand of positivism in social sciences, including business and marketing, is that of logical positivism and its derivative, logical empiricism (Hunt, 1994). Logical positivism emerges in the 1920s in Vienna and is based on the assumption that science should “avoid metaphysical concepts and rely exclusively on observables” (Hunt, 1991: p. 33). The concomitant ontological stance within logical positivism is referred to as objectivism. Objectivism denotes a stance that the world is external to any individual’s perception of it (Bryman and Bell, 2003). The underlying axiological assumption of positivism is that the researcher is independent and neither effects, nor is affected by, the subject of the research (Remenyi et al., 1998). In research, a suitable scenario for the application of logical positivism would be where existing theory is being tested to either support or reject the premise of the existing theory. In the physical sciences, experiments are often conducted in laboratory conditions where the results are situated in a context capable of being controlled and repeatedly replicated. The natural sciences have a much higher fact-to-value ratio than the social and behavioural sciences (Archer, 1987) and reality is believed to be ordered
by natural causality which can, in principle, be measured accurately, and which will
remain constant through time and across situations. A positivistic epistemological
approach to social science research is one that is guided by a desire to emulate the
physical sciences by pursuing value freedom. A positivist epistemological position is
most at ease with objective, quantitative and deductive research approaches.
Objectivist/positivist research has, therefore, been summarised as a view of the physical
world and not the socially constructed world (Williams and May, 1996).

Remenyi, et al. (1998) quote a conversation between Medawar and Popper where
Popper is asked to describe quintessential positivism, replying the world is all surface.
Gummesson (1991b) suggests an antithesis to Popper’s thesis; that of the iceberg
metaphor; that only 10-15% of society may be visible above the surface. To approach
the study of the iceberg, by examining only the top 10-15%, may only provide a partial
picture of the social world. Sentient civil society arguably does not conduct its activity,
within a vacuum in which outcomes can be predicted and reliably replicated in a
different situation.

“Positivist studies propose the existence of a priori fixed relationships
within phenomena that are generally measured by structured instrumentation (such as a questionnaire survey), with the emphasis on ‘objective' consistent repeatable measurements. Interpretivist studies, in contrast, assume that through interacting with the world, people create and associate their own subjective and intersubjective meanings. Thus, phenomena may be understood through accessing these meanings, which have been uniquely assigned by participants” (Brooks, 1997: p. 136).

The epistemological contraposition to positivism is that of anti-positivism. The
ontological assumption in anti-positivism is that people are not passive in simply
responding to structures; rather that reality is socially constructed. Anti-positivism is an
attempt to consider how a researcher can consider activities, erratic, irrational, and
emotional, and allows that researcher to produce meaningful results.
Axiologically, with an anti-positivistic stance, a researcher should admit the value-laden nature of research (Creswell, 1998), indeed, within some research paradigms such as feminism, the influence of past experience on the research process is seen as essential rather than simply acceptable. It is difficult to reproduce erratic behaviour and, therefore, a scientific approach may dismiss erratic behaviour as an issue incapable of being investigated. However, a person’s irrational behaviour is a phenomenon which may be understandable with reference to a researcher’s values and experiences. Burrell and Morgan (1979: p. 260) propose that:

“the social world is no more than the subjective construction of individual human beings who, through the development and use of common language and the interactions of everyday life, may create and sustain a social world of intersubjectively shared meanings. The social world is thus of an essentially intangible nature and is in a continuous process of reaffirmation or change.”

Central to the argument for anti-positivism is that positivism is unable to deliver an understanding of shared meaning. With an anti-positivist epistemological stance, the researcher tries to analyse people’s interpretation of events rather than just describe the events themselves. The anti-positivism approach allows a researcher to avoid taking sides, with those who are being investigated, whilst maintaining his or her own value propositions. Central to an anti-positivist stance is the Aristotelian notion of intentionality. Intentionality is defined as “the orientation of the mind to its object; the object exists in the mind in an intentional way.” Intentionality includes the notion of directedness, that a mind must be directed to an object, even when the object is imaginary, “thus the act of consciousness and the object of consciousness are intentionally related” (Moustakas, 1994: p. 28). The notion of intentionality directly relates to a discussion that will follow later in this chapter, in respect of social structure.
Anti-positivism is sometimes inappropriately referred to as phenomenology with the term interpretivism sometimes used interchangeably with phenomenology. There is therefore some vagueness in the naming of the anti-positivistic pole. For simplicity, the term interpretivism will be consistently used to define this pole from now on. Interpretivism however will also be discussed in the following Sub-Section 6.3.3 as a research paradigm, but this duplicitous use of interpretivist and interpretivism is here argued to be congruent with the meaning and principles of interpretivism, as understand by the researcher. Interpretivism is described as “making explicit the way reality is experienced from the point of view of the actor and, by dissolving factual reality as the skilled accomplishment of members” (Ranson et al., 1980: p. 4). Phenomenology will be discussed as a technique available to an interpretivist researcher in Sub-Section 6.8.

The alternative ontological stance, to that of objectivism, is that of social constructivism or constructionism. Social constructionism assumes that the external world is a subjective construction of the human mind (Bryman and Bell, 2003; Hanson and Grimmer, 2007), “what we regard as knowledge is that which we, as social animals, choose to accept as knowledge” (Easton, 1998: p. 83). In its extreme sense, social construction is referred to as solipsism. Burrell and Morgan (1979: p. 239) define solipsism as “the most extreme form of subjective ideology […] ontologically, it has no existence beyond the sensations which he[/she] perceives in his[/her] mind and body.”

6.3.2: Research paradigms

This thesis now returns to the contention quoted above in Sub-Section 6.3 that a good marketing theory must begin by considering epistemology and be “grounded in an appropriate ontology in order to make effective connections between theory and
practice” (Hackley, 1999: p. 731). Electing for residence inside a single research paradigm may be one way of fulfilling an imperative to take an epistemological and ontological stance (Fabian, 2000). A paradigm can be defined as a “world view in any particular field” (Aijo, 1996: p. 12; Creswell, 1998: p. 74) or viewing the world through a particular instrument such as an “x-ray machine or microscope” (Mingers, 1997: p. 9). Burrell and Morgan (1979) present arguably the most recognised taxonomy of research paradigms as a two dimensional matrix; subjective-objective and radical change-regulation, which they regard as being both contiguous and having shared characteristics, but distinct enough to be regarded as four separate paradigms (Fig. 6.2).

The radical change dimension represents a characterisation about how organisations work and seek to correct, even revolutionise their environment. Regulationists do not seek to make judgements but rather seek to understand how organisations work and make recommendations for change on a less grand scale. It was Burrell and Morgan’s (1979) stated intention that their four paradigms be seen to bind the work of groups of theorists together in communities with a similar worldview.

There is a sense that very early in a research career, a researcher elects, or is encouraged by peers, to take up permanent residence inside a single paradigm and immediately begin the process of boundary crenellation. It was earlier proposed that marketing has suffered from the dominance of positivist research and researchers, such researchers populate the functionalist research paradigm. Theory development in the broad marketing and business disciplines is, largely, confined within the functionalist paradigm with its close adherence to the natural sciences (Bryman and Bell, 2003; Deshpande, 1983; Gioia and Pitre, 1990; Grönroos, 1994a; Hanson and Grimmer, 2007; Hunt, 1991) giving a distortion of Burrell and Morgan’s four
paradigms as follows (Fig 6.2). The following polemic marks a trajectory through literature that advocates an anti-positivistic stance.

![Diagram of paradigms]

**Fig. 6.2: REPRESENTATION OF BURRELL AND MORGAN’S PARADIGM TO DEMONSTRATE DOMINANCE OF THE FUNCTIONALISM PARADIGM IN SOCIAL SCIENCE RESEARCH**


Having, above, discussed both the functionalist and interpretivist approaches in the epistemological guise of positivism and anti-positivism/interpretivism, there is little value in examining the remaining two of Burrell and Morgan’s paradigms, radical structuralism and radical humanism. The aims of this thesis are not to effect revolutionary change, but rather to explain and understand, the social phenomenon under investigation. Radical structuralism and radical humanism are, therefore, rejected as appropriate to the aims of this thesis.

The initial direction of this thesis was to ground the research in the interpretivist paradigm but such an approach was deemed inadequate to address the emerging problematic. Pluralistic approaches were sought and used as the fieldwork progressed. The basis of the initial defence of an interpretivist approach is reviewed next. It is of value in the final thesis that the argument in favour of interpretivism, remains, as it
demonstrates both why the dominant functionalist paradigm was rejected as appropriate, and further maps the journey through which a more pluralistic approach was deployed in the final conclusions.

6.3.3: Interpretivism and the research context

Consistent with the approach taken in the literature review of this thesis, an examination of the appropriateness of interpretivism will be made in respect of two discreet areas reviewed earlier, separated into RM (Chapter Two) and outwith literature (Chapter Five).

6.3.3.1: Interpretivism and current relationship marketing research

Explicit reference to interpretivism in RM is not common, perhaps due to the philosophical disinterest amongst marketing scholars observed by Easton (1998), although overwhelming advocacy can be found in the words of Gummesson (2003a: p. 482) who boldly states that “all research is interpretivist.” Explicit discussion of recognised interpretivist approaches such as phenomenology; case studies, ethnography and grounded theory are plentiful and are reviewed below. However, the polemic in this thesis earlier argued that interpretivism is consistent with a stance in favour of qualitative approaches over quantitative, subjectivism over objectivism and theory building over deduction.

It is noted in some quarters that qualitative research lacks respect amongst managers and senior journal editors (Piekkari et al., 2007). There is significant argument however from leading marketing scholars that a focus on objectivism should no longer be the sole focus of empirical marketing research. Gummesson (1998: p. 248) argues that
“objective rule governed research as the road to knowledge is naïve…statistical methods are based on subjective value; that quantitative results demand qualitative interpretation, is treated as taboo.” Gummesson continues this appeal (2003b: p. 585) stating that “academe is hiding behind allegedly scientific front of deductive and reductionistic customer surveys, applying increasingly sophisticated statistical techniques that process data of decreasing quality.” More recently (2002b: p. 586) he further states that “fuzziness and ambiguity are received with cheers by the [qualitative] researchers and not shunned as unorderly and threatening as they are by quantitative researchers.” Stepping slightly sideways from marketing to strategic management, Mintzberg (1983: p. 107) seems to concur with Gummesson when he states “the field of organisational theory has, I believe, paid dearly for the obsession with rigor in the choice of methodology. Too many of the results are significant only in the statistical sense of the word.”

The potential inappropriateness of a positivistic standpoint in RM is identified in previous research into relationships including assertions that “relationship actions have effects, some of which are intended and foreseen and others that are neither foreseen, nor intended” (Ford and McDowell, 1999: p. 431). Functionalism would seem most appropriate where situations are consistent and predictable. Rather than rely purely on functionalism, Fournier et al. (1998: p. 50) proposed that “to get inside peoples heads, marketers need to turn to the tools of ethnography and phenomenology, qualitative social science methods dedicated to richly describing and interpreting peoples lives.” Ethnography and phenomenology are argued to be capable of revealing “rich descriptions of a firm, its environment and strategy” (Beverland and Lindgreen, 2002: p. 201). Interpretivism has also been implicitly advocated in respect of B2B research.
“B2B forms live with complexity, ambiguity, chaos, uncertainty, fuzzy boundaries and continuous change in both technology and the marketplace. Research methodologies have to adapt to this reality” (Gummesson, 2003a: p. 483).

When choosing an appropriate methodology, a further important dichotomy that demands consideration, is that of theory generation versus theory testing. Mattson (1997b: p. 39) notes that “the research development [of RM theory] was driven by inductive discoveries of interaction, duration of relationships, and interdepedendence between industrial actors.” Gummesson (1998: p. 248) also asserts the need for, “inductive research that allows reality to tell its own and full story, without forcing received theory on it,” In relation to extending the boundaries of RM, as is the objective of this thesis, O’Malley and Tynan (2000: p. 809-810) advocate, “methodologies commensurate with the objectives of theory development rather than theory testing.” From the marketing network literature it is also proposed that the objective here is “description and explanation and not prescription” (Easton, 1992: p. 7). The IMP Group has conducted significant studies into dyadic, triadic, and network interaction “the empirical thrust of which has gone hand in hand with efforts to interpret observed phenomena’ (IMP Group, 2002: p. 38). The Scandinavian School of Marketing is argued to be grounded in empirical data gathered in qualitative case-studies (Gummesson, 1997b: p. 271).

6.3.3.2: Interpretivism and current research within the outwith literature

The nature of interaction in a defined spatial setting would seem to have structures that are independent of perception whilst containing important elements discernable only through interpretation. Debates about regionalism have tackled the issues highlighted
and divided the analysis of regional interaction into formal and informal. The former refers to integration driven by the formal authority of government actors through agreement or treaty, the later driven by informal market actors (Breslin et al., 2002). Both types of networks exist simultaneously in any local geographic context and would seem to be driven as much by social interaction as policy, thus inviting examination through qualitative methods of inquiry. The role of actors and agency in these regional contexts would seem essential to understanding successful regions and differentiating them from unsuccessful regions. In referring to the study of issues of regional interaction and cluster development within outwith disciplines such as economic geography, Storper and Venebles (2002: p. 14) suggest that very few theories place the sociological phenomenon of face-to-face contact at the centre of the research problematic:

“there is reliance on other kinds of mechanisms, such as circulation of persons between firms, or professional or customary networks of persons, or tacitness, which are then, respectively, the vehicle or architecture of information circulation, or the nature of the information itself. Assuming that these are important parts of the process, the theories still say virtually nothing about what these people do -- how they act -- when they circulate and come into contact, and why they do what they do. The central issue, face-to-face contact of people in regular physical proximity of each other, is avoided.”

The quote from Storper and Venebles seems to speak explicitly about agency and a difficulty in accounting for the effects of agency on regional competitiveness. In other work, social capital along with other untraded-interdependencies, is also proposed to be overlooked in the examination of clusters (Wolfe and Gertler, 2002). Andersson et al. (2007: p. 34) states that “economic behaviour is not performed in isolation from institutions, technology, political or cultural conditions and, especially, not removed from the social context.” Equally Benneworth (2002: p. 323) states that “clusters are about people, their inter-relationships and their exploitation of particular opportunities,
rather than purely about firms.” In understanding regional competitiveness, it is the position of Kitson et al. (2004: p. 994) that “there is an increasing tendency to explain regional growth and development in terms of such soft externalities.” Soft externalities have been taken to refer to people and their interaction in a spatial context, essentially a social world in close spatial proximity. Such arguments have been taken to invite the deployment of interpretivistic approaches and qualitative methods to the research problematic of this thesis. New economic geographers, whilst predominantly utilising quantitative methods, have also recognised some of the limitations of quantitative approaches. “The value of statistics, is limited by the fact that the use of input-output tables only measure traded (or market-based transactions) and overlooks the critical contribution made by soft factors, such as trust and social capital” (Wolfe and Gertler, 2002: p. 7). Qualitative approaches are advocated by economic geographers in situations where depth of data, rather than breadth of data, is desired. For instance, in their research into social capital, Anderson and Jack (2002: p. 199) propose that “a qualitative approach was used because soft issues were being dealt with which are not amenable to quantification; meanings which lie behind actions and the objectives of the research were related to understanding, rather than measuring.”

The early stages of this thesis were influenced heavily by the interpretivist tradition. The either/or decision argued in this sub-section to exist between functionalism or interpretivism proved problematic to the researcher as the research progressed, based on the very nature of the choice being an either/or dichotomy. Whilst interpretivism remains influential in the final conclusions of this thesis, the conclusions to the thesis are also grounded in a more pluralistic approach using structuration theory. The
justification for the use of pluralistic approaches will be advanced in the next sub-section.

6.3.4: Atomism versus holism

As this thesis has argued in Sub-Section 6.3.3.1 above, interpretivism and interpretivists are discernable in substantial bodies of RM literature. Evert Gummesson is repeatedly cited in support of qualitative and interpretivist approaches in RM research. However, a position is taken in this thesis that is at odds with Gummesson’s assertion that interpretivist methodologies are truly holistic solutions. This stance emerged as the thesis progressed. Much of the argument in this chapter, so far, is based around perceived dichotomies; subjective versus objective, deductive versus inductive, positivism versus anti-positivism, and others. Silverman (1993: p. 26) expressed an opinion concomitant with that of the author, when stating that “sociology is bedevilled by the adoption of misleading polarities.” There would seem, therefore, to be an additional and rather contradictory situation where dichotomous assertion is placed at a pole in a dichotomy. This additional dichotomy could then be discussed as a tension between atomism/reductionism versus holism. An atomistic/reductionist perspective, goes back to Descartes, and asserts that the whole is the sum of its parts. Gummesson asserts that a case study approach allows a researcher to access the whole rather than merely examining the parts (Gummesson, 1991b), but if this is done within the principles of single interpretivist paradigm, parts of the whole escape scrutiny. In other words, the whole would seem only accessible within the constraints of a single paradigmatical perspective. Putting aside a debate, for now, as to whether it is ever possible to see a whole phenomenon, there were two key areas where the researcher found difficulty in examining the research phenomenon through the lens of a single
interpretivist paradigm. First, seeing the phenomenon in space and time and second, seeing the phenomenon in terms of agency and structure. The crucial difficulty expressed here is the use of and rather than either/or, denoting a desire for holism instead of atomism. This difficulty will be expanded upon in the following subsections.

6.4: Paradigm wars

Continuing the anti-positivistic polemic of this chapter, having discussed above the issue of time and space, it is necessary next to juxtapose these preceding arguments alongside those espousing consideration of agency and structure as a dualism, rather than as a duality. To do so requires a circumlocutory journey that will, initially, visit the incommensurability, multi-paradigm and pluralism debates. Each theme will be reviewed in the context of such a journey.

Gibson Burrell (1999: p. 59) discusses the self appointed role of the central members of a ruling orthodoxy that define any discipline as to “suppress dissent within the state’s boundaries and restore law and order.” Those who uphold these laws he refers to as “paradigm Walsingham” after Sir Francis Walsingham, Queen Elizabeth I’s spymaster and chief political enforcer, and those who oppose it, “paradigm Warriors.” Further writers state that if an attacker defeats the defender then a new paradigm emerges (Van Raaij and Poiesz, 2003). Archer (1995: p. 22) similarly argues that ontology acts as both “gatekeeper and bouncer” of methodology. Violent metaphors seem to abound to the extent that paradigm wars are an appropriate concomitant further metaphor.
One of the observed weaknesses of Burrell and Morgan’s four paradigms, and other alternative paradigmatical frameworks is to reinforce dichotomies.

“Dichotomous ways of interpreting research, once established, end up hiding the emergence of other ways, which are sometimes more creative, opportune, less confined to institutionalized meanings, or simply different” (Pozzebon, 2004: p. 248).

In the mid point of this thesis, the researcher became concerned that the ontological and paradigmatical struggle, within the marketing and broader business disciplines, may have blinded researchers to the potential value of collaboration and interaction between research paradigms. Indeed, support for such a concern was found in the words of an eminent marketing scholar. Easton (2002: p. 74) notes that “it may be that we are all so ensconced in our own paradigm that we simply take for granted that the methodologies we employ are correct because we are doing what everyone else does.” In the context of the ongoing qualitative versus quantitative infighting within the marketing discipline, Carlson (2008: p. 663) also proposes that academics should “move beyond infighting, defensiveness and territory protection when we conduct scholarship.” The polemic in the following sub-sections of this chapter will therefore portray the role of Warrior to both interpretivist and functionalist paradigm Walsinghams, and expand this debate to argue that a multi-paradigm perspective in RM research may have particular value and be capable of facilitating unique insights. It is asserted in this thesis that it is the nature of the problematic that determines the appropriate paradigm with which an investigation can be developed. This assertion avoids taken for granted paradigm and methodological assumptions.

Qualitative researchers from the IMP and Scandinavian Schools of Marketing (See the introduction to Section A) have long railed against the proponents of functionalism, particularly in the American School, but the danger of paradigmatical boundary
crenellation over plurality remains as much a debate for those who seek to fortify the interpretivist paradigm against attack as it does for the knights of the functionalist paradigm. As an alternative paradigmatical panacea to the dominant functionalist paradigm in marketing (Marsden and Littler, 1996; Tadajewski, 2004), interpretivism also has weaknesses. One overriding weakness of the interpretivist paradigm, and one seldom addressed in the marketing literature, is that interpretivism accounts well for human agency but does not address social structure (Sydow and Windeler, 1998; Walsham and Han, 1991). Over time, through repeated interaction, actors create a relationship atmosphere. Whilst intangible, such an atmosphere constrains actors in the same way a national culture constrains the ability of people to understand the perspective of other cultures. The impact of culture, in the subject of international marketing, is the staple of every good marketing programme in the world, yet the impact of prevailing culture on RM contexts, seems so often to be myopically overlooked beyond a small body of literature on industrial atmosphere. This thesis argues that part of this myopia is partially grounded in the paradigm wars, most effectively illustrated in the divided schools of RM thought (see the introduction to Section A). The researcher takes a conscious position that to gain an insight into both the free will of agents and the impact of social structures in the same time and space context, requires investigative pluralism. Therefore, it seems reasonable to ask whether RM theorists can create interaction and plurality between research paradigms, rather than perpetuate their coexistence in a state of “disinterested hostility” (Burrell and Morgan, 1979: p. 36).

In support of Burrell and Morgan’s assertion that paradigms exist in a state of disinterested hostility where one researcher cannot legitimately operate inside one
paradigm at any given time, some authors (Jackson and Carter, 1991, 1993) have settled on the belief that research paradigms are indeed incommensurable. Incommensurability denotes a division or impermeable boundary between schools of thought, indeed a form of “apartheid for paradigms” (Donaldson, 1988: p. 31). Weaver and Gioia (1994: p. 565) propose that there is “no common measure between paradigms of inquiry so that the representatives of opposed paradigms live in different worlds, hold mutually exclusive beliefs, and use different vocabularies.” Noteboom (2004) proposed that incommensurability has two dimensions. The first of these is semantic incommensurability, essentially incompatibility of meaning, Pozzebon (2004: p. 249) believes that the problem of incommensurability lies substantially in an inability to communicate; “commensurability (or simply communicability), I believe, depends more on speakers’ and hearers’ openness to each other’s views than on the paradigms themselves.” A second point of incommensurability is axiological incommensurability, an incompatibility of goals and underlying values (Noteboom, 2004), essentially the philosophical make-up of the paradigm itself. Commensurability on the other hand, denotes a situation where “multiple views created by different paradigms might be linked, or at least juxtaposed, to yield a more comprehensive view of organizational phenomena” (Gioia and Pitre, 1990: p. 585). Such linking and juxtaposing must therefore be at achieved at a communication and axiological level.

The debate on commensurability and incommensurability does not however seem to amount to an unquestionable dichotomous debate between pluralism and its antonym of isolationism. Jackson and Carter (1991) assert that Burrell and Morgan’s four paradigms actually act as guardians of plurality; through their distinct status, ensuring that no one paradigm can dominate. As such, this debate emerges as one of two schools
of thought, trying to preserve pluralism, just through different approaches. However, there exist expressions of significant confidence from eminent marketing scholars that the incommensurability debate has been concluded in favour of commensurability.

“Therefore, paradigm incommensurability has been so thoroughly discredited in philosophy as to be virtually abandoned by Kuhn, its originator, and considering that even a relativist philosopher such as Feyerabend now concedes it poses no difficulty for science, one must conclude that a priori grounds for believing that incommensurability is a problem in consumer research are nonexistent” (Hunt, 1991: p. 41).

Hunt (1994: p. 23) adds that “claims of incommensurability represent neither a state of nature to be accommodated, nor a problem to be addressed – they are a convenient catch-all for squelching debate or avoiding critical scrutiny.” Concomitantly, from the nineties, some authors argue that belief in incommensurability has broken down and the debate has turned to pluralism (Mingers, 1997) and that an “ecumenical spirit” (Brocklesby, 1997: p. 189) between paradigms has instead emerged.

Miller and Glassner (1997: p. 100) assert that “dominant discourses are totalizing only for those who view them as such, they are replete with fissures and uncolonized spaces.” Multi-paradigm perspectives are advocated as acceptance that the boundaries between such dominant discourses are blurred and mediated by others (Giddens, 1976: p. 142-144). Multi-paradigm perspectives offer plurality by “creating fresh insights because they start from different ontological and epistemological assumptions.” Pluralistic multi-paradigm arguments are discussed and indeed advocated in marketing literature. Tadajewski (2004) for instance, advocates the use of multiple paradigms reviewing two techniques, first through paradigm bracketing, through which different paradigmatical perspectives are used sequentially in a linear fashion and second,

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6 Italics added and speech marks removed in the quotation.
7 Italics added and speech marks removed in the quotation.
8 Italics added and speech marks removed in the quotation.
paradigm bridging, through which boundaries between paradigms are bridged and used simultaneously. The author however sees two particular problems with the avocation of a multi-paradigm approach.

First, an established combination of techniques, codified and practiced by academics could in time emerge as a distinct paradigm. As stated above, if an attacker defeats the defender then a new paradigm emerges (Van Raaij and Poiesz, 2003). In such an instance, could an approach taken remain a multi-paradigm approach, rather, it would be a multi-paradigm, paradigm. Jackson (2009)\(^9\) states “one-paradigm pluralism is simply not pluralism except to those who happen to accept the overarching paradigm that is supplied.” Advocation of a multi-paradigm approach is, however, more indicative of plurality over incommensurability and the author found merit in this argument. There would, therefore, seem to be greater value in grounding the polemic in this thesis in plurality, rather than asserting solutions as simply being multi-paradigm. This following polemic will therefore progress from an assertion that claims of paradigm commensurability and pluralism are sustainable, and indeed, desirable, in RM research. However, the notion of pluralism over incommensurability is not a simple dichotomous choice, and must be discussed further.

Second, there is little guidance in marketing literature of how to actually bridge or bracket paradigms; this sub-section and the following sub-section will seek to address pluralism as a top-to-bottom solution by examining two pluralistic perspectives, critical realism and structuration at a meta-theoretical level to a micro methodical level.

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\(^9\) This reference is taken from a working paper for a paper forthcoming at the time of the publication of this thesis. Page numbers for the citation were therefore not available.
6.5: Pluralism and pragmatism

This thesis notes a call for the dissemination of “pluralistic perspectives” in the objectives of the 2006 ESRC seminar series on RM (Pressey and Tzokas, 2006: p. 2). Easton (1996: p. 103) also made an implicit call for plurality when he proposes the adoption of “an eclectic set of methodological orientations [that should] be grounded centrally in the discipline of marketing, and make extensive reference to other research fields.” However, the discussion of plurality as relevant to this thesis must begin with a consideration of the purpose of marketing scholarship, this further dichotomy has been discussed as a tension between practical (pragmatic) findings versus academically rigourous findings.

It is noted that practitioners are more inclined than academics to operate across different paradigms without necessarily feeling that they have to justify this plurality in ontological or epistemological terms (Scherer and Steinmann, 1999), or indeed being aware that they are doing so. Concomitantly, the paradigm wars and warriors are a block between research and practice. However, this does not conclusively end any debate into the purpose of any research project. Scherer and Steinmann (1999: p. 524) allude to the abandonment of the practitioner in the midst of these paradigm wars and further comment, “this situation would be extremely awkward, if one were to stand by the claim that it is the task of science to support practice by supplying suitable suggestions to help problem solving.” Wilkie and Moore (2003: p. 132) seem sympathetic to such a view when they discuss four eras in the development of marketing thought and in the final era, defined as being from the 1980s to the present day, they argue that there is a “virtual disappearance of practitioner representation in leading journals,” an increased dominance of academics, and scholarship over
pragmatism. There would seem a compelling need for an equilibrium to be found in marketing scholarship, this resulting equilibrium must defend the discipline from abundant accusations of being theory weak but also must maintain consideration of the essential interests of the practitioner stakeholder (Starkey and Madan, 2001; Troye and Howell, 2004).

There would therefore seem to be a passionate and thriving dichotomous argument between paradigm commensurability or incommensurability versus naïve plurality, and a concomitant argument that links this debate to pragmatism as the most desired outcome of the research process. From a marketing perspective, different flows of causality are discernable in the plurality versus pragmatism argument. If the primary concern of a marketing researcher is indeed pragmatism, then working back from the research subject to find the appropriate pragmatically orientated research approach could lead to the optimum pragmatic solution. Alternatively, if a marketing researcher starts with ontological and epistemological beliefs that are then walked forward to the paradigm and commensurability debate, the outcome may or may not be pragmatic, but leaves pragmatism as conscious secondary concern, and subordinate to the philosophical starting point. Scherer and Steinmann (1999: p. 524) continue the argument introduced above by stating “in practice, a pluralism of conflicting orientations has to be overcome, as practical actions will finally require unambiguity and a synthesis of contrasting views.” Pluralistic research that seeks to mediate between entrenched positions may form a best of both worlds solution, providing practical solutions, whilst avoiding an accusation of marketing being theory weak. This compromise could justifiably be seen as pragmatic however, therefore no compromise
The polemic here requires further clarification as to the meaning of research plurality.

The position of Pozzebon (2004: p. 249) is that “non-dichotomist logics should be viewed as valuable attempts to purposively explore new understandings of human agency and strategic choice rather than continuing to nourish dualistic debates.” Such non-dichotomist logic has been taken as a call for pluralism in research endeavours. Non-dichotomous thinking and practice is therefore a more sustainable stance than multi-paradigm, as it avoids the self-stultifying possibility of a new paradigm emerging. Within the marketing literature, Hunt advocates a critical pluralism over what he defines as a mindless pluralism. Critical pluralism rejects both dogmatism and the equally antithetical position of relativism. Critical pluralism avoids the position of relativism in that, critical pluralists are open to new theories and ways of thinking, and accept that all seek to subject all methods and theories to critical scrutiny (Hunt, 1994).

“The critical\textsuperscript{10} half [of critical pluralism] stresses that nonevaluational, non-judgemental, noncritical, or mindless pluralism (viewing the supposed encapsulation of rival theories and new methods as thwarting comparison and evaluation) is just as bad as dogmatism. All methods, theories, and their respective knowledge claims can (and must) be subjected to critical scrutiny; nothing is exempt” (Hunt, 1991: p. 41).

In essence, an assertion that all things should be considered pluralistically is as totalitarian as insisting all paradigms are incommensurable, some perspectives may be irreconcilable (Miller, 1997). Critical pluralism denotes a position that such perspectives should be deemed irreconcilable, only after critical scrutiny. Critical pluralism is a search for opportunities for rapprochement between paradigms and methods of enquiry, rather than a campaign to make all perspectives compatible in all contexts.

\footnote{Italics added and speech marks removed in the quotation.}
The *discordant* pluralist perspective advocated by Gregory provides a further refinement of the argument in favour of critical pluralism. Discordant pluralism:-

“sees distinct theoretical positions as supplementing, rather than competing with one another. […] In practice a discordant pluralistic perspective means that different methodologies from distinctive traditions will be seen as capable of assisting each other in providing an enriched understanding of the situation being investigated” (Gregory, 1996: p. 619).

Discordant pluralism is clearly critical pluralism in Hunt’s terms, so does not supplant rather supplement a critical pluralist perspective. A crucial attraction of the discordant pluralist perspective is that is juxtaposes rather than contraposes incompatible perspectives. It does so through the ability to communicate with other perspectives allowing a “constellation that supports both one perspective and the other. Issues need no longer be framed in an either/or manner” (Gregory, 1996: p. 620), thus breaking out of the dichotomous cycle discussed earlier in this chapter. Discordant pluralism allows for communication rather than unification of competing paradigms.

A discordant and critical pluralistic stance is, therefore, taken in this thesis and is preferred to a conscious alternate stance that the thesis has sought and found a multi-paradigm solution. Earlier in this chapter, agency *and* structure were identified by the author to be weaknesses in the potential insight into the phenomenon under investigation, if pursued through an interpretivist lens. The following sub-section will discuss agency *and* structure and introduce the additional insight available by adoption of critical pluralist standpoint.
6.5.1: Determinism *versus* voluntarism, agency *and* structure

It has been observed that the debate between structure and agency refuses to “lie down or quietly fade into obscurity” and continues to “haunt organization studies with ontological, analytical and methodological dilemmas that cannot be ‘wished away’ or contained within a form of philosophical quarantine” (Reed, 1997: p. 21-22). The relationship between agency *and* structure remains one of the most “pervasive and difficult issues in social theory” (Pozzebon and Pinsonneault, 2005: p. 1356). Such debate, however, has been substantially overlooked within the marketing discipline and it has been necessary to look to sister disciples, in the business studies family for help in developing this polemic. A helpful starting point proved to be the strategic determinism and volunteerism literature in organisational studies and strategic management literature. This literature makes a clear link to the possible pluralistic solution of critical realism. Further literature within organisational studies and the IT discipline presents the theory of structuration as a second possible pluralistic solution. This body of literature will be discussed next.

Strategic voluntarism (Child, 1997) or interpretive voluntarism (Pozzebon, 2004) has received significant attention within organisational sciences. Strategic volunteerism involves the free choice and volition of conscious human actors in their environments. The choices of human agents will be referred to from hereon as agency. Giddens (1984: p. 9) discusses agency as “events of which the individual is a perpetrator, in the sense that the individual could, at any phase in a given sequence of conduct, have acted differently. What happened next would not have happened if that individual had not intervened.” The contraposition to voluntarism is that of strategic determinism. The either/or dichotomy is illustrated well by Whittington (1988: p. 522) when he states that
“all that is necessary for strategic choice is to dissolve away environmental constraint, smash the imprisoning walls, and with one bound the actor is free.” Donaldson however warns that “organizations are more determined than strategic choice holds” (Donaldson, 1997: p. 78).

“Organizations are not isolated entities free from external pressures and acting on their own will. Instead, organizations are in permanent interaction with other entities in the environment where resource exchange relationships take place” (Macedo and Pinho, 2006).

Strategic determinism denotes a situation where the choices of an actor are constrained and, indeed, determined by external, environmental structures. Actions then should be casual and replicable, therefore adequately exposed under a functionalist investigative lens. Structures, as discussed as constraining volunteeristic action in agents in the strategic determinism perspective, do not have to be “physical, or even observable—the criterion for existence is the non-empiricist one of causal efficacy” (Mingers, 2004: p. 409). A central notion of something being real rather than apparent is transphenomenality, that of an existence beyond individual perception. Indeed what is real may indeed be different to what is apparent, the notion of counter-phenomenality (Collier, 1994).

“The world is constituted not only by events given directly in experience, but also by the unobserved and perhaps even unobservable entities, structures, mechanisms, and so on, which, existing and acting independently of scientists’ knowledge of them [that] govern observable events and states of affairs” (Lewis, 1996: p. 487).

In other words, structures can exist as real but non-apparent forces or presences to sentient actors but such “concepts, ideas, rules and practices, for instance, are no less real for being unobservable” (Mingers, 2004: p. 409). Such unobservable structures are structures “by virtue of the fact that they have spatially, temporally and socially enduring institutional properties that are irreducible to the activities of contemporary agents” (Reed, 1997: p. 33). The unobservable nature of structures are also explainable
by their existence in extended time as well as space, structures “derive from the historical actions which generated them and which establish a structured context for current action” (Reed, 1997: p. 33) and provide the “binding of time and space in social systems” (Jochoms and Rutgers, 2006: p. 395). It is the position of Knoke and Kuklinski (1991: p. 173) that social structures are “seldom an explicit focus of enquiry, to the extent that it is even covered at all.” Within the marketing discipline, authors have noted a similar “decompositional approach” (Singh et al., 2005: p. 38) to the study of RM in which one phenomena, such as a customer, is examined atomistically in isolation to another phenomena such as the market or society, as a whole. It is through consideration of such unobservable forces that the deployment of an unadulterated interpretivist perspective in this thesis was found to be limiting. Whittington (1988: p. 527) would seem to support such a stance when he states, “as has been noted often enough before, the interpretive stress upon the subjectivity of environmental constraint leaves researchers all too liable to a neglect of structures beyond actors’ immediate experience or understanding.” In other words, interpretivism may reveal what is apparent to actors, but not, what is real but not apparent (transphenomenality).

In attempt to break out of the voluntarism (agency) versus determinism (structure) dichotomy, Whittington (1988: p. 523) discusses strategic determinism as two subordinate categorisations. First environmental determinism, is a form of determinism in which options are limited by the possibly that only one option will lead to survival, the other options to extinction. In the environmental determinism perspective, the ostensible choice is no choice at all; all but one choice would amount to turkeys’ voting for Christmas. Whittington defines action determinism as a given actor choosing to act a certain way in a certain circumstance because of internal and personal constraints.
These two perspectives are depicted in Fig. 6.3 but still amount to an atomistic trichotomy rather than a pluralistic solution. In an attempt to move further beyond such dichotomous or trichotomous either/or decisions and look for pluralistic and solutions, one pluralistic solution is achievable through consideration of a critical realist ontology (Bhaskar, 1978, 1979), defined as realist sociology in Fig. 6.3. Whittington places realist sociology (critical realism) as an attempt to break out of the trichotomy of environmental determinism, action determinism and interpretive voluntarism. Critical realism recognises “both structure and agency in the explanation of human activity. Structure is not atomised, as in action determinism; nor does it crush human agency, as in environmental determinism; nor finally is it subordinate, as interpretive voluntarists assume” (Whittington, 1988: p. 528).

Championed by Geoff Easton, critical realism is discussed in a number of papers within the RM discipline, especially within the IMP tradition. Critical realism has been discussed by marketing scholars as an ontological and epistemological stance (Harrison and Easton, 2002) and as one of four paradigms alongside positivism, conventionalism and constructivism (Easton, 2002). Realism is discussed as one of four paradigms alongside positivism, critical theory and constructivism (Healy and Perry, 2000; Perry et al., 1998), exposing the danger discussed above as an ostensibly non-dichotomous solution being perceived and deployed as a discreet paradigm. More helpfully, critical realism is also discussed as being an alternative meta-theory to those of postmodernism and positivism (Sousa and de Castro, 2008; Sousa, 2008), as a philosophy in contrast to positivism, and adopting an intermediate position between realism and critical theory (Morais, 2008). Equally, realism versus Kuhnian (1962; 1977) influenced critical relativism have also been argued to be the contenders in a war of succession over
logical empiricism in marketing thought (Easton, 2002). Critical realism has also been used as a perspective on advertising research as an alternative functionalist measurement of conscious and observable phenomena (Heath and Feldwick, 2008). There, therefore, seems to be some variance in critical realisms use in marketing literature, a discussion of which is beyond the scope of this paper; however, the ontological credentials of critical realism seem consistent through the body of literature reviewed above. The ontological position of critical realism forms a basis on which the polemic in this chapter will be further advanced.

Critical realism in Fig. 6.3 is positioned ontologically as a stance in relation to agency and structure. As such, critical realism may appear as being advocated as an alternative paradigm to action determinism, environmental determinism and interpretive volunteerism. However, the thrust of the polemic, in this sub-section, has been to search for pluralistic solutions rather than new paradigms. Support for the position that critical realism should be seen as a pluralistic mode of enquiry can be found amongst
eminent proponents of critical realism such as Collier (1994: p. 207), who proposes that critical realist interventions take place on “disputed ground” such as that between the functionalist and interpretivist paradigms. Collier further states that “it is no part of the project of critical realism to set up its own colonies.” As such critical realism is discussed in the context of this thesis as a pluralistic approach to enquiry rather than as a paradigm or multi-paradigm approach.

The ontological position of Bhaskar’s (1978; 1979) critical realism is that there is an independent reality “out there” (Easton, 2002: p. 76; Harrison and Easton, 2002: p. 546) “independent of observers” (Harrison and Easton, 2002: p. 546) and “waiting to be discovered” (Easton, 2002: p. 76). “Constructivists and critical theorists consider there are many realities, while [critical] realists consider that there is only one reality, although several perceptions of this reality must be triangulated to obtain a better picture of it” (Perry et al., 1999: p. 18). As such, critical realism is pluralistic as it does not fall foul of the social constructivist critique and recognises the existence of independent social structures. Critical realism can, therefore, cope with transphenomenality and counter-phenomenality.

Bhaskar’s (1978) notion of critical realism includes the notions of necessary and contingent relations; in essence, that objects affect other objects, whether linked by direct causality or not. Bhaskar (1978) refers to structures as lying in one of three domains which he calls the domain of the real. The domain of the real contains the “independent-from-observer mechanisms which create events” (Easton, 1998: p. 76). As such, critical realism recognises the high influence of social structure. However, the critical realist perspective does not suppose that the structure in itself directly affects an
outcome. Aetiologically, the cause and effect relationship is mediated through Bhaskar’s (1978) domains of the actual and the empirical. The domain of the actual is “the working of a real world that is unobservable” (Harrison and Easton, 2002: p. 546) and contains both the events that occur and the experiences of those that take part in them. Only the experiences of actors lie in the domain of the empirical but these experiences sensitise the researcher to the mechanisms and events that together denote causality. “It is therefore the realist project to discover what causal powers act in what ways” (Easton, 1998: p. 77).

Bhaskar’s realist critique applies to both positivist and interpretivist stances. Interpretivism in Bhaskar’s critique is summarised as myopically seeing that “structures are fused continuously in events” (Whittington, 1988: p. 528). Critical realism sees the existence of fixed structures unlike interpretivism, but unlike determinism sees these structures as facilitating agency and action rather than purely constraining.

“According to the critical realist, social structure is more than a material presence as they contain independent (and unobservable) causal forces that are presupposed for the individual to act. In ignoring this, the individualist makes the error of voluntarism” (Aastrup, 2000: p. 3).

In addition, critical realism accepts that these structures are changed through human agency, a perspective arguably unobtainable through functionalism. Critical realism adds consideration of sociological and psychological structures to the physiological structures discernable to functionalists, whilst maintaining consideration of physical environmental structures largely ignored by interpretivists.

Critical realism is above introduced as one possible pluralistic tool to break out of the trichotomous problem outlined in Fig. 6.3. Fig. 6.3 is helpful in presenting an
ontological position in relation to agency and structure. During the formative stages of this thesis, such an ontological position in relation to agency and structure invited a search for alternative theories. Pozzebon helpfully makes a modification to the dimensions of the grid introduced by Whittington in Fig. 6.3 by re-naming the top-right quadrant from realist sociology to integrative perspectives. Such integrative perspectives are proposed as critical realism and structuration, along with Fay’s multiculturalism (1996) and Bernstein’s (1983) view. The author further adds a perspective that was influential in the early stages of this thesis, Bourdieu’s (1990) habitus.

“By integrative I mean perspectives that take into account both dimensions– structure and agency – thereby avoiding a dichotomist view and moving toward a more holistic understanding of human choice. (Pozzebon, 2004: p. 265).

Critical realism and structuration are argued to be alternative approaches taken often on the basis of ontological affinity (Pozzebon, 2004; Pozzebon and Pinsonneault, 2005). Whilst structuration has been selected over critical realism, for use in this thesis, due to such ontological affinity, the literature, reviewed above, maps a polemic from the pluralism debate, through the voluntarism/determinism literature, to an ontological discussion on agency and structure which is difficult to develop without stepping outside the structuration literature. The theory of structuration will therefore be introduced below as alternative to critical realism. However, having above dealt substantially with the issue of space, manifest as the relationship between agency and structure, it is next important to more explicitly deal with issue of time in research design. As such, the dualities of time and space, agency and structure are next addressed.
6.5.2: Time and temporality

The concept of time in methodology and theory building has often been ignored in interaction studies (Halinen and Tornroos, 1995). Plakoyiannaki and Saren (2006: p. 219) state that “the locus of time should be inherent in any conceptualization of marketing. However, the marketing literature has typically approached time in a rather simplistic manner, i.e. time is perceived as unitary and linear.” The lens within which functionalist researchers view the world is synchronic and misses the impact of extended temporality. Interpretivists in the relationship and network (Piekkari et al., 2007) approaches to the marketing discipline have equally struggled to deal with diochronicity in research design. Cross-sectional studies and short-term studies into RM and services marketing related phenomena dominate the overwhelming majority of such papers (O'Driscoll, 2006: p. 128; Palmatier et al., 2007: p. 143; Patterson et al., 1997: p. 5). In a number of such cross-sectional papers, recognition is evident that longitudinal studies are also needed (Arnett et al., 2003: p. 101; De Ruyter et al., 2001: p. 283; Morgan and Hunt, 1994: p. 34; Nielson, 1998: p. 457; Selnes, 1998: p. 317; Winklhofer et al., 2006: p. 187) to clarify cross-sectional data. There have also been calls in marketing papers for dynamic and processual studies more grounded in a historical context (Beverland and Lindgreen, 2004: p. 829; Ravald and Grönroos, 1996: p. 28; Ring and Van De Ven, 1994: p. 91). Halinen and Tornroos (1995) suggest that a weakness of a cross-sectional research approach is that relationship variables change over time. Importantly, researchers in the field of economic geography also note the tendency for that body of research to ground processual conclusions in cross-sectional studies (Malmberg and Maskell, 2001). Time is therefore established as an important, perhaps essential element in research design, but avoids explicit consideration in the vast majority of papers.
Time can be classified into a natural time concept and a social time concept. Natural time is the absolute physical or scientific notion of time. Social time has been subdivided into three further categories; cultural, organisational, individual and relational (Halinen and Tornroos, 1995). The cultural time concept is the difference in time perception between different cultures. The organisational time concept is the concept of time inherent in organisations, such as families, and in groups of economic actors such as firms. Individual time is a personal and subjective view of time, which is closely related to relational time. The relational time concept presents the human temporal experience as prominent. “If the human actor takes precedence in shaping business relationships, then interaction should be seen in human terms first and foremost. Thus, in business management, “an elaboration of time may be best undertaken in human terms” (Medlin, 2002: p. 2). The relational notion of time sees time more interactively than individualistically and views time from the perspective of past, present and future. Halinen and Tornroos conceptualise the relational time concept in the following diagram (Fig. 6.4).

The relational time concept pervades interaction between individuals and could be seen as a compromise between the different notions of time that people and organisations make when interacting. Across time and within given spatial environments, the notion of relational time is a significant constraining and/or enabling force. Fig. 6.5 below demonstrates the interplay between social forces such as the relational time concept which over time, stabilises, arguably as a social structure.
Fig. 6.4: DIMENSIONS OF THE RELATIONAL TIME CONCEPT

Fig. 6.5: SOCIAL PRACTICES STABILISING THROUGH TIME AND SPACE

Medlin (2002) proposes that the minimum period of present time must consist of at least two moments, one cognitive and one interactive, in essence the time taken to consider something (cognitive) and act upon it (interactive). In the context of relational
time, present can be defined as between two events, longer than two moments and long enough for an actor to perceive a change in the state of reality. Critical incidents are those that trigger radical change in a network or dyadic relationship (Halinen et al., 1999). Similarly, epistemically significant moments are significant moments in time that cause actors to reflect on past events and thus shape the future (Lawson, 2000). However, events are also non-critical as well as critical. A non-critical incident may not be discernable by an actor, that is, it may be real but not perceived. Events, therefore, modify a relationship generatively (positive), degeneratively (negative), or have a neutral effect (Schurr, 2004, 2007). The relational time concept is therefore adopted in this thesis, as the most relevant notion of time in the design of the research.

6.5.3: Structuration

Anthony Giddens stands as one of the most cited social scientists of all time. His works begin with two criticisms of classical sociology focussing on Marx, Durkheim and Weber. These two works were *Capitalism and Modern Social Theory* (1971) and *The Class Structure of the Advanced Societies* (1973). The theory of structuration was introduced and advanced in *New Rules of Sociological Methods* (1976), *Central Problems in Social Theory* (1979), *A contemporary Critique of Historical Materialism* (1981) and *The Constitution of Society: Outline of the Theory of Structuration* (1984). Giddens in recent years has moved away from explicit development of the theory of structuration and as such, it is his work between 1971 and 1984 that is of concern in this thesis. Giddens’ theory of structuration generated much debate and contention at the time of its conception and immediately afterward. Since then, third-party argument concerning the theory diminished, but has recommenced in earnest more recently. Since the early 1990s, increasing reference to the theory and use of structuration within
business disciplines is observable. For example, structuration has received increasing attention from management researchers, particularly in the field of organisation studies (Ellis and Mayer, 2001). However in his review into the utilisation of structuration theory in strategic management, Pozzebon (2004) found only nineteen articles that referred to structuration and only three that had explicitly used the theory. Pozzebon notes that there were twice as many articles utilising structuration theory published between 1998 and 2000 than between 1995 and 1997. The author notes an ever increasing interest in structuration theory since 2000. Within the Information Technology (IT) discipline, the use of structurationism has become far more widespread (See for instance Brooks, 1997; DeSanctis and Poole, 1994; Jones and Karsten, 2008; Rose, 1998; Rose and Scheepers, 2001; Rose and Hackney, 2002; Walsham, 1998).

patters and finally, Nicholson et al. (2009) present structuration as a means of ensuring spatial and temporal transferability of research findings in RM and advocate structuration as the meta-theory of RM.

Similar to critical realism, Giddens theory of structuration has also been argued to be an attempt to “bridge the gap between deterministic, objective and static notions of structure on the one hand, and voluntaristic, subjective, and dynamic views on the other” (Ellis and Mayer, 2001: p. 193). Structuration theory is an “ontology of social reality that attempts to overcome dualisms that have become deeply entrenched within social theory: subjectivism versus objectivism, individual versus society and social atomism versus holism” (Berends et al., 2003: p. 1039). With particular relevance to RM, Sydow (1998: p. 112) argued that:-

“interorganizational practices do not simply derive from voluntary action, nor are they fully determined by structures. Rather, knowledgeable agents [...] refer to the prevailing structures of the firm, the network, the industry, and the broader society. By doing this, agents reproduce these very structures.”

It is the position of Giddens (1979: p. 69) that the structural properties of social systems are “both mediums and outcomes of practices that constitute these systems.” Structuration, as such, is an emergent property of ongoing action (Barley, 1986) and “reflects a change from the ostensibly predictable outcomes of strategic action to the assumption that all outcomes must be interpreted as they are produced” (Durham, 2005: p. 32), thus rejecting functionalism.

Agency in the theory of structuration is also discussed as “institutional practices that shape human actions which in turn reaffirm or modify the institutional structure” (Barley, 1986: p. 80) but agency does not concern itself with people’s intentions, rather
the “flow or pattern of people’s actions” (Pozzebon and Pinsonneault, 2005: p. 1356). After consideration of time and space, agency and structure, a third important consideration of structuration is the consideration of the actor as knowledgeable. “Patterns of actions and interactions of knowledgeable and reflexive actors become standardised and, over time, eventually become institutionalised, thereby forming the structural properties of organisations” (Pozzebon and Pinsonneault, 2005: p. 1358). Institutions in this sense are “historical accretions of past practices and understandings that set conditions on action” (Barley and Tolbert, 1997: p. 99). The routinisation of action leads to storing of such activity in the consciousness of actors (Akgun et al., 2007). A central tenant of structuration is that it does not derogate the actions of the lay actor in a way that structuralism does. The lay actor in structuration is deemed to be a conscious actor rather than an unconscious actor such as in structuralism, and is therefore able to make choices (Jarzabowski, 2008; King, 2000). However, the notion of consciousness in structuration requires some further elucidation. Giddens (1979: p. 25) proposes that consciousness can be divided into discursive consciousness, practical consciousness and unconsciousness. Practical conscience is an implicit consciousness that lies between discursive consciousness and unconsciousness. Practical consciousness is drawn upon in certain circumstances and within which lie transphenomena; things that are real due to causal efficacy, but may not be consciously perceived as causal by the actor. Discursive consciousness refers to things that can be put into words. An actor’s knowledgeability may therefore lie in practical and discursive realms of consciousness.

Fig. 6.6 presents a model of structuration introduced by Giddens (1984: p. 29), and later adapted and deployed by Ellis and Mayer (2001: p. 195), Barley and Tolbert
(1997: p. 97) and Sydow and Windeler (1998: p. 271). The duality of agency and structure is represented by the interplay between structure, represented as rules of signification and legitimation, and the resources of domination; and agency expressed as communication, power and sanctioning behaviour.

The concept of structure in the structuration sense is proposed to be the “patterned regularities and processes of interaction” (Ranson et al., 1980: p. 1), and “the rules and resources people use in interaction” (Riley, 1983: p. 415). Structures of legitimation, domination and signification are inseparable in practice but can, however, be distinguished analytically (Jarzabowski, 2008).

Structures of domination, in Giddens’ conceptualisation, have two sub-elements. First, structures of domination are the allocation of material resources and second, are authoritative structures, which represent the asymmetry between actors and groups of actors. Authoritative structures are closely linked to rules of legitimation. Contracts ensure that interaction takes place within the “shadow of the law” (Rooks et al., 2000: p. 128) and as such contracts stand as authoritative facilities. Through the modality of facilities, the contextual and individual facilities that powerful agents use to dominate, “be they money, information, codified knowledge, means of production or other

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**Fig. 6.6: THE DIMENSIONS OF STRUCTURATION**

agents” (Sydow and Windeler, 1998: p. 271) are utilised. Settlement of disputes in this context is with resort to the law rather than social norms. Social norms act as an alternative regulatory structure to contracts through which behaviour is constrained by sanction rather than power. Failure to deploy power, where an asymmetric power dynamic is evident, will engender trust in a relationship.

Power is defined by Giddens (1979: p. 93) as “the capability of actors to secure outcomes where the realisation of these outcomes depends on the agency of others.” The power to structure a situation is unlikely to be distributed symmetrically between actors in any situation. Power “is a man made instrument and it will be made by men in proportion to their power in a given situation” (Gouldner, 1955: p. 27). Reward power, coercive power or legitimate power has been found to be ineffective in developing network forms of organisation (Achrol, 1997). Deployment of power is seen, in many RM articles, as contraposed to relational approaches in which an actor should experience the relationship as “balanced or symmetrical (Rokkan and Haughland, 2002: p. 212). Power asymmetry is illustrated, in the RM literature, through the phenomenon of opportunistic behaviour (Sub-Section 2.5.5). Power asymmetry facilitates one partner behaving opportunistically, an example would be information asymmetry between buyers and sellers which one partner in the dyad uses to gain ascendancy over the other in a negotiation (Stewart and Pavlou, 2002). Failure to behave opportunistically, where the opportunity exists, facilitates trust. Demonstrable patterns of trusting behaviour help the development of perceived trustworthiness amongst actors. Whilst there is little agreement on the definition of trust, there is interdisciplinary agreement that trust is not behavioural, or a choice, but an underlying
psychological condition as a result of experience and interaction over time (Rousseau et al., 1998). Trust in this sense is structurational.

The role of a strategic network centre, focal firm, network captain or manager (Campbell and Wilson, 1996; Koopenjan and Klijn, 2004; Lorenzoni and Baden-Fuller, 1995) as a facilitator of access. The network centre can choose to withhold or grant access as a powerful sanction or facilitate action as sanctioned by the norms of the network. Trust is an enabling structure and enables access to certain facilities. Such an enabling structure recursively reinforces the trustworthiness of actors. Reciprocity therefore becomes the norm rather than the deployment of opportunistic power.

Sanctioning behaviour is a category of interaction or agency through which behaviour gets encouraged or discouraged, potentially through the application of reward, penalty, coercion and inducement. Norms are “suitable for articulating and sustaining what they [actors], in a particular context, consider right and wrong” (Ellis and Mayer, 2001: p. 195). It has also been proposed that norms only exist when there is a probability for non-compliance to be negatively sanctioned (Ott and Ivens, 2009). Norms have also been argued to represent the spirit of the social interaction, (DeSanctis and Poole, 1994). The gift-cycle is helpful to understand how patterns of behaviour become routinised. In Maussé’s (1954 [1924]), seminal work The Gift, he presented an anthropological study of the rituals of many societies in respect of gift giving and receiving. Maussé characterised three obligations in the cycle as giving, receiving and repaying. These obligations have also been referred to as the norm of reciprocity (Gouldner, 1960). The norm of reciprocity is demonstrated in some cultures as the normal level of reciprocation to a gift received. The level and timing of this
reciprocation is therefore sanctioned with reference to the norms of society. This is what Giddens calls the theory of normative regulation. In the RM literature, Ott and Ivens (2009) categorise norms as S-Norms (social norms) and R-Norms (rule norms). The crucial difference is whether enforcement of such norms is with recourse to authority structures, or by the sanctioning behaviour of social peer groups. A further norm discussed in the RM literature is the norm of flexibility (Lin and Germain, 1999), such a norm enables adaptations by partners in a relationship.

Reliance on norms of behaviour is discernable in the RM literature. Turnbull et al. (1996: p. 59) for instance, proposed that “a structure of meanings surrounds the actions of participants in relationships and networks […] these meanings are not just a function of the individual’s experience but are socially determined through the relationship itself and the normal ways of doing things.” Sheth and Parvatiyar (1995b: p. 256) also proposed that consumers “engage in relational market behaviour because of the norms of behaviour set by family members, the influence of peer groups, government mandates, religious tenets, employer influences and marketer induced policies.” Relational exchange norms (Heide and John, 1992: p. 34) are therefore central to understanding relational exchange and interaction. However, over reliance on norms, as a defence against opportunism, has been found to be dangerous (Berthon et al., 2003).

Legitimation in Giddens’ conception refers to the process by which involvement is made socially legitimate by reference to established norms of behaviour. Structures of legitimation are institutionalised interpretive schemes (Jarzabowski, 2008) that are used to communicate what is a legitimate and an illegitimate act in a given time and space context (Sydow and Windeler, 1998). The greater the levels of interaction and
communication, the greater the levels of sanctioning behaviour will occur. Rules of legitimation “define the appropriate dress code in particular settings, the transgression of which may invoke sanctions” (Jones and Karsten, 2008: p. 129). Such codes may change over the long term by the constant disruptive behaviour of actors, but *dress codes* are likely to endure across the short term.

Communication is a structuring process and has been defined in RM literature as “the formal, as well as informal sharing of meaningful and timely information between firms” (Anderson and Narus, 1990: p. 44). Communication is seen as a mediating variable for the development of partnership success (Mohr and Spekman, 1994) and for establishing trust (Anderson and Narus, 1990; Friman et al., 2002; Morgan and Hunt, 1994). Communication in the structurationist sense is used to “reflexively apply interpretive schemes and draw upon rules of signification” (Sydow and Windeler, 1998: p. 271). The role of communication in the theory of structuration is bi-directional rather than unidirectional as in the traditional communications model.

An example of context rich communication is relational communication, literally, communication about relationships. Relational communication is a form of *interpretive scheme* to make sense of the context in which communication is taking place. In the RM literature, the notion of relationship atmosphere has also been discussed (Hallen and Sandström, 1991). Relationship atmosphere is “reinforced and empowered by spatial and cultural proximity” (Cova et al., 1998: p. 206). Communication is central to relationship atmosphere. In the structurationist sense, two-way communication in a specific space and time context, allows actors to build up stocks of tacit-knowledge that
acts as an interpretive scheme. Communication over an extended period of time allows an actor to make sense of a given time and space context.

The structural *rules of signification* or “sense making” (De Rond, 2003: p. 140) “restrict and enable agents to make sense of the context they act in and to communicate this meaning to others” (Sydow and Windeler, 1998: p. 271). Rules of signification include syntagmatic statements and semiotics and amount to what Giddens called the theory of coding. Semiotics is the science of studying the interpretation of signs in various situations (Hedaa and Törnroos, 2007). Access to semiology could be gained through the use of metaphor by respondents in a narrative. Verbal structures can be identified as “myths, metaphors, jokes, legends, names and rumours” (Riley, 1983: p. 419). Metaphors “presuppose a great deal of common knowledge on the part of those who are supposed to understand them” (Storper and Venables, 2002: p. 19). Metaphors are often used where the consciousness of actors deployed is practical rather than discursive. A further relevant marketing example of semiology would be that of visual branding and overall corporate visual design. The interplay between rules of signification and with rules of domination would be through prescription as to the levels of creativity allowed within staff members to alter signs or logos (Vallaster and Chernatony, 2005: p. 763).

The modality of *interpretative schemes* are typically “taken for granted assumptions by organizational members” (Ranson et al., 1980: p. 6) drawn from “standardised elements of stocks of knowledge” (Giddens, 1979: p. 83) and are therefore context specific. The importance of these stocks of knowledge takes on greater significance in non-routinised marketing situations. These non-routinised situations require more specialised
knowledge and expertise. The more turbulent the context the more specialised the marketing knowledge (Vorhies, 1998).

“Relationships and networks, therefore cannot be understood without having knowledge of the communication processes occurring within them, and communication processes can be understood only if the situational factors are considered” (Olkkonen et al., 2000: p. 405).

As such, in the structurationist sense, the context of the communication takes on a greater significance, than the content of the message due to the context specific stocks of knowledge contained within specific time and space contexts.

6.5.4: A conclusion of the structurationist debate.

Critical realism differs from structuration in seeing agency and structure as different strata of society and not as an inseparable whole such as in Giddens’ approach. Bhaskar’s (1978; 1979) notion was that agency and structure are existentially interdependent but essentially distinct. More importantly, critical realists see structure as preceding agency:-

“social structures, according to the critical realist position, are a necessary condition for any intentional action and, consequently, social structures must necessarily pre-exist social action. Following this, actors can never create social structures, but rather through their actions they reproduce or transform them” (Aastrup, 2000: p. 4).

Giddens argues that individual and society be reconceptualised as a duality of agency and structure, “two concepts that are dependent on each other and recursively related” (Rose and Hackney, 2002: p. 2), and are “the iterative interplay of structural constraint and reflexive choice” (Li and Greenwood, 2004: p. 1138). In essence, structure and agency are two concepts which are inseparable and created simultaneously. It is on this ontological distinction that the choice between structuration and critical realism was made in this thesis. Certain transphenomena were deemed by the author, during data analysis, to be evidence of the inseparability between agency and structure, rather than
structures pre-existing agency. Such an argument is furthered in the conclusions to this thesis. Beyond a defence of structuration at an ontological level, a significant question remains as to how to deploy structuration at a meta- and meso-methodological, and micro-methodical level. The following sub-section will outline how this is to be achieved.

6.6: Implementing an investigation based on structuration.

Discussion so far could be argued to be on a meta-theoretical or ontological-level. The polar opposite would be micro-level analysis and this will be discussed in Chapter Seven as *methods* as opposed to *methodology* discussed in this chapter. However, first there would seem to an additional step that links the macro and micro-levels which is termed meso-level consideration. It is through consideration of this meso-level methodology that the practical implementability of a structurationist approach can be defended as appropriate in this thesis.

Several problems with deploying structuration theory have been discussed in literature from multiple disciplines. First, Giddens’ theory of structuration is criticised as not providing a viable epistemology (Hekman, 1990).

“Giddens presented us with the paradoxical situation that the complementarity of agency and structure at the ontological and epistemological level does not imply that (methodologically, i.e. on the observational level) social phenomena can, as such, be empirically studied simultaneously” (Jochoms and Rutgers, 2006: p. 387).

Giddens’ work has been further challenged as failing to provide a “concrete empirical example in his own work,” offering “few clues as to how to proceed in the everyday world in the gathering of useful understanding, and it’s reflection back on the world of practice” (Rose and Scheepers, 2001: p. 5). Giddens (1989: p. 294) himself suggested
that structuration should be seen more as “sensitizing devices rather than as detailed guidelines for research procedure.” De Rond (2003: p. 139) used structuration in such a fashion as an “empirical platform” in his recent examination of alliances. Authors note that “structuration theory is not easily coupled to any specific research method or methodological approach” and that structuration theory is “not intended as a method of research or even as a methodological approach, […] its application in empirical research is widely recognised as very difficult” (Pozzebon and Pinsonneault, 2005: p. 1363-1355). However Giddens (1984: p. xxx) also clarifies that “I do not try to wield a methodological scalpel…there is [nothing] in the logic or the substance of structuration theory which would somehow prohibit the use of some specific research technique, such as survey methods, questionnaires or whatever.” One central concern is Giddens stance on the inseparability of agency and structure. If agency and structure are inseparable, how can they be analysed at any given moment in time, Giddens “brackets (temporarily ignores) one moment of the duality when examining the other within the same time frame” (Jessop, 2005: p. 45). However, others suggest that structures of legitimation, domination and signification are inseparable in practice but can be distinguished analytically (Jarzabowski, 2008). It would seem clear that Giddens did not intend to reveal synchronicity, rather than diachronicity. Separation of elements of Fig. 6.6 would therefore seem acceptable where the intent is to present an analysis of phenomena across time and space, rather than in a moment of time and space. Indeed, recent authors have attempted to extend structuration from an ontological to an epistemological level in order make it capable of producing empirical outcomes. There have been many articles in recent years that have deployed structuration at a methodological level. Recently the notion of strong structuration theory has been advanced by Stones (2005) as a method of introducing epistemology into structuration.
and producing actual findings, and deployed within the accountancy discipline (Ahrens and Chapman, 2006; Jack and Kholeif, 2007) to such an end.

6.7: Critical plurality and meta-theory

Within the systems perspective, Midgley (2000) advocates that plurality can be pursued at theoretical and methodological levels. This sub-section will deal with a notion of theoretical pluralism. Midgley’s systems approach asserts that theoretical plurality adopts different theoretical perspectives within different boundaries. Network boundaries were discussed in Chapter Four as arbitrary and dependent on the perspective of the actors involved in them (Anderson et al., 1994). Crucial in this theoretical pluralist perspective are the volitional choices of agents in respect of those boundaries and choices made within those chosen boundaries. “This kind of pluralism does not imply absolute relativism. It is still possible in terms of principles and standards for choice, albeit standards that are locally and temporally relevant rather than universal” (Midgley, 2000: p. 159). It is in such local and temporal relevance that significantly furthered the argument for pluralism as advanced in this thesis.

Meta-theory is defined here as what lies beyond, or outside, any substantive theory (Fleetwood and Ackroyd, 2004). It has been argued that “any criticisms to the work of scholars and researchers need to be made by taking their respective meta-theory into consideration” (Sousa and de Castro, 2008: p. 4). Such meta-theory tends to be considered at an ontological level. There is some support for such critical plurality to be deployed at a meta-theoretical level in RM, in doing so “those who have different perspectives can gain a more comprehensive view of relationship marketing” (Möller and Halinen, 2000: p. 34). Gregory (1992) however, casts doubt on the very nature of
meta-theory and is supported by Midgley (2000) in asserting that whereas meta-theory assumes ascension above the level of other theories, they in fact co-exist at the same level of theory as the theories that are often asserted to be subordinate. It is indeed a central tenant of all forms of scientific realism that there is “no grand theory of science” (Hunt, 1990: p. 8).

De Cock and Rickards (1995: p. 699) argue for a distinction between theory and theories; a theory being a generic category and theories being explanatory generalisations. Weaver and Gioia (1994) argue that the use of structuration as a multi-paradigm perspective ensures pluralism. De Cock and Rickards however, argue that the type of pluralism argued by Weaver and Gioia (1994) can apply only to theories whilst structurationism stands as a theory or meta-theory, they also assert that “a meta-theory stripped of its ontological foundation does not really live up to the part anymore” (1995: p. 700). Weaver and Gioia’s (1995) response to De Cock and Rickards was to place structuration as the meta-theory rather than a meta-theory. As the meta-theory, structurationism offers plurality, through being ontologically grounded, in both the functionalist and interpretivist paradigms. Nicholson et al. (2009) argue that structuration could stand as the meta-theory of RM. Nicholson et al.’s assertion is refined here taking into account Gregory’s (1996) notion of discordant pluralism and Midgley’s (2000) notion of theoretical pluralism within locally and temporally relevant boundaries. It is naïve to assert that there is a godlike theory of everything under which all other perspectives are subordinate; in other words, structuration could be subjectively chosen by a researcher as the meta-theory within a defined set of boundaries, but can stand as a meta-theory alongside for instance, critical realism as an alternative meta-theory within different boundaries. Möller and Halinen (2000)
implicitly adopt such a pluralistic approach to meta-theories of RM when they confidently state that there are two meta-theories, market-based RM and network-based RM. This presents an either/or situation of RM meta-theory for a research or practitioner in the discipline, but only one should be chosen within any given time and space context.

A technique referred to as paradigm bridging has been discussed as the use of “several methodological strategies to link aspects of different sociological perspectives, not to simply discover indisputable facts about a single social reality” (Miller: p. 25). Whilst the stated ambition here mirrors the intent of this polemic, however, the spectre of a multi-paradigm, paradigm has previously been introduced and such multi-paradigm approaches are therefore, arguably, unhelpful in further advancing the polemic of this thesis. Paradigm linking can be achieved through the more helpful notion of meta-triangulation, triangulation here is “not across methods within a single theory or paradigm, as is currently in vogue, but across theories and paradigms” (Gioia and Pitre, 1990: p. 596). Lewis and Grimes (1999: p. 676) assert metatriangulation to be:

“…applying, with fidelity, multiple paradigms to explore their disparity and interplay and, thereby, arrive at an enlarged and enlightened understanding of the phenomena of interest, as well as the paradigms employed.”

Metatriangulation can, in the language of this thesis, be asserted to be relevant at meta- and macro-methodological levels. Structuration and critical realism offer metatriangulation due to their ability to integrate determinism and voluntarism, agency and structure. Metatriangulation can be illustrated by examining the single concept of structure as analogous in each of Burrell and Morgan’s four paradigms, “structuring in interpretivism, deep structure in radical humanism, class structure in radical structuralism, organisational structure in functionalism,” and then considered
pluralistically as “structuration in the objective-subjective transition zone” (Gioia and Pitre, 1990: p. 596). Whilst the consistent use of critical realism or structuration may define them as separate paradigms, the pluralism inherent in their genetic makeup, is argued to be robust enough to stand up to the argument of “mono-paradigm” plurality advanced by Jackson.

Both structuration and critical realism could therefore be chosen as a meta-theory within different boundaries at different times, only one existing as the meta-theory in given time and space. There comes a point however that a review of literature, critical analysis, and dialectic debate cannot resolve itself; a conscious choice must be taken by a researcher.

“Recalling the dilemma of students of organizations making theoretical choices, perhaps the ‘right’ question is not which, among these alternatives, is the best choice for avoiding dichotomist reasoning and contributing to advance our understanding of human agency and choice, but with which of these alternatives one feels greater ontological affinity in order to contribute to the understanding of the possibilities of human choice” (Pozzebon, 2004: p. 251).

For the task in hand, this researcher here makes a conscious choice due to such an ontological affinity of structuration over critical realism. The choice is based upon fine criteria and will be examined in the following sub-sections.

6.8: Critical plurality and meso-methodological solutions

There remains a discussion as to how a meta-theory influences the approaches to conducting research. Does a meta-theory sit in lofty isolation above more micro-level methodological issues, not influencing such methodological issues in any respect? In such an event, there would seem little relevance to a discussion of meta-theory. A way of integrating meta-level choices with more micro-level issues can be through further
consideration of meta-triangulation. A distinction is made in this thesis between theoretical and methodological pluralism. Midgley (2000: p. 172) makes a further distinction when he talks of methodological pluralism:

“I mean embracing the possibility of engagement at two levels: at the levels of methodology, where we can respect others’ methodological ideas, thereby allowing their insights to inform our own methodology [...] and method, where we can use a wide range of methods in support of particular purposes.”

Reed (1997: p. 32-33) provides semantic assistance to Midgley’s distinction by discussing a methodological level as meso-level analysis, and methods as micro-level analysis.

“Realism does commit its proponents to a form of structural contextualization in which macro-level theories identify the structural and developmental parameters within which lower, meso-and micro-, level analysis are to be located.”

Realism’s ontological similarity to structuration makes such a statement equally applicable to structuration. Meta-theoretical plurality allows for the selection of a philosophical position for a given context within defined boundaries. Meta-level choice then constrains and/or enables the use of meso-level (methodological approach) and micro-level (methods deployed) as those being appropriate within the defined boundaries. Meta-triangulation therefore ensures coherency between chosen meta-theories and meso- and micro-level choices. Through the use of such meta-triangulation, a meta-theory does not sit as an irrelevant umbrella.

There are two perspectives that a structurationist approach can take, one focussed on the structures in their present state, a second an interest in the “dynamics of intentional action” largely espousing an interest in agency and structuring processes from an “historical and largely interpretive perspective” (Weaver and Gioia, 1994: p. 580).
There are however some other suggestions that structuration has been combined with both qualitative and quantitative approaches.

“Structuration theory’s intermediate position on the subjective/objective continuum allows a variety of research methods depending on the level of analysis and the particular phenomenon under study. Thus a qualitative symbolic analysis of interaction, or a quantitative analysis of the duration or breadth of regularized practices, could be used if appropriate for a particular investigation” (Riley, 1983: p. 416).

However, the overwhelming majority of papers discussing structuration seem to deploy qualitative methods in one form or another, indeed, De Cock and Rickards (1995: p. 701) confirm that interpretivism is an accepted methodological necessity in structurationist theory. This view is consistent with the assertion by Gioia and Pitre (1990) that a researcher is usually rooted in the assumptions of a single paradigm even when deploying multi-paradigm perspectives. A further critique of structuration is that Giddens notion of structure places it as a subjective or perhaps intersubjective phenomenon rather than as an objective phenomenon such as in Bhaskar’s conceptualisation of structure (Mingers, 2004). In their advocation of strong structuration theory, Jack and Kholeif (2007: p. 211) argue that “the purpose of structuration investigations is to elicit knowledge from actors and from their context,” and this speaks of intersubjective experience. Since the thrust of this thesis is also firmly theory building rather than testing, the investigative assumptions of this thesis would seem to demand a qualitative solution. The remainder of this chapter will therefore review a number of qualitative data collection traditions that were actively considered for use in this thesis.

6.8.1: Qualitative traditions of enquiry

Creswell (1994) argued that there are five main qualitative traditions of enquiry; a biography, a phenomenological study, a grounded theory, an ethnography and a case-
study. Without too much need for elaboration, a biography would seem inappropriate, therefore there would seem to be four methods appropriate for complementing structuration in this thesis. Such traditions have in each case, epistemological considerations but in some cases also ontological level implications. This causes some further ontological problems. A tradition of enquiry such as phenomenology would be positioned in the interpretive voluntarism quadrant of Fig. 6.3 above. Pozzebon (2004: p. 259) helpfully presented a modification of Fig. 6.3 that demonstrates the change in a number of ontological techniques with epistemological implications such as phenomenology, symbolic interactionism and constructivism. Such techniques, when combined with structuration, Pozzebon argued alter the ontological implications moving all techniques closer to the realist sociology quadrant in Fig. 6.3. The implications of choosing a method of inquiry such as phenomenology with its ontological underpinnings are sustainable when used alongside structuration. Such a combination continues the principle of metatriangulation discussed in Section C.

Grounded theory is a widely used research approach for theory building within the marketing discipline (Black and Tagg, 2007; Goulding, 2000; Haslam, 1997; Hirschman and Thompson, 1997; Singh et al., 2005). Glaser and Strauss (1967) proposed that grounded theory, is an approach that moves from empirical observation to the definition of concepts. It is, in essence, a form of inquiry, that as the name suggests, allows a researcher to build a theory from the ground up. Initial reading could infer on the reviewer an impression that a grounded theorist must begin such a research approach with a blank mind, which is of course impossible (Goulding, 2001). Later authors argue that Glaser and Strauss did not intend researchers to conduct research as academic outsiders, that is, without them being grounded in a disciplinary tradition (De
Burca and Mcloughlin, 1998; Goulding, 2001; Locke, 2001) including carrying their own “philosophical, theoretical and methodological proclivities, their research interests, and their biographies (De Burca and Mcloughlin, 1998: p. 96). In trying to advance a grounded theory, a researcher can however, hold in abeyance existing ways of thinking in order to prevent them prematurely biasing or contaminating emerging themes (Gioia and Pitre, 1990; Locke, 2001). An approach referred to as bracketing out is argued to be applied in the approach of Glaser and Strauss (Rennie, 2000) to avoid contamination of previous knowledge. Bracketing out is similar to Husserl’s (1931) concept of epoche, which, when conceptually deployed, offers “the opportunity for a fresh start, a new beginning, not being hampered by voices of the past that tell us the way things are or voices of the present that direct our thinking” (Moustakas, 1994: p. 85). The methodological thrust of grounded theory is revealed in the following quotation.

“Generating grounded theory takes time. It is above all a delayed action phenomenon. Little increments in coding and collecting data cook and mature then blossom later into theoretical memos. Significant theoretical realisations come with growth and maturity in the data, and much of this is outside the analyst’s awareness until it happens” (Glaser, 1978: p. 18).

The quotation above confirms several essential elements of grounded theory; first that it is a diachronic rather than synchronic endeavour, which over time, leads to the development of a substantive theory. Much of the supporting theory is outside the researcher’s knowledge until the data demands a review of such literature. Langley (1999: p. 700) further asserts that “as the categories are developed, the researcher deliberately seeks out data that will enable verification of the properties of emerging category systems.” As such, emerging themes are juxtaposed with data to support their existence. Such a process of moving from understanding to preunderstanding and back again, Gummesson (1991b) refers to as the hermeneutic spiral. The technique of iterative grounded theory (Orton, 1997) explicitly accommodates such a spiral between
understanding and preunderstanding. Whilst generally associated with qualitative techniques such as interviewing, grounded theory can lend itself to other techniques such as questionnaires or experiments (Glaser, 1978).

The position of grounded theory, complemented by structuration theory, has been approximated with reference to the use of structuration within the IT discipline. Langley (1999) proposes a series of strategies for dealing with such process data. Pozzebon and Pinsonneault (2005) later apply Langley’s strategies to a body of research using structuration within the IT discipline. They propose that an example of a grounded strategy can be found for instance in the work of Orlikowski (1993).

Ethnography is an approach where the researcher uses “socially acquired and shared knowledge to understand the observed patterns of human behaviour” (Hussey and Hussey, 1997: p. 68) and is also a well utilised approach in marketing research, particularly when assessing consumer buyer behaviour. There is some argument that ethnography has fallen in popularity (Boddy, 2009) but has risen again in recent years within the marketing discipline (See for instance: Healy et al., 2007; Ishmael and Thomas, 2006; Kelley, 2007). The central technique of participant observation allows for the research to be embedded in the context under investigation (Healy et al., 2007). Ethnographers can elect to triangulate their findings, utilising multiple methods such as observation and depth-interviews. The technique is time consuming as it necessarily involves heavy interaction within the research context. (Goulding, 2005). Its main advantage over interpretivism is to reveal how transphenomena such as cultural influences effect society. In particular, ethnography has been used to examine buying situations.
In a review of recent publications, Piekkari et al. (2007) found that case-studies were the most common form of qualitative method in marketing research. A case study approach could be defined as a ‘detailed study based upon the observation of the intrinsic details of individuals, groups of individuals and organisations’ (Malhotra and Birks, 2003). There are four recognised types of case study, descriptive, illustrative, experimental and explanatory. “The case research method facilitates the exploration of complex social processes by taking a holistic perspective on real-life events with all of their potentially rich and meaningful characteristics intact” (Lindgreen, 2001: p. 78).

Case studies are not necessarily limited to an interpretivist approach and can lend themselves well to quantitative methods (Piekkari et al., 2007). They can therefore be set in different paradigms. Within an interpretive paradigm, an explanatory case study, where existing theory can be used to understand and explain what is happening (Hussey and Hussey, 1997). Within the marketing discipline it is argued that an in-depth approach, such as a case study, is necessary to study interaction in networks and further that the best research on relationships utilises a case-based research approach (Auwah, 2001; Donaldson and O'Toole, 2002) but case study research has also been criticised as relying “entirely on third-person narrative written by the analyst” (Witowski and Thibodeau, 1999: p. 317).

Phenomenology is a further widely used and contemporary technique within the marketing discipline (Ardley, 2005; Harrison and Waite, 2005; Rook, 1987; Thompson et al., 1990; Thompson and Haytko, 1997; Thompson and Tian, 2008). Phenomenological researchers share “both a philosophy of what the world is like and
investigative methods deriving from that perspective” (Thompson et al., 1989: p. 133). The philosophical position of phenomenologists is that their “knowledge of the world comes from [their] sense-experiences of objects in the world, and define objects, especially physical objects as collections of actual or possible sense experiences” (Sutton-Brady, 2001: p. 4). That which separates social constructionism and phenomenology is the notion of *intersubjectivity*, that is, the shared experience; the consideration of which avoids individual social constructionism. Moustakas (1994) reflecting on the perspectives of Husserl, proposed that the principle of empathy as *intentionality* is the experience of other’s experiences. Through the notion of this *empathetic pairing*, constructionism in avoided and the risk of intentionality leading to the acceptance of any one person perceiving what isn’t actually there, is overcome.

6.8.2: Summary of meta-theoretical and meso-methodological stances taken in this thesis

Both interpretivism and functionalism have been rejected in this thesis. More broadly, philosophical dualisms and dichotomies have been rejected in favour of critical pluralism. Structuration has been identified as the meta-theory within the given space and time boundaries, defined in the following chapter, that allows for a holistic and meta-triangulated view of agency and structure to be made; viewing the phenomena under investigation from both voluntaristic and deterministic lenses. The problems of deploying structuration have been discussed, but with the help of literature from other disciplines such as IT and accountancy, a fusion between the ontological meta-theory and a meso-methodological tradition of enquiry has been considered. There remains a choice to be made between these possible traditions of enquiry.
The investigation that will be discussed further in the following chapter, will outline a context that required high levels of induction. A case study was rejected as inappropriate due to the lack of specific incidents that could be tracked through the region, neither were their multiple informed respondents within individual organisations. Ethnography, after initially promising deep insights, was rejected when the impracticability of conducting observation and participatory research, over a time-scale sufficient enough to gain appropriate insight, became apparent. Accessing historical narrative became the only feasible strategy.

Prior to the author’s concerns regarding dichotomies and dualism, phenomenology was settled on as the most appropriate tradition with which to begin an empirical investigation. After becoming concerned about dichotomies and dualisms, attempts to reconcile phenomenology, which included consideration of symbolic interactionism, existential phenomenology, ethnomethodology and hermeneutics, proved initially tenable. However, such a combination foundered on an argument paraphrased succinctly by Goulding (2005: p. 302) that phenomenology “is a critical reflection on conscious experience, rather than sub-conscious motivation, and is designed to uncover the essential invariant features of the experience.” A phenomenological investigation from this perspective would seem to be an account of an actor’s discursive consciousness rather than also considering transphenomenality and counter-phenomenality. However such a criticism is addressed exactly by the metatriangulation of structuration and phenomenology, indeed Pozzebon (2004) suggests just such a possible movement of phenomenology towards the integrative perspectives introduced as a critique on Fig. 6.3.
Grounded theory emerged at the mid-point of the thesis as the most appropriate tradition within which to conduct the fieldwork for this thesis. This compatibility was due to the highly iterative nature of the theory building demanded as the fieldwork progressed and by the multiple bodies of literature that were drawn upon between interviews. Such a grounded approach is also consistent with advice regarding theory building using a meta-triangulation approach.

“Meta-triangulation-in-action is highly iterative, as theorists necessarily fluctuate between activities. For instance, the process begins as theorists seek a multi-paradigm [the term non-dichotomous has been preferred in this thesis] understanding of the phenomena of interest. Yet this base expands and changes as theorists gain new insights into alternative paradigms and review additional literature to address emerging themes and evaluate emerging theory” (Lewis and Grimes, 1999: p. 676).

Grounded theory as a meso-level methodological solution is, therefore, selected as a tradition of enquiry that is compatible within the given boundaries with structuration as a meta-theory.

6.9: Chapter summary

During this chapter the traditional elements of a thesis such as ontology and epistemology, interpretivism and functionalism have been introduced and discussed. The discussion of marketing scholars as being substantially disinterested in philosophical issues has been introduced. Drawing on literature substantially from outwith the discipline, the author has brought further criticism to bear; that where marketing scholarship has considered a philosophical dimension, it has embraced and nurtured dualisms and dichotomies, such as the tension between qualitative or quantitative, functionalism or interpretivism, rather than seeking rapprochement between such polarised bodies of opinion and paradigms of practice. The debate surrounding such rapprochement, couched in terms of critical pluralism, is asserted to
go beyond current discourse available in the discipline of marketing and therefore makes a contribution to knowledge in itself, rather than just through the contextual knowledge that deployment of the approach reveals. To complete the picture however, the nuts and bolts, the methodical *doing* aspects of the fieldwork, must be stated.
Chapter Seven: Micro methodical solutions

7.1 Chapter introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter One</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section A</strong></td>
<td>Literature Review</td>
</tr>
<tr>
<td><strong>Section B</strong></td>
<td>Methods and Methodology</td>
</tr>
<tr>
<td>Chapter Six</td>
<td>Methodology, Meta and Meso-Level Issues</td>
</tr>
<tr>
<td>Chapter Seven</td>
<td>Micro Methodical Issues</td>
</tr>
<tr>
<td><strong>Section C</strong></td>
<td>Findings, Conclusions and Contributions</td>
</tr>
</tbody>
</table>

*Current position in the thesis shaded*

**Fig. 7.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS**

Source: Author.

This chapter will outline how the method through which this research project was implemented. The dominant style of this chapter, as apposed to the preceding, largely critical chapter, is descriptive. The chapter is structured as follows; Sub-Section 7.2 presents the objectives of the thesis as they stand, and as they evolved over the duration of the study. Sub-Section 7.3 covers matters relating to sampling, Sub-Section 7.4 then covers matters relating the chosen data collection method of semi-structured depth interviewing. This sub-section includes a discussion of practical considerations in the conducting of face-to-face interviews. Sub-Section 7.5 outlines the approach taken to data analysis and presentation. Sub-Section 7.6 discusses the qualitative equivalence to reliability, validity and generalisability.

7.2: Research objectives and propositions

The thrust of this thesis is inductive and the design of the fieldwork allows for convergence into emerging themes. The objectives of this theory therefore changed...
relative to the emerging data and the literature reviewed. Following on from Fig. A.1, the objectives of this thesis will next be presented as they emerged and as they stood at various stages of the thesis development.

7.2.1: The journey through which the terminal objectives of this thesis were developed.

Bensman and Vidich (1970: p. 332) state that “when new data are evoked by a theory, they lead quite frequently to the reformulation of the research problem sometimes in a way that leaves the original theories […] inadequate.” This has indeed been the pattern through which this research project evolved. Such an evolution is also demonstrable in this thesis, in respect of the research objectives. The approach taken in this sub-section is, therefore, to demonstrate the longitudinal evolution of the research objectives.

On the submission of the upgrade document (2003)

1. To induce theory that enhances understanding of the formation, development and interaction of public-private partnerships in a regional development network.

2. To extend this understanding to issues involved in the strategic management and design of a network of such partnerships.

3. To extend the boundaries of RM and business networking theory beyond its principle domain of commercial, for-profit, interaction into the public dyadic private-partnership and network environment.

4. To develop theory that extends RM and business networking theory into the public sector domain.

These objectives stood until the completion of the first phase of interviewing in 2005, at which point the objectives were modified in line with emerging themes and the outwith literature reviewed in response to such emerging themes. Crucial emergent
themes were relevant marketing geography, regional buzz and co-location. Such an inductive loop was demonstrated in Fig. A.1.

**On beginning Phase Two (2006)**

1. To develop a theory of relevant marketing geography.
2. To reconceptualise regional buzz from a marketing perspective.
3. To develop a theory of RM that explains how the interaction of co-located actors develops over time.

After completing Phase Two of the research, the first three objectives remained intact, however, explicit discussion of marketing activity, during this phase, led to the following additional objective to be inserted.

4. To assess the contribution of marketing to the regional competitiveness agenda.

**On beginning Phase Three (2007) of the fieldwork.**

1. To investigate interaction taking place between organisational actors from multiple-sectors of society in a specific local environment of the UK and codify this interaction as RM practice.
2. To distil and explain the unique aspects of relationships between geographically co-located actors from a RM perspective.
3. To analyse and define the potential contribution of RM to the regional competitiveness agenda.

In addition, the author believed, by this time, that the mode of enquiry being developed, in itself, was significantly capable of making a free-standing contribution to knowledge. The use of a non-dichotomous method of enquiry and the insights available from its use, therefore, became part of the terminal objectives of the thesis at this time.

4. To develop an appropriate research methodology to investigate both agency and structure in interaction over extended time periods within a defined spatial context.
5. To present an analysis of agency and structure in interaction over extended time periods within a defined spatial context.

7.2.2: The final objectives of the thesis

The final objectives of the thesis were decided upon during the data analysis phase. Several areas of interest that emerged from the interviews, such as knowledge management, were left out of the final document due to word limit constraints, additional sampling from sectors, such as, the not-for-profit sector was abandoned due to the volume of data already available and it became impractical to include any further insights or incorporate further data. The final objectives of the thesis are, therefore, defined as the questions which are answered directly within this published document. Other elements of the study framed by the final objectives, and indeed outside them, will be addressed outside this document.

1. To present an appropriate research methodology to investigate both agency and structure in interaction over extended time periods within a defined spatial context.

2. To present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors.

3. To present a theory of marketing geography within which all current theories containing marketing and geography can be positioned.

4. To define and distinguish offensive and defensive regional marketing activity and present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda.

The objectives, above, are therefore the objectives that are addressed directly through the conclusions of this thesis.
7.3: Sampling

7.3.1: Sampling units

The sampled respondents are characterisable as being co-located organisations; therefore a geographic definition of respondents is made for sampling purposes. The target population is defined as being within a single geographic region. The region is a coastal area of the UK and therefore one boundary is clearly defined by the sea, a further boundary is defined by a river. The remaining non-geographical boundaries are defined by the extent of the geographical remits of two regional authorities, with two regional economic development teams, one urban and one rural. A political definition of the region was taken for an initial point of entry. The region forms part of a larger region, defined as a sub-region and an even larger definition which is served by one of the seven U.K. regional development agencies outlined in Sub-Section 6.2. However, the definition of local became part of the research conclusions; therefore the boundaries discussed here were starting points and loose guides with which to define co-location.

Such a starting point did, however, prove adequate for sampling purposes.

The target population was further narrowed as being made up of public sector organisations, arms-length agencies and businesses. Public sector organisations are any public sector organisation with a regional development remit, or remit that determines an imperative to interact with private sector business. Several arms-length organisations, sometimes overlapping organisations, within the geography of the research also held such a mandate. Arms-length organisations are private businesses with combinations of public and/or private sector money, but with regional
development remits. Arms-length organisations often have private sector board level representation and sometimes, chairmanship.

The label of involved organisation is used in this thesis to define a further characterisation of the target population. Involved denotes an organisation and an individual within that organisation who has experience of interacting with other collocated actors. This approach is in line with advice from Creswell (1998: p. 56) that respondents “must be carefully chosen to be individuals who have experienced the phenomenon” the phenomenon in this thesis being regional involvement activity. Van Maanen (1983: p. 47) cautions that “not all informants are good informants since the information they posses, regardless of their willingness to part with it, is hardly equivalent.” The selection of a sampling unit in this thesis needed to be an involved organisation and an involved individual within that organisation, with the additional element of a recommendation from an earlier respondent that they were willing to part with such knowledge. Harris (2002: p. 259) notes a “tendency within aspects of strategy and marketing theory to assume that top management or marketing managers are always the most informed respondents within an organization.” The reality, as experienced by the researcher, was that the sampling unit of involved individuals emerged as being the most senior individual in each organisation and this added to the difficulties in gaining access to data. These issues guided the approach to sampling, outlined in sub-section below.

Respondents were selected on the basis of anticipated literal replication or anticipated theoretical replication. These forms of replication promise either, or both, similar results or different results for predictable reasons (Eisenhardt, 1989; Yin, 1984). In
Phase One, established relationships with five key public sector actors, involved in regional development, were utilised and those potential respondents were approached, four of which agreed to participate. One of these potential respondents was about to stand down from his position and therefore the interview was conducted jointly with his successor. These respondents were asked to recommend a further number of Phase One respondents, three candidates were recommended, two of which agreed to participate. In Phase Two, interviews were repeated with these respondents with the one exception mentioned above who had left his position. The respondent’s successor agreed to the repeat interview. One further Phase One respondent had left his position and a successor had not been appointed at the time Phase Two was being undertaken. Phase Three private sector respondents were recommended by respondents from Phases One, Two and Three.

Tab. 7.2: TABLE SHOWING DETAILS OF THE SAMPLE OF RESPONDENTS USED IN THIS THESIS

<table>
<thead>
<tr>
<th>Phase</th>
<th>No of respondents</th>
<th>Description</th>
<th>Position of respondents in organisations/businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase One</td>
<td>7</td>
<td>3 Public sector</td>
<td>Assistant CEO (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 Arms-length</td>
<td>Senior Manager (2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Managing Director (4)</td>
</tr>
<tr>
<td>Phase Two</td>
<td>5</td>
<td>3 Public sector</td>
<td>Managing Director (3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Arms-length</td>
<td>Assistant CEO (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Senior Manager (1)</td>
</tr>
<tr>
<td>Phase Three</td>
<td>14</td>
<td>13 Private sector</td>
<td>Retired Former CEO (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Private sector</td>
<td>Chair (1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>support agency</td>
<td>CEO/MD (11)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>President (1)</td>
</tr>
</tbody>
</table>

This thesis is grounded in the insight of involved individuals, however, insight into uninvolved firms or relationally isolated firms was also deemed valuable in order to gain insight into the existence of an involvement lifecycle. However, by their very nature, a relationally isolated firm is difficult to access, but the opportunity did arise
during this research to do just that, and was taken advantage of. The following table shows a break down of respondents in the sample.

7.3.2: Sampling method

Qualitative researchers are not bound by probabilistic statistical concerns about representative sample sizes, but rather focus on gaining quality of insight (Padgett, 1998; Miles and Huberman, 1994). A range of non-probabilistic non-mutually exclusive sampling techniques are available to the qualitative researcher. Commonly cited non-probability sampling techniques include, convenience or purposive (Patton, 1980), judgemental, quota and snowball sampling (Malhotra and Birks, 2003). Access to the phenomenon under investigation in this thesis was obtainable only through a small amount of key individuals that have experience of a phenomenon under investigation. Purposive or theoretical sampling is recognised as a means of selecting respondents non-randomly to gain access to individuals who have historical experience of the phenomenon under investigation (Anderson and Jack, 2002; Cheung et al., 2007; Neuman, 1991; Zou and Lee, 2007) and is centrally advocated in grounded theory (Goulding, 2001, 2005). As this thesis deploys a grounded-structurationist approach, an essential additional element over that demanded by deployment of grounded theory alone, is that of an actor’s practical and discursive consciousness. The analysis of structure emerged from the transcripts largely through the discursive consciousness of actors, for instance through the use of metaphor.

Purposive theoretical sampling is pursued in this thesis. Sampling began using a “commonsense approach” (Goulding, 2005: p. 296) where respondents with whom the researcher had a previous relationship were used as an initial point of entry. However,
sampling techniques are not mutually exclusive. Further respondents were solicited upon recommendations of these initial respondents, therefore utilising a purposive/snowball sampling technique. Use of snowballing sampling techniques to survey key informants is recognised as appropriate research practice (Macedo and Pinho, 2006; Wilson, 1996; Wilson and Lillien, 1994). This approach carries a recommendation from earlier respondents and aided trust building, and as such, increased levels of elucidation.

7.3.3: Sample size

Sample size in qualitative research takes on a different meaning to that deployed in quantitative research. Qualitative researchers can pursue theoretical saturation, a concept enshrined in the principle of theoretical sampling (Black and Tagg, 2007; Cheung et al., 2007; Eisenhardt, 1989; Zou and Lee, 2007). In an inductive enquiry, findings cannot be generalised to a specific population, enquiry emphasis is put on acquiring a sample of respondents capable of finding richness of detail (Yin, 1984). Smith and Laage-Hellman (1992) propose that data should define the size of the analytical unit and as such, an appropriate sample will be deemed to have been extracted when the lack of fresh information becomes evident. Glaser and Strauss propose that when constructing grounded theory, there is a point when coding data transcripts, that the process becomes irrelevant:

“they [a researcher] may soon realize, if substantive theory is their goal, that they have implicitly coded enough material to write their theory already. Therefore, the explicit coding operation can become perceived as a stultifying tedium of little worth” (Glaser and Strauss, 1970: p. 291).

A saturation point, therefore, occurs when enough data has been collected to develop a theory or theories, and further fieldwork is unlikely to significantly modify the
developed theories. Sampling in this thesis ceased when such a point was reached, whilst significant insight remains to be gained, sampling ended when support for a final element for the model presented in Chapter Ten (Fig. 10.2) was found.

7.4: Data collection method

This sub-section will outline the practical issues of how the empirical research was done. A distinct interview method is chosen. A thorough review of all alternative methods such as fully exploring and contrasting observation and focus group techniques has not been deemed as necessary in this sub-section, as this chapter is deemed to more descriptive of the method used, than it is critical of the approach taken.

7.4.1: Interviewing

Interviews can involve different levels of structure in relation to protocol design. Interviews can also be utilised successfully with more positivistically grounded and statistical approaches. Positivistically grounded interviews are constrained by the interview schedule and work on the assumption that, if one can “ask the right questions and the other’s reality will be theirs” (Holstein and Gubrium: p. 115). Positivists are only truly interested in the interaction between the researcher and the researched when the interviewer departs from the interview protocol (Silverman, 1993). However, it is argued that “highly refined interview techniques streamline, systemise, and sanitise the process [of collecting meaningful interview data]” (Holstein and Gubrium, 1997: p. 116). The degree of rigidity in questionnaire design should arguably decline in relation to qualitative approaches and where theory building is the primary emphasis. Qualitative researchers see an interview as an interaction, with the interviewer as a
participant-observer and that “interview data like all other data must be interpreted against the background of the context in which they were produced” (Hammersley and Atkinson, 1983: p. 126). The length of an interview can also vary from long to short. “As a qualitative research tool, long interview research provides greater richness of data than do focus groups and are more time efficient than ethnographic techniques and participant observation” (Witowski and Thibodeau, 1999: p. 317). However, short interviews are pragmatically more appropriate, in many contexts, where time constraints limit access to respondents, such as is the case in this thesis.

Depth interviewing is a well respected inductive tool and a well utilised technique in marketing research (Collinson and Quinn, 2002; Cheung et al., 2007; Kennedy et al., 2003; Kohli and Jaworski, 1990), RM investigation, (Brennan and Turnbull, 1999; Jap et al., 1999; Lindgreen and Antioco, 2006; Lindgreen et al., 2006; Young et al., 1992) and network investigation within the marketing discipline (Saxena, 2005). Depth-interviewing has also been utilised in numerous papers reviewed in the outwith literature (Anderson and Jack, 2002; Henry and Pinch, 2000; Hervas-Oliver and Albors-Garrigo, 2007; Mackinnon et al., 2004; Uzzi and Lancaster, 2003; Watts et al., 2003). Depth-interviewing is well utilised in marketing research as a means of triangulation with quantitative surveys (Bloemer and de Ruyter, 1998; Day et al., 1998). Depth interviewing is also utilised in conjunction with attempts to detect social structures in a marketing context (Ellis and Mayer, 2001; Vallaster and Chernatony, 2005).

Depth-interviews focus “less on the mere structure of interaction between actors but rather on the content of these interactions” (Borzel, 1998: p. 255). A *semi-structured*
depth-interview offered the best opportunity to understand the phenomenon from the respondents’ perspective. It has been proposed to be flexible enough to allow respondents their individuality and to discuss matters in-depth which were not in the interview schedule (Silverman, 1993). In the context of depth-interviewing, the researcher’s role is as a “scientific prospector” for knowledge and the interview is a “search-and-discovery mission” (Holstein and Gubrium, 1997: p. 116).

Convergent interviewing is “essentially a cyclic series of in-depth interviews with experts that allows an interviewer to refine the questions after each interview to converge on the issues in a topic area” (Carson et al., 2001: p. 85-86). Convergent interviewing is useful for research into areas lacking an established theoretical base (Brown and Erwee, 2002; Rao and Perry, 2003). Convergent interviewing is discussed as “unstructured in its content, structured and dialectical in its process” (Carr, 2002: p. 5).

Dick (2002) proposes that, whilst the interview strategy with convergent interviewing should be to ask broad questions, it is possible for experienced interviewers to improve the rapport by using a degree of self-disclosure. Such disclosure should be done however without affecting the informant’s responses. It was judged probable that when dealing with senior authoritative figures, affecting their responses through such disclosure, was less of a risk than failing to build rapport. A degree of self-disclosure proved useful in this thesis. The three-phase approach outlined in this chapter will allow for further referral back to the literature review during, and in particular, between each phase. This approach is supported by Carson et al. (2001: p. 87) who suggest that “in marketing research the researcher should start reading the literature about the
required phenomena before the first interview and continue reading it while the interviews are proceeding.” Convergent depth interviewing is similar to what Anderson and Jack (2002: p. 199) refer to as a “constant comparison method,” a process through which literature is constantly reviewed and themes refined as interviews progress. The reflective periods in between interviews allows a researcher to reflect maturely on the data that is emerging (Glaser and Strauss, 1970), such reflection took place over seven years and is argued to have allowed for a maturity of reflection, not achievable in a shorter timescale. A convergent interview technique is therefore defended as consistent with a grounded approach.

There is a danger that a convergent depth-interview approach is seen as an informal chat. If the implication is that the respondents were allowed maximum freedom to discuss what they wanted, such an indictment could just as equally be welcomed as condonement of the approach. The respondents used in this research are expert and arguably, the most informed sources available. Whilst their anonymity is respected in this thesis, a list of professional titles is made available to the assessors of the thesis.

7.4.1.1: Interview schedules

Consistent with the principles of convergent, semi-structured depth interviewing, interview schedules remained flexible throughout all three phases of interviewing. However, it is helpful to provide respondents with an idea of the areas to be discussed, in an introductory letter. In Phase One and two, such opening questions included:-

1. What would you understand by the term regional loyalty?
2. What do you understand by the term local?
3. Who do you suggest is responsible for managing and growing regional loyalty?
4. What do you understand by the term involvement/engagement?

5. What would you say are the motives of actors to become engaged/involved?

In Phase Three, such opening questions included:

1. What do you feel is the nature of your organisation’s involvement in the region?

2. What benefits do you feel your organisation obtains from this involvement?

3. Whether you feel that your organisation is loyal to the region and how this loyalty is manifest.
   a. How did this loyalty develop?

4. Outside of market-based and supply chain related relationships, how do you select other organisations with which you need to develop a relationship?

5. I would also appreciate it if you could discuss broadly this history of your personal involvement in the region.

The approach to interviewing adopted in this thesis could therefore be described as semi-structured, convergent, depth interviewing. This approach is inherently pluralistic. Miller (1997) proposes that the manner of questioning used in interviewing can be a method of bridging different but compatible perspectives, in this case, determinism and voluntarism. Questions and prompts designed separately to uncover constraining and enabling structural forces, and other questions focused on uncovering issues of agency and structure, were used throughout the process.

7.4.2: Practical considerations when conducting semi-structured convergent depth-interviews

The following sub-section outlines several areas of practical concern that impact on the data, data analysis and presentation sub-sections.
7.4.2.1: Access and Rapport

An article from Piore (1983) was influential in developing an approach to gaining access to very senior individuals from public, private and third sector organisations and creating the environment where they would freely discuss controversial and sometimes political issues. “It was first necessary to gain the confidence of respondents and secure their interest in the project” (p. 72). In this research project, the access gained was partially due to a past history that the researcher had with the phase-one respondents and partly due to a genuine interest on the part of the key informants in the research proposition. Access to the phenomena under investigation, has, therefore been largely unfettered with few refusals to grant interviews and little evidence in interviews of a refusal to openly discuss activity. Interpretive validity was aided by the ability to maintain a relationship, to the extent that the researcher could follow up in-depth interviews for clarification of issues arising, and construct validity was aided by asking respondents to review the transcripts themselves and suggest clarifications (Lindgreen, 2001).

Sympathetic to the advice from Moustakas (1994: p. 114) much effort was dedicated to building a rapport with respondents. Each interview began with a social chat to create a “relaxed and trusting atmosphere.” This chat included an introduction of the researcher and his personal and professional life. This approach was motivated by the experiences of Blum (1970: p. 86) who uses personal discussions as interludes in a research project and observes “this departure from the regular interview procedure led to a notable change in atmosphere and a greater facility in obtaining information.” This approach
has also been advocated by Douglas (1985) for creating the conditions for mutual disclosure in his creative interviewing approach.

Piore (1983: p. 72) discusses the lack of a direct relationship between the quality of the pre-prepared interview schedule and the quality of the acquired data, “I quickly found that the questions had little to do with the success or failure of the interview.” Once the interview commences, success can rely on the skills as an interviewer, but is also influenced by the degree to which the interviewees were allowed to prepare for the interview. An outline of the research area was included in the letter that requested interviews. In the fieldwork for this thesis, many respondents seemed to have a story to tell in response to these outlines, “the interviewees used my questions as an excuse for telling their stories.” Piore’s (1983: p. 72) experience was consistent with the researcher’s experience in the fieldwork.

“Either I let the respondent tell his or her story, using my questions as an excuse, or else I forced him or her to treat the questions seriously and to give me a codeable response to each item. If I took the later approach, the respondents soon lost interest.”

The semi-structured interview technique lends itself to the use of spontaneous prompts such as “how and why type questions. These questions dealt with operational links that may need to be traced over time, rather than relying on mere frequencies or incidents” (Lindgreen et al., 2006: p. 59). There were dangers in this approach, such as betraying to the respondent incorrect assumptions, based on the respondent’s statements. This could lead to a loss of respect by the respondent and subsequently damage rapport (Blum, 1970). Touchy and sensitive subjects are therefore not probed to an extent that would damage rapport. In summary, the quality of rapport with the respondent and the time taken to build relationships and gain recommendations were more significant in obtaining meaningful results that the actual preparation of questions to be asked.
7.4.2.2: Quality of the researcher as a sensing instrument

This could be rephrased as, how sensitively has the evidence been collected? In the interpretivist paradigm, Burrell and Morgan promote the issue of epistemic reflexivity through the exposure of the researcher’s own values and thus enabling emancipation. Through the consideration and subsequent exposure of the researcher’s own values to external scrutiny, a further test of validity can be applied by those wishing to contest the validity of the findings of this thesis. Such disclosure better demonstrates the relationship between the researcher and the researched.

An important aspect of assessing the quality of the researcher, as a sensing instrument, is personal bias. Bias can be seen as systematic error, the culpable element of systematic error, itself made up of motivated and unmotivated variants. Motivated bias can then be divided into conscious (wilful) and unconscious (negligent) bias (Hammersley and Gomm, 2000). The most significant area of potential bias is grounded in the interdisciplinary nature of this research. The researcher is a marketer by profession and is a marketing lecturer and researcher. The danger of a form of constructivism, that the researcher wanted to see a marketing problem where none existed, was always a conscious design constraint. Indeed, it took a number of years for the nature of this marketing problem to materialise, and it did so as during Phase One of the empirical research. With the risk of constructivism in mind, the first phase investigation was designed so as not to implicitly use marketing language or force marketing constructs or language into the debate. Such a cautious approach is consistent with the principles of *epoche* and *bracketing out*, discussed in Chapter Six. On reflection, it unlikely that the constructs that emerged from Phase One would have
emerged during an explicit discussion of marketing. Such emergent themes had not been connected with marketing prior to this thesis.

The danger of a researcher’s values unhelpfully impinging into the valid interpretation of qualitative data is most apparent at the stage of data reduction and coding. Through a judgemental process, the quantity of data was reduced to a manageable level. Codes were selected by the researcher to group certain keywords and emergent themes. A test of interpretative validity was made by testing the meaning of keywords during and between the interview phases to aid overall validity of the findings. Ultimately the interpretation of the patterns in the data was also verified through demonstration that the findings were not just a reflection of the researcher’s own values. The involvement of the researcher, in the situations detailed in the introduction, was separated by passage of time and as such, lessened the risk of bias (Ballantyne, 1997), but the ontological importance of values, in the analysis of interaction and networks, is recognised (Easton and Araujo, 1992). A further solution to reduce the negative impact of the researcher’s values in the data-coding phase is the use of qualitative software solutions, which again reduces, but does not remove personal bias from the process.

7.4.2.3: Ethical concerns

Ethical considerations were paramount throughout the design and implementation of this research; Ethical concerns were considered alongside the ethical guidelines of the Hull University Business School.
The purpose of the research was clearly stated at all stages of contact with potential respondents. It was made clear that the research was towards a PhD. but may also be used in producing published papers. All interviews, bar one, were conducted at the respondent’s premises. The researcher always appeared promptly, smartly dressed and behaved with due courtesy and professionalism whilst a visitor at the premises of respondents.

The overriding ethical concern of this thesis lies in confidentiality. To gain access to senior executive’s guarantees were offered in respect of the following areas.

1. The descriptions of the region would be that is a region of the United Kingdom. Therefore a description of a professional position could not be cross referenced with the region to identify the respondent indirectly.

2. Descriptions of respondents would not be by name of the individual or the organisation.

3. Quotes used in the thesis or in publications would be non-attributable.

4. Transcripts would be seen only by the researcher and the transcriber. All hard copies and recordings would be securely kept.

Gender neutrality is ensured in this thesis throughout. Where direct quotations were used that contained elements of gender specificity, this is corrected as such, “he[she].”

7.5: Data, data analysis and presentation

The following sub-section will consider how the data is collected within the methods and sampling procedures outlined above. Data, data analysis and presentation will be examined in the three phases of the fieldwork. The sub-section will examine how raw interview transcripts were translated into substantive theory. The polemic in this thesis adheres to a definition of theory as, “any coherent description or explanation of observed or experienced phenomena” and theory building as “the process or cycle
through which such representations are generated, tested and refined” (Gioia and Pitre, 1990: p. 587). This thesis has revealed areas, within which, further research can be conducted but asserts that the theories developed in the conclusions are substantive. Substantive theory is theory that would substantially endure in the presence of further investigation rather than be modified beyond recognition and supplanted by alternate theory. “Sociologists (and informed laymen) manage often to profit quite well in their everyday work life from substantive theory based on qualitative research” (Glaser and Strauss, 1970: p. 289). As such, the approach taken in this thesis is defended as being amply capable of generating substantive theory.

The pre-empirical phase of this thesis entailed undertaking an extensive literature review into RM. This is consistent with a grounded approach as there is a significant body of thought that allows for prior disciplinary knowledge before sampling begins. However, what has been termed outwith literature in this thesis was substantially unknown to the author upon commencement of the research and was reviewed only as demanded by emerging themes. This grounded and convergent interviewing technique allowed significant literature to be reviewed between each interview in Phase One. Reviewed themes emerged from the interviews. Data for Phase One is derived from a series of six unstructured convergent interviews conducted, with key informants in the defined spatial area over a period of eight months. Crucial themes that emerged from the data in Phase One, were the possible greater significance of involvement over the initially central construct of loyalty, and the centrality of co-location as the central spatial phenomenon, rather than clusters and local networks. The importance of atmosphere, as a constraining and enabling force, also emerged and it is from consideration of such constraining and enabling forces that a review of literature led to
consideration of social structures, initially through Bourdieu’s habitus and organically from Bourdieu to Bhaskar, and eventually Giddens. It is through the consideration of such theorists that the inadequacy of interpretivism, as a research approach in the given context, was revealed. From Phase Two, the researcher explicitly searched transcripts for evidence of structuration.

Data from Phase Two was derived from five interviews with the same respondents from Phase One. In this phase, the brackets applied around marketing topics in Phase One were removed and the issues and possible contributions of marketing were discussed with respondents. Themes that emerged from Phase One were used to converge on possible roles for marketing in regional geography. Between each interview, further literature was reviewed and an open dialogue maintained with respondents to clarify emergent themes. The author had substantial access to internal literature and material from these actors and their agencies, although this has not been cited or referred to within this thesis due to concerns for anonymity. This information allowed the author to understand the events discussed by respondents, without requiring them to provide lengthy background explanations. They talked to the researcher as an informed person, rather than as an outsider. Further themes that emerged from Phase One were regional embeddedness and the importance of social capital, regional buzz and geographic co-location.

Transcription of the interviews was undertaken by a contracted third-party or by the researcher. Interview audio wav files were sent to the external transcriber and returned with all copies. Transcripts were then checked against the recording by the researcher, in order to check consistency. In particular, inaudible areas received special attention.
In Phase One, transcripts were initially analysed manually after each interview, draft ideas and theories were made and convergence began from interview to interview. Creswell (1998) refers to these stages as the reading and memoing loop. Formal coding using NVIVO 7 and later, NVIVO 8, did not begin until the end of Phase One, but was then conducted after each interview in Phases Two and Three. This approach is consistent with the perspectives of several respected authors’ (Bogden and Biklen, 1992; Huberman and Miles, 1994) approaches to data analysis who recommend, reflection, drafting and trialling ideas before a formal coding of interview transcripts commences.

Guidance is available to a researcher as to an appropriate approach to data analysis with the grounded theory tradition (Creswell, 1998; Goulding, 2001, 2005). The first important technique is the constant comparison method, where emerging themes are compared to other transcripts, to ensure intersubjectivity rather than subjectivity. QSR NVIVO 8 qualitative data analysis software has been used in this thesis to support the analysis of the interview transcripts. Whilst not ostensibly offering any greater accuracy than a manual approach, the author agrees with the sentiment by Richards (2004: p. 34) that “software-assisted coding is much more likely to do justice to qualitative data, representing its richness, maintaining interpretation and allowing flexibility.” She advocates NVIVO software as ideal when working with in-depth interviews as opposed to the more “code based” NUDIST software. Open coding was conducted using NVIVO throughout phases one and two. At the end of Phase Two, initial axial codes were developed and the process began of collecting open codes under the axial codes, as a series of tree nodes. The final structure of the coding process is
presented below in Tab. 7.3. Axial codes, in the language of grounded theory, relate to tree nodes in the language of NVIVO, and open codes, to free nodes.

Tab. 7.3: FINAL CODING OF INTERVIEW TRANSCRIPTS IN NVIVO 8

<table>
<thead>
<tr>
<th>TREE NODES (hierarchical collections of axial and free codes)</th>
<th>FOUND IN X NUMBER OF TRANSCRIPTS</th>
<th>NUMBER OF CODED PASSAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TREE NODES</td>
<td>LEVEL 2 FREE NODES</td>
<td>LEVEL 3 FREE NODES</td>
</tr>
<tr>
<td>Co-location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atmosphere</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Interdependence</td>
<td>14</td>
<td>48</td>
</tr>
<tr>
<td>Regional buzz</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Weak region</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>In public sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>12</td>
<td>38</td>
</tr>
<tr>
<td>RRMO precursors</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Competency based perspective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional relationship marketing</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>RRMO competency</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Marketing relevancy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Defensive marketing</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Definition of a region</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td>Perceived geography</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Relevant marketing geography</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Network captancy</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Offensive marketing</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>RBV relevant geography</td>
<td>16</td>
<td>33</td>
</tr>
</tbody>
</table>

Continued..
## TREE NODES (hierarchical collections of axial and free codes)

<table>
<thead>
<tr>
<th>TREE NODES</th>
<th>LEVEL 2 FREE NODES</th>
<th>LEVEL 3 FREE NODES</th>
<th>FOUND IN X NUMBER OF TRANSCRIPTS</th>
<th>NUMBER OF CODED PASSAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship lifecycle</td>
<td>B2B</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR</td>
<td>11</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
<td>10</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organisational culture</td>
<td>8</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Political culture</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Power-public sector</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Power-private sector</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sanctioning behaviour</td>
<td>4</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Isolation</td>
<td>11</td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location decision</td>
<td>5</td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td>5</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature relationship</td>
<td>Regional embeddedness</td>
<td>6</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regional loyalty</td>
<td>12</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Newcomer</td>
<td>12</td>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction processes</td>
<td>Altruistic motives</td>
<td>14</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human resource</td>
<td>11</td>
<td>27</td>
<td></td>
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<tr>
<td></td>
<td>Intelligence gathering</td>
<td>10</td>
<td>18</td>
<td></td>
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<tr>
<td></td>
<td>Networks</td>
<td>9</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operations/logistics</td>
<td>3</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clusters</td>
<td>8</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal motives</td>
<td>14</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qualitative measurability</td>
<td>11</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regional competitiveness</td>
<td>10</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reputation</td>
<td>12</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resource scarcity</td>
<td>3</td>
<td>5</td>
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</tbody>
</table>
Five axial codes are identified under which free nodes were collected, their combination defined as tree nodes. Finally, three core categories were developed into three substantive theories; the model of relevant marketing geography (Fig. 8.4), a theory of regional RM lifecycle (Fig. 9.13), and a theory of a competence-based view of regional RM (Fig. 10.2). Such an ongoing iterative process has been advocated by Orlikowski (1993).

Consistent with the advice from Creswell (1998) quotations from respondents are used as part of this empirical platform through three different techniques; “short eye catching quotations” and “briefly quoted phrases” are used in text. “Longer quotations” that take longer to explain significant elements, of the phenomena under consideration, have been indented and are shown in the findings sub-section to support the development of theory. Sample quotes “take the reader into the mind and life of the respondents” (McCracken, 1988: p. 54). As such, quotations are used in the conclusions at these three levels.

7.5.1: Structuration in micro-methodology

This thesis is defined as grounded-structurationist. Additional holistic steps using Giddens structuration theory are introduced in this thesis beyond those found in pure grounded theory. Instead of purely assessing agency; the thesis will consider the inseparability between agency and structure.

It has been argued that there are two perspectives that a structurationist approach can take, one focussed on the structures in their present state, a second an interest in the “dynamics of intentional action” largely espousing an interest in agency and structuring
processes from an “historical and largely interpretive perspective” (Weaver and Gioia, 1994: p. 580). It is the latter perspective that best describes the thrust of this thesis. The very nature of social structure makes the existence of structure implicitly, rather than explicitly identifiable through the interview transcripts. Bhaskar (1979) notes repeatedly that social structures cannot be empirically identified except via structuring activities. Interaction and modalities can be identified through open coding and these categories then sensitise the researcher to the existence of social structure. The identification of structural properties in any context facilitates an assessment of transferability of the research findings. This issue of transferability is discussed in Sub-Section 7.6 below.

As discussed above in Sub-Section 6.8.1, strategies for theorising from process data (Langley, 1999) and further strategies for applying structuration theory (Pozzebon and Pinsonneault, 2005) have been discussed and implemented particularly well within the IT discipline. It is the IT discipline that is drawn on substantially in Chapter Six. Pozzebon and Pinsonneault propose that a first stage of developing theory from deployment of structuration is Langley’s grounded approach. The open coding approach utilised in Phases One and Two is characterised as a grounded approach. After the development of axial codes, this thesis, in addition to Langley’s grounded approach, utilises two further organising strategies presented by Langley and developed by Pozzebon and Pinsonneault. Using these two further strategies for theorising from process data, three substantive theory areas are developed. A narrative strategy, in which stories, meanings, and mechanisms is first deployed when outlining the macro-theory of relevant marketing geography (Chapter Eight). The approach taken in this sub-section is to explain the emergence of the constructs over the phases of the
fieldwork, rather than to simply present the final conclusions. As such, this approach requires a combination of past and present tense narrative. This *temporal* narrative approach continues through the following two sub-sections discussing a regional relationship lifecycle and a competence based view of regional relationship marketing.

The model of the macro-theory of relevant marketing geography, presented in Fig. 8.4 is a static model whereas the two models presenting a theory of a regional relationship lifecycle (Fig. 9.13) and a competence based view of regional relationship marketing (Fig. 10.2) are processual maps. These two models (Fig. 9.13 and 10.2) are developed using a *visual mapping* technique alongside *grounded* and *narrative* techniques. After the development of these three substantive theories, Giddens’ nine categories (Fig. 6.6) are used to explicitly isolate evidence of agency and structure. *Grounded* and *narrative* techniques were also employed to this end. A summary of structuration, as a series of constraining and enabling processes, is presented separately in Tab 11.5. Pozzebon and Pinsonneault advocate *grounded, narrative* and *visual mapping* techniques for gaining access to agency *and* structure, time *and* space, but suggest that visual mapping techniques are limiting when attempting to gain insight into the knowledgeability of actors. Visual mapping techniques are, however, effective at presenting a model of a process. This thesis will deploy two variations of visual mapping which will be termed, visual *linear* process mapping and visual *system* process mapping. Fig. 7.4 represents the visual system process mapping technique that will be deployed in Chapter Eight.

Chapter Eleven utilises a *grounded* and *narrative* technique to gain access to agency and structure, time and space *and* the knowledgeability of actors. Time *and* space
agency and structure will be represented using a visual system mapping approach. The process through which this achieved is modelled in Fig. 7.4.

Fig. 7.5 presents a model to represent the relationship between interview data, the model of structuration and the procedure, through which data was analysed, to present models that explicitly account for agency and structure, time and space and the knowledgeability of actors.

Fig. 7.4: VISUAL SYSTEM MAPPING TECHNIQUE  
7.6: Qualitative equivalence to reliability, validity and generalisability.

It is important to declare the anticipated outcomes of this thesis in the broadest sense of truth or philosophical equivalent. Jankowicz (2005: p. 106) proposes that “the very decision on what counts as an event or as evidence, and what doesn’t, all depends on your ontological position.” In other words, the notion of evidence or proof is complicated by differing ontological stances. The ultimate guide, as to whether the methodological choice for a qualitative piece of research, is the test of reliability, validity and generalisability. Reliability is argued by some to be an alternative to the positivistic need for replication. Reliability refers to the “degree of consistency with which instances are assigned to the same category, by different observers or by the same observer on different occasions” (Hammersley, 1992: p. 67). Gummesson (1991b:
John D. Nicholson

p. 90) argues that reliability fulfils three basic requirements, first, “a police function [to] curb dishonest researchers and nail the villain.” Second, reliability acts as “an intelligence test” to test the reasoning and intelligence of researchers. Third, reliability acts as a “substitute for validity when validity seems out of reach.” This description is considered as more consistent with quantitative rather than qualitative approaches due to the constantly changing nature of the social world (Silverman, 1993).

Face or measurement validity addresses the core concern that a research design adequately addresses the context of the investigation. In essence, it asks whether the research frames the issue under investigation. Internal validity is a test of causality between variables, in essence… does A result causally in B? If such a causal relationship is asserted and can be contested, it can be deemed to have failed a test of internal validity. External validity concerns whether findings can be generalised beyond the sample taken. Ecological validity is a concern that findings have been generated in an environment that reflects its social particularity. If results were generated in a sterile laboratory environment, how relevant would they be when exposed to the contamination of every day life? (Bryman and Bell, 2003).

Equally grounded in positivism is the notion of generalisability; that research findings in one context, should be generalisable to another context and be equally as reliable and relied upon (Bryman and Bell, 2003). Ali and Birley (1998: p. 756) propose than in an inductive inquiry, the investigators goal is to “expand and generalise theories (analytic generalisation) and not to enumerate frequencies,” and is therefore “not a search for truth but for comprehensiveness” (Gioia and Pitre, 1990: p. 587). The polar opposite of
generalisation is particularisation, the notion that findings are context specific (Gummesson, 1991b).

The tests of reliability, validity and transferability in qualitative research, are challenged as inappropriate to qualitative, theory-generating research (Guba and Lincoln, 1994; Lincoln and Guba, 1985). The problems with the reliability, validity and transferability constructs in qualitative research are grounded in the acceptance of smaller sample sizes in qualitative research, and the theory-building, rather than the theory testing nature of quantitative research. Qualitative research findings often also tend to be particular rather than generalisable. Lincoln and Guba instead propose two alternate constructs to replace the constructs of reliability, validity and transferability; these are the trustworthiness and authenticity terms. Trustworthiness they sub divide in four further criteria, these are the constructs of credibility, transferability, dependability and confirmability. Credibility in this thesis is ensured through the exposure of the research approach to academic peers and the respondents to check whether the researcher has understood and interpreted the phenomenon correctly. The results, therefore, are defendable as trustworthy, in the sense that the findings are policed by respondents and tested by academic peers, for the researcher’s sense of reasoning and intelligence. Such a test of credibility, is therefore, argued to be consistent with a test of reliability as discussed above.

Transferability as an alternate perspective to generalisability still poses some difficulties for the qualitative researcher. An alternate perspective is to see the rich descriptions provided by qualitative research as providing a database of information through which transferability can be assessed (Bryman and Bell, 2003). A critique has
been made in this thesis of certain assertions of holism in RM research. In response to this critique, the thesis has discussed that a research whole can be better identified after consideration of time, space and time, and agency and structure. Transferability, therefore, needs to be considered in these contexts, different time, different time and space, and different agents and structures. The structuration methodology addresses time through consideration of social structures which, inevitably, are only observable across time and space dimensions. Extended temporality is accounted for by accessing the historical perspectives of respondents. Results are derived from diachronic analysis rather than synchronic analysis, therefore, temporal transferability, as this thesis defines, is implicit in the structurationist-interpreterivist approach advocated and implemented in this thesis. Transferability to a different time and a different place is more problematic. Interpretivism focuses primarily on agency and voluntarism, and deals less effectively with environmental determinism and social structures. Interpretivism, therefore, assesses transferability largely through a question as to what happens when the problematic is transferred to different agents. If the agents are different, but similar, then similar results should be achievable. However, contextual particularism may equally determine that no such transferability assessment is desirable or indeed necessary. This thesis defines here the notion of space and time transferability and argues that significant problems are presented for an interpreterivist due to a failure to consider the constraining and enabling force of social structure. Within the grounded-structurationist approach, advocated in this thesis, the enabling and constraining forces are accounted for by consideration of agency and structure through explicit consideration of signification, legitimation and domination. Evidence of structure was explicitly discernable from transcripts. The researcher was sensitised to the existence of further implicit structures by using interaction and modality.
categorisations as codes when analysing the interview transcripts Here is where the grounded-structurationist methodology, at meta and micro-levels, can be used as a database of ideas where space and time transferability can be assessed. In other words, the nine structuration categories can be used to analyse context particularities in two space and time contexts when compared, in order to assess space and time transferability. This thesis however examines one time and space context but presents an analysis which, if repeated in a different time and space context, such richness will facilitate an assessment of transferability that would not be achievable through a pure grounded approach.

*Confirmability* as a consideration implicitly accepts that objectivity is unachievable in qualitative research. *Confirmability* is interpreted in this thesis as a demand that the thesis is assessed to ensure that assertions are derived organically from the interview transcripts. Digital recordings of interviews, copies of transcriptions are examples of measures taken to ensure confirmability. *Authenticity* is achieved by examining the perspectives of senior executives of firms involved with the region which forms the context of the research in this thesis. In total, the respondents amount to a series of individuals who control collectively a significant proportion of the economic activity of the region. There was little value in accessing the perspectives with juniors in these organisations as they did not meet the criteria of being involved individuals. However, access to the perspectives of some relationally isolated firms was achieved, alongside the perspectives of small and large business, public, private and third sectors. This thesis argues that it meets the criteria of fairness in the range of respondents that were accessed as respondents.
7.7: Chapter summary

This and the preceding chapter have outlined the philosophical position of the researcher, in relation to the research subject. The meta-theoretical stance has been stated and defended as structuration. As part of this proposition, structuration is presented as the meta-theory within the defined boundaries of the research problem rather than as a grand theory of everything. Grounded theory has been presented as a method of operationalising structuration theory at the meso-methodological level. The grounded theory tradition provides guidance as to appropriate data collection and analysis techniques. At the micro-methodological level, convergent semi-structured depth-interviews were chosen as the most appropriate technique to collect meaningful data from experienced respondents. Sample size was determined by theoretical saturation. The polemic of this thesis will now move to present the findings and develop three substantive theories and a fourth element, where the structuration of regional involvement, is discussed and modelled.
Section C: Findings, conclusions and contributions

I: Section introduction

In Section C, Chapters Eight to Eleven will present, and discuss the marketing implications of the research findings. Chapter Twelve will present a summary of the contributions to knowledge made by this thesis.

Four main theories are presented in Section C; in Chapter Eight, a macro-theory of relevant marketing geography is illustrated. Chapter Eight contains a necessary macro theory preceding the three theories presented in Chapters Nine to Eleven. The theory presented in Chapter Eight is termed a macro-theory of relevant marketing geography and is induced from both the content of the literature reviews in Chapters Two to Five, and with guidance from the comments of respondents. Chapter Eight positions the theory presented in Chapters Nine to Eleven within the discipline of marketing, and essentially provides an otherwise missing link between literature and the empirical chapters of the thesis. It was the conceptualisation of this theory of relevant marketing geography that finally determined the structure of the conclusions in this thesis. Earlier drafts of the thesis were structured around the three individual phases of the research fieldwork, but it later emerged that no single theory presented, in this thesis, was perfectly grounded in a single phase of research. Theories, and the relationships between theories, did not reveal themselves through a phase by phase write-up; instead a hierarchy of theories is presented in this thesis which is necessarily initiated by the macro-theory discussed and illustrated in Chapter Eight. This macro-theory was developed later in the research than the hierarchically subordinate theory in Chapter
Nine; its position in a phase by phase write-up would therefore be illogical and confusing. A model to illustrate the hierarchy of theories and chapters of the thesis is presented at the end of Chapter Eight (Fig. 8.5).

Objective Four of this thesis is to; to define and distinguish offensive and defensive regional marketing activity and present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda. Offensive and defensive regional marketing definitions will be proffered in Chapter Eight. As discussed in Sub-Section 7.2.1, the objectives of this thesis evolved as the research progressed. In 2006, two of the objectives of this thesis were to reconceptualise regional buzz from a marketing perspective and to develop a theory of RM that explains how the interaction of co-located actors develops over time. It was later decided by the researcher that the achievement of these objectives also amounted to a conclusion as to the potential contribution of marketing to the regional competitiveness agenda, and that that contribution was grounded in the dichotomy of offensive and defensive marketing. The researcher, to pursue explanations as to the role of defensive regional marketing and to set aside investigation of offensive regional marketing, also took a conscious choice as to the empirical thrust of this thesis. To have covered both was simply beyond the scope of a single thesis. Offensive regional marketing is found to be a wholly relational form of interaction when applied to the phenomena of co-location and regional buzz. Chapters Nine and Ten make contributions in pursuit of Objective Four. Each of Chapters Nine and Ten will in turn define how the theory outlined within each chapter contributes to the achievement of Objective Four.
Objective Two of the thesis is an intention to present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors. Section B of this thesis has outlined how the theory of structuration can be deployed to gain insight into agency and structure. Chapter Eleven is a discussion of the structuration of regional involvement. Structuration is used as a narrative strategy all through Section C, but Chapter Twelve brings together all the threads and also uses a visual system mapping technique to present a systemic model of time and space influences on regional relationships.

Since the raw data for this thesis are interview transcripts, direct quotations are used throughout Section C to support theory as it is constructed. Quotations selected are to provide qualitative examples of the collection of quotations collated under free nodes, rather than to illustrate volume and frequency evidence. Throughout Chapters Eight to Eleven, quotes from respondents are indicated ‘as such’ as apposed to quotes from literature sources indicated “as such.” Larger quotes are indented. Details, directly or indirectly identifying respondents or the places involved, have been anonymised [as such]. Other than in the interests of anonymity, quotations are presented verbatim. A key to respondents and places was provided only to the assessors of this thesis. The key does not appear in this thesis and will not appear in publication at any time.
Chapter Eight: Positioning the findings in the marketing literature

8.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

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<td>Section A</td>
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**Fig. 8.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS**

Source: Author.

The purpose of this chapter is to defend the legitimacy of the investigation’s grounding in the marketing discipline and make a link to marketing literature and theory.

Whilst markets and segments are the staple of every student and practitioner of marketing, a trawl of literature found no coherent theory to bring together all relevant geographic perspectives of marketing. The closing of this gap in the literature became objective three of this thesis; to present a theory of marketing geography within which all current theories containing marketing and geography can be positioned. In pursuit of this objective, this chapter examines the transcripts and outlines the crucial clues that led to the development of the model of relevant marketing geography presented in Fig. 8.3. These clues have been grouped under the headings of first, marketing relevancy...
(Sub-Section 8.2.1), which examines the legitimacy of conducting this investigation, within the marketing discipline, particularly the RM sub-discipline. Such an argument is necessary to defend the very grounding of this thesis in the marketing discipline. Second, *geographic relevancy* (Sub-Section 8.2.2) examines the relevancy of geography from the perspective of respondents. In other words, how do respondents make sense of the geographic space in which they work? The third sub-section then ties the preceding two sub-sections together under the heading of *relevant marketing geography* (Sub-Section 8.2.3) and presents a theory of geography as relevant to respondents in a narrowly defined (local) spatial environment, but from a marketing perspective. A macro theory (Fig.8.3) is then presented to encompass all spatial definitions of geography from a marketing perspective. This model links the theories of regional relationship marketing, developed in later chapters in Section C, to the literature reviewed in Section A of the thesis.

**8.2: A macro-theory of relevant marketing geography**

**8.2.1: Marketing relevancy**

Marketing has suffered and continues to suffer from accusations of colonialism by attempting to occupy and assimilate what has been regarded as the theories of other disciplines (Burton, 2005; Troye and Howell, 2004). As discussed in Chapters Six and Seven, a concern of the researcher was to avoid unjustifiably seeing a problem grounded in the marketing discipline and to force an extension of the boundaries of the discipline. Metaphorically speaking, the researcher searched for an invitation to migrate and settle rather than an opportunity to invade and colonise. The term macro-theory has been preferred to meta-theory as the theory sits above others in this thesis and brings
together several geographic theories of marketing but is not proposed to sit above all other theories as a true meta-theory should.

The primary literature reviewed, for this thesis, is termed RM. RM was discussed in the literature review as a personalised process, (Ford, 1980) as apposed to a more impersonal transactional approach to marketing. The role of RM was discussed as being to establish, maintain and enhance relationships (Grönroos, 1990a, 1994b) with third parties. The following quotations, taken from Phase One of the fieldwork, speak of relational activity in a regional context.

An arms-length agency director speaks of a lack of relational skill on the part of the region when attracting new investment; ‘…there is no credible front end; there is nobody there in terms of potential customers, going love you, come here.’ The same respondent continues:-

‘…if you want to come and do business in this area from the outside, I would say it’s almost the business prevention unit, it’s as hard as it possibly can be, you don’t know who to talk to, there is a plethora of people, you have to get your map out.’

Further public sector senior managers identify a need for regional relationship management activity; ‘I don’t see what I would call a lot of proactive account management relationships with existing companies.’ They further confirm the need for relational approaches for new investors; ‘…because that’s when local authorities should be saying, OK you’ve decided that you want to invest [in the region] how can we help you do that.’ Equally, relational approaches are confirmed as pertinent amongst already located, as well as locating firms; ‘…it is important to have the relationships […] properly formalised between ourselves and the city, and other
industries, and other players.’ These quotations therefore hint at offensive and defensive relational activity in a regional context. This will be returned to below.

A research technique, for preventing the knowledge of a researcher to prematurely define the direction of respondent responses, was discussed in Chapter Six as bracketing out (Rennie, 2000) and was applied in the implementation of Phase One. Having established, in Phase One, the relevance of RM in the research context to the satisfaction of the researcher, brackets were removed in Phase Two. During Phase Two, explicit convergence on marketing themes was undertaken.

Relationship atmosphere was discussed in the literature review as an intermediate category between market and environment (Roehrich and Spencer, 2001; Roehrich et al., 2002). An extension of this construct is a notion of a relationship semiosphere (Hedaa and Törnroos, 2007). Part of such a ‘formalised’ process of relationship building is the awareness of the aggregated effect of all regional relationships, discussed by respondents as an atmosphere; ‘...people will go to be in a particular area to be part of the atmosphere. So, an example could be the artists group, over history, artists have tended to group together, in whatever locations they are, they like to be together.’ However, the term reviewed as semiosphere appeared to provide a better fit with the views of respondents when the meaning was converged upon in Phase Two. The relational semiosphere of the region being investigated was perceived to be negative, in the sense that the prevailing relational semiosphere constrained the firms within it rather than enabled a firm’s competitiveness.

‘I think there is a sense in the business community here that the profile of the area, making it attractive to incoming employees and incoming investment is something where we want to play an active role in if we
can...the second reason, was really the sense...even before I got here, that there is a job to be done with the image of this area.’

The issue of semiosphere was further probed in phases two and three. The following response illustrates the constraining force of the regional semiosphere.

‘If we take it to a regional level, there is a clear reputational value so if you compare [Region A] as a brand to the [Region F], totally different feelgood factor. Now that said, you’ve then got to move that to the next level and say well how are you going to use that reputation factor to better support business and investment.’

This line of thought continues in the following quotation, a specific resource-based problem of recruiting into the local environment, with its perceived disadvantage in terms of reputation.

‘I think the profile of [City A] is important to our success. When you are talking to someone about bringing their business here, [...] automatically, you are defending the place. Whereas if you are going forward with a vibrant city region or city it is a lot easier to sell what you’ve got and to attract the right type of people. Clearly, having a vibrant city with a positive outlook is going to be helpful in getting the right type of people in there.’

A theme that emerged, from these three quotations, is that it is possible to roughly disaggregate regional semiosphere as constraining or enabling regional competitive advantage in two specific ways, attracting new investment from outside the region, and making already located firms in the region work together more effectively. These two relevant marketing elements of regional competitiveness came further into focus in the following passage.

‘What intervention could, let’s say the [Regional Authority A] for example, what intervention would [Regional Development Agency D] have in all this, what is it that people need, and where would you go if you wanted to grow business, would you go for existing businesses located here…who could do significantly more, or would you try and attract new business from externally.’

The relevant marketing element is the promotion of a region for inward investment; this includes the physical movement of the operations of external firms into the spatiality,
and equally, the promotion of the region in order to secure additional resources for the region, such as skilled labour. This first identified type of regional marketing will be characterised from here on as offensive regional marketing. Offensive regional marketing is analogous to customer acquisition in commercial customer RM practice. Respondents from all sectors were acutely aware of the importance of promoting the region for inward investment and many were actively involved, to different degrees, in the process of doing so. Offensive local marketing is defined in this thesis as:

\[
\text{Any marketing activity designed to enhance the reputation of the region to actors outside the region, or marketing activity directly targeted at external actors with the intention of obtaining a deployment of resources from such external actors to the region.}
\]

One respondent explicitly discussed an agency that undertakes such offensive regional marketing, ‘it was out there marketing to the wider world, to influence its perceptions of the city and the local sub-region to get common messages going out.’ Beyond its definition in subsequent taxonomy detailed below (Fig. 9.13), and some juxtaposing with defensive regional marketing, this offensive aspect of regional marketing is not the subject of any further in-depth discussion in this thesis. The remainder of this subsection will address a further aspect alluded to by the preceding respondent, in addition to offensive marketing, the agency communicates; ‘also to organisations in the region to work together to do something about it [the image of the region].’ Whilst the thrust of the activity described is to ‘work together’ to conduct offensive marketing, the allusion to constituencies inside and outside the region is an important starting point in the polemic that follows.

Implicit in the language of the respondents was a second type of regional marketing which is linked to the discussion of semiosphere, it is alluded to in the following statement; ‘…we might struggle getting people to come, but once they come they stay.’
The research question that emerges from this statement is; why do they stay? A private sector actor acknowledges a shift change that has taken place in the private sector that; ‘you need to engage both with local new businesses and with businesses that have been here for a long time.’ Marketing activity that leads to actors staying in a region is defined in this thesis as *defensive regional marketing*, analogous to marketing to existing customers as defined by Fornell and Wernerfelt (1987), ‘businesses that have been here for a long time.’ Respondents have an implicit rather than explicit understanding of the construct of defensive regional marketing. When probed, one respondent likened defensive regional marketing activity to post-purchase evaluation of an organisation’s decision to locate in a certain place. ‘Sometimes a lot of organisations do post purchase evaluation of marketing to ensure people that they have made a good purchase, it’s a bit like saying, don’t worry about the fact that you are in [City A]. It’s OK.’ The closest description of the construct defined in this thesis as defensive marketing is the following; ‘I think the other thing, as well in terms of how well these firms perform, and stay, is based on how well the area looks after them.’ Defensive local marketing in this thesis is therefore defined as:-

*Any marketing activity targeted co-located organisations in order to enhance regional competitiveness through increasing the levels of involvement between co-located actors.*

To reiterate, marketing relevancy, in a regional context, is defined here as having two facets, an offensive aspect, and a defensive aspect. The reminder of this thesis is an empirical investigation of defensive regional marketing.

Regional marketing relevancy will next be discussed from the perspective of relational and transactional orientations. Transactional marketing was discussed in the literature review as a short-term orientation of an organisation, in which, the organisation has
little or no regard for the impact of the transaction on future exchange (Arino et al., 2001; Kumar et al., 2003). RM was alternately discussed as consisting of bonding, empathy, reciprocity and trust (Sin et al., 2002; Sin et al., 2005a; Sin et al., 2005b; Yau et al., 2000). RMO differs from a marketing orientation, in that, a RMO is longer term and must be developed throughout an organisation. The following quotes betray a clear relational over a transactional marketing orientation. Further, a tentative position is advanced, from this point in the thesis, that defensive regional marketing strongly invites sole consideration from a relational marketing rather than co-existing as alongside a transactional marketing perspective. There is however some evidence of transactional motives in offensive regional marketing; this was discussed by one respondent as ‘grant hopping.’

The following three quotations are from the same respondent from Firm O. The respondent discusses the process through which the organisation moved within the research area [Region C]. This occurred within the five years before the date of the interview. The case in point involves an offensive campaign on the part of the Region B to obtain a location decision from the organisation in question. However, the respondent clearly demonstrates the expectation of the relationship with the region after location as a key, perhaps the key, reason for the location decision against, what appear ostensibly, to be more economically grounded alternative location options.

‘Our relationship with [regional authority B] began as soon as we, not so much took the decision [to locate], but began to investigate the options of where we would build this new premise. We looked at several places, not just at [final location]. We looked at a number of other areas like [3 locations named with a forty mile radius of the final location]… a range of other places. But we also spoke to [regional authority B] who were by far the most proactive, by far the most supportive, enthusiastic, very free with their advice […] I remember speaking to one of their investment officers. We had a meeting on Christmas Eve in […] which you wouldn’t usually get.’
The respondent goes on to describe how competing areas were able to offer regional assistance grants, but that in the end, it was the quality of the interaction process that helped swing the decision in favour of Region B. The one-off transactional value of grant aid appears to be a secondary factor. What emerges from the above quotation is that offensive regional marketing can be furthered by regional agencies demonstrating relational competency. During negotiations to locate a business in Region B, a private sector respondent commented ‘they [Regional authority B] quickly realised the kind of people they should be putting in front of us.’ Both effective offensive and defensive marketing would seem to be underpinned by relational competencies on the part of the public and third sector actors, such as a willingness to adapt. The subject of competency will be returned to in Chapter Ten.

The same respondent from firm K was asked directly whether the relational approach, by Regional Authority B, had been more influential than grants offered to locate elsewhere, responded; ‘yes, no question. We went to [City B]. They couldn’t give a damn. We were quite despondent because I worked in [City B] for fifteen years. So I had a great affection for the area. My CEO is from [City B]. We were keen to go to [City B]. And they couldn’t have given a damn.’ Whilst there is therefore some evidence that offensive marketing can be conducted transactionally, through for instance, the provision of grants to firms for locating in less favoured areas, and the conclusions of this thesis find no support for transactional relevancy in defensive aspects of regional marketing. This argument is incorporated into Fig. 9.13.

Activity, codified under the term offensive regional relationship marketing, is understood explicitly by most of the respondents and many are involved to different
degrees in the process. However, the practice of offensive regional marketing is not often substantially done by people called marketers, or by departments called marketing departments. It is equally clear that defensive regional marketing has not been researched in marketing academe and neither has it been codified by marketing practitioners. This thesis, therefore, identifies a substantial opportunity for marketing, particularly the RM school of thought and practice, to define marketing’s role, and to codify and absorb ongoing practice within its disciplinary boundaries. The first part of Objective Four of the thesis expresses an intention to *define and distinguish offensive and defensive regional marketing activity*. This has been done above. The second part of objective three states intent to *present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda*. A theory of a regional RM lifecycle and competence based view of RM will be presented in later chapters. However, objective four also states an intention to *present a theory of marketing geography within which all current theories containing marketing and geography can be positioned*. It is towards this objective that the next part of this chapter will be focused.

### 8.2.2: Geographic relevancy

Within the focal city-region (Region C) are two regional authorities, one urban (City A, Regional Authority A), one substantially rural (Region B, Regional Authority B). The region formed half of a larger sub-region (Region E) to which an economic partnership agency was deployed and formed part of a larger area, to which the efforts of a regional development agency, were partially deployed (Region D, Regional Development Agency D).
Defining *local* space, coherently, emerged as a definite problem in Phase One of the research. Whilst the initial research problem concerned RM between co-located actors, the boundaries within which actors are co-located became both a sampling issue demanding consideration before sampling commenced, and an outcome of the empirical process. Sampling began within a politically defined city-region. The politically defined sub-region and regional development agency region both contain significant geographic barriers to interaction and, therefore, were not chosen as a starting point. Early responses led to a suspicion on the part of the researcher that sub-region and region, were too broad definitions of geography to be sense making.

The term *local* was introduced in Phase One and the responses, of these public and arms-length respondents were that they generally worked very much within public sector definitions of local, within boundaries defined under political exigencies, city, city-region, sub-region or region. The preceding definitions of spatial dimensions invariably have some relevance at an administrative or regional agency level. Such spatial definitions are used by public, private and arms-length actors. Equally, public sector managers state that they are aware that private sector firms do not see *local* in the same terms as the public sector, and such a suspicion was supported by evidence in Phase Three of the research.

An anecdotal observation, made by the researcher some time before beginning to read for this thesis, was that if any marketing manager was asked what their role is in the global market, then elucidation was likely to be lengthy. Then, if asked what was their role is in the local environment, elucidation was likely to be less forthcoming, answers generally revolving around the notion of markets and segments. Geographic markets
and segments are the most visible definitions of boundaries used in the marketing discipline, where local marketing is often contraposed with international marketing. However, international marketing boundaries can be defined beyond pure geography by political, racial, cultural, religious, linguistic, physiological, climatic and numerous other boundaries.

Within an international/local geographic dichotomy, (see Fig.1.1) the aspect of the dichotomy that is under researched is at the local, rather than the international end, of a marketing geography spectrum. However, local geographic boundaries are found to coincide with other boundaries, such as the coincidence between a perceived cultural boundary and a human geographic urban limit. From the perspective of the respondents, multiple perceptions of local boundaries also emerged. These perceived boundaries are presented in Tab. 8.2 below.

It is in this sub-section where the use of structuration first becomes explicit via a narrative strategy. Boundaries define the extent of time and space that is central to Giddens’ (1979; 1984) theory of structuration. Starting with the assumption of the agent as the unit of analysis and that agent being embedded in an environment, in which, agency is inseparable from structure, boundaries are approached in this thesis with the guidance of work by Midgley (2000). Midgley’s systems approach asserts that pluralist research adopts different theoretical perspectives within different boundaries. It clearly emerges from the transcripts that respondents have different perspectives on the local horizon. Network horizons (Anderson et al., 1994; Holmen and Pedersen, 2003) were discussed earlier in the thesis (see sub-section 4.5). Horizons are discussed in the network literature as subjective, with individual actors probably unable to see the
extent of a network. Boundaries are clearly perceptual boundaries, constrained by dominating structures such as political authority boundaries, or signified by more contextually relevant boundaries such as a geographically defined market. Markets in the structuration sense are helpful in making sense of space, making space coherent or relevant space. Interpretive schemes are context specific, taken for granted assumptions drawn from stocks of tacit knowledge. In this sense boundaries are semiotic; they are signs of relevance or irrelevance. The structural rules of signification enable agents to make sense of their local context and communicate this sense to others. Knowledge of boundaries may lie for some actors within their practical rather than discursive consciousness.

An important indicator of interpretive schemes is the use of metaphor by respondents. Such use of metaphor denotes a situation where respondents are drawing on practical consciousness to make sense of something and communicate that sense, in this case their sense of space, to others. Practical consciousness denotes the existence of knowledge that is implicit. ‘I am always amused when the [Regional Development Agency D] people come and see me. They are trundling in from [City D], have the meeting and trundle back to [City D].’ The clear perception here is that the base of the regional development agency is too distant to easily facilitate face-to-face contact without a lot of ‘trundling about.’ Trundling, defined as “to move heavily on, or as if on wheels” (Collins English Dictionary, 1998: p. 1639), implies discomfort and awkwardness in the process of travelling to and from City A. Such awkwardness is similarly expressed in the following quotation. ‘The trouble with something like [Regional Development Agency D] is…. covering such a large area with so many interested parties, it is very difficult for it to get down here.’ The perception of relevant
geographic boundaries to these respondents clearly, therefore, lies between City A and the base of the regional development agency [Regional Development Agency D] in City D, a distance of about 50 miles. The city and city-region political/administrative boundary lies between the two locations. However, such a political boundary did not make sense equally across public and private sectors.

‘I think that’s quite interesting because region is a very much public sector term. So governments have regions, obviously regional development agencies have regions which tend to be...are the same as government regions and then everybody else has to fit into that, so you have to fit in sub-regions because you can’t do everything from a regional perspective and I actually accept the point the private sector don’t see that in the same way.’

There are three signification issues evident in this statement, one is the geographic definition of local in public sector, political terms. The second is concomitantly, the perceptual boundary between the public and private sectors themselves. A third issue is indicated when the respondent says ‘everybody else has to fit into that,’ which clearly suggests interplay between the rules of legitimation and structures of domination in respect of boundaries. In other words it can, at times, be deemed an illegitimate act to operate within self-defined boundaries, and may result in negative sanctions being applied.

Semiotic cues that are used by actors to make sense of a local environment are also provided in respect of physical geography. Human geography is defined as an interpretive scheme that includes urban limits. ‘It’s like what do you mean by [City A]? The administrative city boundaries... You can get the suburbs on the West and to an extent to the East, and lots of people in them think I am not in [City A] but out of [City A].’ Human geography was also discussed by respondents as infrastructure (tunnels, bridges, roads, rails) and utility networks (gas, electricity, telephone). ‘For us the
relevant region would be defined by reference to the extent of the physical infrastructure.’ Other syntactical cues are provided in the names of regional news programmes, newspapers, the names of authorities and councils, water and electricity authorities, and numerous other organisations that carry regional semiotic cues that are used by local actors to make sense of what is local and what is non-local geography.

Natural as well as human physical geography (See Tab. 8.2) emerges as a key boundary. Crucial natural physical geographic boundaries discussed are, rivers, upland areas, extended rural areas between urban areas, and coastlines. The nature of these physical human and natural boundaries is revealed as being psychological or sense making, in the following quotation. Within the region under investigation, there exists a major piece of infrastructure that defeats a previous natural geographic boundary. ‘I am old enough to see the [infrastructure] happen and think that would unite [the region]. It didn’t. It may have done physically but certainly not emotionally.’ In other words, the removal of a physical geographic barrier did not lead in the short-term to any greater interaction between actors previously separated by that geographic barrier. This statement reveals the psychological nature of boundaries, even when they exist physically, at least in the short-term. In this example, cultural boundaries and geographic boundaries coincide, but when the geographic boundary was removed, the boundary remained as a psychological boundary that constrained interaction. This example illustrates a boundary clearly as a temporal boundary in the sense that the geographic definition remains, but as a perceived geographic boundary, it would take many years to be perceived differently, if it ever could be.
Further perceived boundaries were offered. One commonly discussed perceptual definition of boundaries is that of social boundaries with a geographic logic such as distance from home; ‘is a region a geography where particular people work and play, I don’t know?’ In other words, individuals make sense of their local environment through their patterns of travel, particular the routine of home to work travel. It is conceivable that a firm adopts this logic as their collective sense of local space. Tab. 8.2 presents a summary of the different boundaries discernable in the transcripts.

**Tab. 8.2: PERCEIVED BOUNDARIES IN THE RESEARCH CONTEXT**

<table>
<thead>
<tr>
<th>TYPE OF BOUNDARY</th>
<th>EXAMPLES USED</th>
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<tbody>
<tr>
<td>Natural geography</td>
<td>Topography, Coastline, Rivers/estuaries, Rural areas</td>
</tr>
<tr>
<td>Human geography</td>
<td>Urban limit, Utility networks, Transport infrastructure</td>
</tr>
<tr>
<td>Political/administrative</td>
<td>City (LSPs), City-region (LAs), Sub-region (EPAs), Region (RDA), National, Super-national region (EU), International (Bilateral, multination NATO, WTO), Global (UN)</td>
</tr>
<tr>
<td>Psychological</td>
<td>Social and work patterns, Cultural affinity groups</td>
</tr>
<tr>
<td>Market</td>
<td>Geographic markets, Geographic segments</td>
</tr>
<tr>
<td>Resource</td>
<td>Industrial (cluster), Supply-chain, Intelligence (networks)</td>
</tr>
<tr>
<td>Managerial</td>
<td>Corporate culture, Professional culture</td>
</tr>
</tbody>
</table>

It proved impossible to discern any single notion of boundaries which made sense to all respondents, that is, provided a boundary within which a discernable relevant marketing task is performed. Such marketing tasks have been codified so far in this chapter as offensive and defensive regional marketing. Offensive regional marketing
would take place with actors outside a boundary, defensive marketing between actors inside such a boundary. If boundaries are indiscernible, inconsistent or irrelevant, neither the offensive or defensive regional marketing terms have any meaning. The definition of boundaries emerged during Phase One as an essential element to position this investigation within the marketing discipline. Until resolved during Phase Two, the problem of boundaries threatened the very validity of the investigation. The induced resolution to the problem is presented below and is termed a theory of relevant marketing geography.

8.2.3: Relevant marketing geography

In Phase One of the investigation, the relevancy of geography to marketing was considered in-depth. Discussions with respondents in Phase One produced some blank faces but the following quotation proved helpful in settling on themes that was converged upon later in Phase One and Two. ‘It is whether the geography and the regional-based stuff is one of the components in the marketing mix rather than a separate proposition altogether. That is the test. You need to have examples that rely on the geography.’

The notion of boundaries that are relevant marketing boundaries comes from a significant eureka moment in one Phase One interview; ‘…at the end of the day it’s about marketing relevant geography is what I would say. […] and I think one of the things that’s important in this is to market the relevant geography in terms of the audience.’ Marketing relevancy became an axial code at this point and remained so throughout the thesis, with relevant marketing geography and perceived geography as free nodes in the tree stemming from this axial code (See Tab. 7.3). Regional marketing
boundaries are those that are perceptually relevant to marketing activity, that is, can or could act as interpretive schemes to those conducting marketing activity. The researcher found a helpful starting point through first examining the transcripts for evidence of what are *irrelevant* marketing geographic boundaries. ‘Another compromise city-region goes to four local authorities here and that’s pure public sector invention. It has no relevance to private sector operations at all.’ A further private sector respondent offers, ‘it drives me nuts as it does many businesspeople when we get dragged into the technical local authority boundaries. That’s public sector world, that’s local authority world. I can’t believe that business has actually started to talk in those terms.’

The logical research question that emerges from the preceding quotations is; what boundaries then are *relevant* to private sector business? The answer forms the next element of the discussion in this chapter. The crucial quotation from a Phase Two interview is as follows. ‘I think also that within that in terms of local there are two sides to it. There is local for the organisational resources and local in the sense of its customer base.’ This quotation allowed the researcher to develop a macro theory of relevant marketing geography that rested on two perspectives, alluded to in the above quotation, resource-based and market-based perspectives. It was at this point in Phase Two that the choke point presented by the problem of defining boundaries began to resolve itself. It is within these two broad perspectives that it is possible to find ‘examples that rely on geography.’

The following is a succinct summary of the views of a market-oriented firm in relation to its local geography; ‘they have no interest in the name of the local authority. They
have no interest where the local authority boundary comes. Their interest is where, is their market? How do you access that market?’ Another private sector manager offers, ‘…for me the region clearly is a market…as one who is offering outsourcing services to private and public sector organisations.’ In this example, the firm’s sense of relevant geography is clearer, as their market boundaries coincides with the political boundaries, as their main customer is a sizeable public sector organisation. The following example describes a similar situation. ‘But if say, if you are one of the suppliers where 80 % of your business is supplied to the NHS, supplying food for hospital wards etc., or whatever, the region for that firm is that NHS firm. That’s what we supply, that’s the region.’ Firms with broader customer bases use different interpretive schemes to define a region, or indeed their regions, ‘as a business […] our entire business is split by sales-rep territory, throughout the UK…And that’s geographical.’ Such perspectives as appear in the above paragraph mirror the dominant perspectives in relation to geography, in a regional sense, within the marketing discipline. Regional boundaries, in this sense, are defined by market, segment and perhaps sales-rep territory boundaries. Market-based regional boundaries were also discussed as being constrained by the reach of local media that carry local communications messages. Drawing heavily on the market, marketing and relationship marketing orientation (RMO) literature reviewed in Chapter Two. The market-oriented view of relevant marketing geography is therefore defined here as:-

Interfunctional co-ordination, not necessarily involving functional marketing, within a defined local geographic perimeter in order to gather competitive and customer intelligence with the intent to subsequently deliver a value proposition within that geographic perimeter based on that intelligence.

Again, analogously extending the literature reviewed in Chapter Two, a regional marketing-orientated, as opposed to regional market-orientated definition, would
involve the centrality of a functional marketing department. Beyond next being illustrated as a contraposition on the left hand side of Fig.8.4 to the resource-based perspective, this market-based definition is peripheral and the focus of this thesis will be on the resource-based perspective.

The second broad perspective considered in this chapter is the RBV; however, the competency-based perspective is equally important. For convenience, competence-based issues will be discussed in this sub-section under the RBV heading. The RBV is a minority perspective in marketing and closely linked to the RM school of thought. Chapter Three presented a review of this literature and extended this review into literature outside the discipline of marketing but within other business disciplines such as strategic management. Crucial to applying the RBV literature to the context of regional relationships, is the construct of firm addressable resources (Sanchez and Heene, 1997). This construct allows for the RBV to consider resources that are contained outside the hierarchy of an individual organisation. Interorganisational relationships link resources together and as a result, regions themselves become a constraining or enabling resource to co-located organisations within it.

Regional marketing activity grouped under the RBV of relevant marketing geography is not often perceived as marketing relevant by private sector firms that were heavily involved in their regions. The following quotations are typical. ‘The local geography is totally irrelevant for us. We define our market in a way that is globally oriented and driven by the customer segmentation that we operate in. Not local geography.’ In essence, local is irrelevant because the firm’s market is global. ‘Apart from a few sponsorships like the [local press] Business Awards, the company then doesn’t involve
itself particularly in the city or the region. Because, as an international company, there is no reason for it to do so.’ Such perceptions constrain the relevance of doing 4Ps type marketing locally, ‘any local initiative people talked to me about…will I do some consumer local advertising…I would never do that. That to me is thinking too small in terms of the business we are in.’

When respondents were challenged about the nature of their otherwise stated heavy involvement in the region, the following responses were revealed as underlying motives for such involvement. ‘The only reason I would do that [local marketing] or the only reason we do local sponsorship of events is as an employer based in the area not through any real business benefits.’ The motive for involvement is clearly human resource-based, and is expanded on by a second respondent. ‘Local is about where the employees in this company live and where the company is based. Driving a big consumer local identity for [the firm] in my mind is only linked to those two things.’ The implications of the customer being ‘based’ locally needs further examination and will be returned to. The human-resource motive is however clear.

Local relevance is revealed above as the relevance of resource-acquisition and retention as well as market relevance. The recruitment, motivation and retention of skilled local work force is offered here as endeavour worthy of support from marketing activity; ‘driving a big consumer local identity’ and ‘local sponsorship of events.’ The relevance of geography can be widened where there is a perceived need for a different skills set. ‘Obviously the manufacturing facility is generally recruiting people from within the region. Maybe at a more management level, you bring in people from outside.’ What emerges from this statement are the different boundary horizons for different resources;
'I think you are always going to find a circle for resources for a new customer base.’ Probably because of the way it employs staff for quite a tight area.’ Such boundaries run from local to international, ‘the knowledge to help me maintain or develop resources for the [firm] has to be resourced nationally or even internationally.’ The following passage for a later transcript provides and effective summary of this variable geographic relevancy.

‘With an organisation of our size and the mix of skills you need on a scale like this, you have to stretch further […]….and trade maybe twice the distance beyond that – maybe a 40 mile radius. But you are not going to recruit people to work as tradesmen from much beyond 15 or 20 miles. In those types of organisations you can have a specialist equipment supplier which again probably recruits from fairly local.’

Such evidence supports the relevancy of critical pluralist technique of choosing multiple boundaries that are used for different purposes at different times.

Resources were discussed in terms of raw material as well as human resources. The following two quotations discuss a symbiotic relationship between three firms, one multinational (Firm A) is located where it is, due to a primary raw material supply, in turn, firm A supplies by-product to firm B, also a multinational. This by-product is the primary raw material for firm B.

‘They [Firm A] are here not because of anything that local authorities or regional government have done. It is simply because the private sector or [firm A] can provide the raw material which is one of the base materials for the process to make the product which is then subsequently processed.’

Drawing heavily on the literature reviewed in Chapter Three, the resource-based view of relevant marketing geography is defined as the:-

*Interfunctional co-ordination, not necessarily involving functional marketing, within a defined geographic perimeter in order to gather intelligence on, and build relationships with constituents, and potential constituents within the defined local geographic perimeter, in control of*
tangible and intangible resources and competencies in order to acquire, or make those resources and competencies firm-addressable.

The preceding quotations are from large multinationals. The first five operate in consumer goods and therefore clearly have some, albeit limited, sales within the region. The final two have no recognisable sales in the region at all. A second typology of to region relationship resource began to emerge from the coding process in Phase Three, and is highlighted below. ‘[Firm C], they don’t sell anything here, they employ lots of people, so do a lot of companies, that are not actually selling anything’ [locally].

‘For some of them [firms], there is no local market necessarily. Like [Firm D] don’t have a local market, they are in [City A] but they have no local market. They have a local relationship, they recruit most of the staff from here, they have a job to do, community development, all sorts of stuff, but they don’t sell anything.’

Whereas market orientated local firms have some resource-based orientation, resource-oriented firms may have limited or no local market-oriented interest. This offered the opportunity to develop a taxonomy which is presented below in Tab. 8.3.

Tab. 8.3: TYPOLOGIES OF RESPONDENT FIRMS

<table>
<thead>
<tr>
<th>Type 1: Substantially local market interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2: Substantially or only local resource interest</td>
</tr>
<tr>
<td>Type 3: Significant blend of local resource-based and market-based interest</td>
</tr>
</tbody>
</table>

This categorisation is proposed as a method of segmentation that could be used on the part of a hypothetical regional relationship manager.

Managers of Type One firms define geography through classical market techniques, such as, segments and marketing. Managers in Type Two and Three firms seem to experience more equivocation when expressing interpretations of local boundaries. Type Two and Three firms seem more inclined to resort to public sector definitions. It is questionable whether public sector definitions are relevant definitions, in that they
fail to make sense of something. Managers in Type One firms seem more likely to use relevant definitions of local marketing geography, Type Two and Three firms are more likely to use irrelevant definitions of local marketing geography. The lack of a coherent model to aid Type Two and Three firms is proposed here as a constraint to effective local planning activity.

The following quotation was introduced at the start of this sub-section:-

‘it is whether the geography and the regional-based stuff is one of the components in the marketing mix rather than a separate proposition altogether. That is the test. You need to have examples that rely on the geography.’

For this respondent, the marketing mix is clearly an interpretive scheme; it is a model that makes sense of the marketing act in a given context. It was the researcher’s conclusion that no model or theory existing in the marketing literature at the time of writing made sense of marketing and geography. It was therefore necessary to develop such a model to position the theories that appear in the next three chapters of the thesis.

This model is presented below in Fig. 8.4.

Fig. 8.4 attempts to conceptualise the relevance of geography to the marketing function. It draws on two substantial theory areas, the resource-based and market-based views that were reviewed earlier in the thesis. The market-based perspective of relevant marketing geography, geographic markets and segments, is indicated to the left in the model. The market-based perspective is covered adequately in any of a multitude of introductory marketing text-books and needs no further elaboration here.
Fig. 8.4: WORKING CONCEPTUALISATION OF RELEVANT MARKETING GEOGRAPHY AND THE POSITION OF REGIONAL BUZZ
Source: Author.

Fig. 8.4 further identifies and positions a lacuna in marketing theory exposed by review of material from outside the marketing discipline, particularly from the discipline of economic geography. This literature was reviewed extensively in Chapter Five. The constructs of co-location (Cooke, 2002) and regional buzz (Storper and Venables, 2002) between co-located actors were introduced in this chapter. An enabling regional semiosphere denotes a positive regional buzz and therefore an addressable resource for
co-located firms. These constructs are, therefore, modelled under point two above and are positioned within the RBV of relevant marketing geography.

Clusters are interlinked geographically in a vertical sense through upstream and downstream relations and therefore interaction in clusters can be transactional. Clusters are illustrated in quadrant 3 of Fig. 8.4. Clusters benefit from co-location by the shared space allowing them to gather information on competitor activities whilst simultaneously collaborating with co-located actors. Like networks, relationships in clusters are horizontal, vertical relationships are also common and indeed the desired policy outcome of cluster development. Unlike networks, interaction in clusters is bounded by geography. The model isolates a trajectory for the remaining polemic in this thesis (indicated by the shaded areas to the right-hand-side).

The stance is taken, in this thesis, that RM is not a paradigm shift in marketing practice but it exists instead alongside transactional marketing as a multi-exchange paradigm. The co-existence of relationship and transactional marketing in the theory of relevant marketing geography is indicated at the bottom of Fig. 8.4. In essence, RM is of relevance in all areas of the model. However, in relation to quadrant two, the relational perspective is proposed to have sole relevance, the transactional perspective no relevance. Quadrant two is therefore a purely relational space. Thus, the transactional and relational perspectives of marketing have relevance in the macro-theory of relevant marketing geography. Hence, the macro-theory has been termed relevant marketing, rather than relevant relationship marketing, geography. Having, therefore, proposed a macro-theory, Chapters Nine and Ten will propose two substantive theories that sit
within quadrant two of Fig. 8.4. Hence, without the macro theory developed above, a link between marketing theory and these two substantive theories would be unclear.

Fig. 8.5: THE LINK BETWEEN THE MACRO THEORY OF RELEVANT MARKETING GEOGRAPHY AND REMAINING THEORY AND CHAPTERS IN SECTION C
Source: Author.
8.3: Chapter conclusion

The problem of relevant marketing boundaries has been overcome in this chapter with recourse to Midgley’s critical pluralist perspective which allows for different boundaries to be set for different purposes. By combining such an approach with the taxonomy in Fig. 8.4, it is possible for a marketer to individually discern which geography is relevant to marketing activity. Within the resource-based perspective, it emerged from the transcripts that many resources are locally grounded; this includes the resource offered by the region itself. A local semiosphere, that is positive, enables business competitiveness and, one that is negative Constrains competitiveness.

Fig. 8.4 presents a macro-theory of relevant marketing geography under which two other theories presented in Chapter Nine and Ten, are subordinate. This relationship is illustrated in Fig. 8.5. The theory presented in Chapter Eleven is a structurationist view of all aspects of the research and therefore frames all phases of the research, and all preceding theories.
Chapter Nine: The relationship lifecycle and geographic co-location

9.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter One</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section A</td>
<td>Literature Review</td>
</tr>
<tr>
<td>Section B</td>
<td>Methods and Methodology</td>
</tr>
<tr>
<td>Section C</td>
<td>Findings, Conclusions and Contributions</td>
</tr>
<tr>
<td>Chapter Eight</td>
<td>Positioning the Findings in the Marketing Literature</td>
</tr>
<tr>
<td>Chapter Nine</td>
<td>The Relationship Lifecycle and Geographic Co-location</td>
</tr>
<tr>
<td>Chapter Ten</td>
<td>A Competence-Based View of Relevant Marketing Geography</td>
</tr>
<tr>
<td>Chapter Eleven</td>
<td>The Structuration of Regional Involvement</td>
</tr>
<tr>
<td>Chapter Twelve</td>
<td>Contributions to Knowledge and Research Limitations</td>
</tr>
</tbody>
</table>

Fig. 9.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

The theory presented in Chapter Nine is empirical and presents a lifecycle theory of regional relationships. This relationship lifecycle is a dynamic, diachronic model. This lifecycle theory explains the process through which firms enter a spatially defined area and become isolated or involved to varying degrees. It forms the culmination of a convergence on the initially notional phenomenon of regional loyalty. The existence of a relationship lifecycle will begin with the construct of co-location between actors (Quadrant 3 of Fig. 8.4). From beginning Phase Two of the research, it became apparent that different relationship states exist between different co-located actors. Relationship lifecycle became an axial code at this stage, and is grounded in transcripts from Phase One. A free node that also emerged from Phase One of the fieldwork was a
notion of co-located isolation. This free node was later formed into the tree code
topped by the relationship lifecycle axial code (See Tab. 7.3). The researcher felt that if
co-located isolation existed, then a spectrum would also surely exist in which a
contraposition termed initially, not isolated could also be visualised. Using a narrative
strategy, this chapter will attempt to construct a process model of a regional
relationship lifecycle, starting with an examination of co-located isolation. In addition,
a visual mapping strategy is deployed to demonstrate a model of a linear lifecycle
process. This visual mapping will be introduced stage-by-stage until the final model is
presented in Fig. 9.13.

The theory in this chapter builds on the theories of co-location, discussed in Chapter
Five and deployed above in Chapter Eight to develop the macro theory of relevant
marketing geography. The theory is further induced from several threads of literature
within the RM literature reviewed in Chapter Two. First, the foundation for the
temporal model is the relationship lifecycle theories of Grönroos (1980) and Ford
(1980). Second, the vicarious literature on loyalty (Sub-Section 2.8), commitment
(Sub-Section 2.9.3), and more helpfully, relational involvement (Sub-Section 2.9.7) in
the context of leisure marketing are used to identify stages in the lifecycle. Third, from
outside the marketing discipline, the construct of embeddedness (Sub-Section 5.8.5)
proved important to make sense of the most mature and involved stage of the regional
relationship lifecycle.

This Chapter makes a significant contribution to the achievement of objective four of
the thesis, ‘to define and distinguish offensive and defensive regional marketing
activity and present substantive theories to codify the contribution of defensive
marketing to the regional competitiveness agenda,’ by presenting a relationship lifecycle which will later be analysed to address the crucial intercession points, that defensive regional marketing can make, to increase involvement levels. Increased involvement is argued, by most respondents, as a prerequisite to improved regional competitiveness. Objective three of the thesis is to present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors. The theory presented in this chapter contributes to the achievement of this objective by demonstrating relational effects over time and space dimensions.

The chapter is structured as follows; first, a notion of regional isolation is presented (Sub-Section 9.2). The central notion of regional involvement is next defined and discussed (Sub-Section 9.3) before the mediating construct of satisfaction is outlined and its impact on the introduced notion of embeddedness and historical loyalty to a region are discussed (Sub-Section 9.5). A model is built stage by stage throughout these Sub-Sections until in Sub-Section 9.6; the activities defined in Chapter Eight as offensive and defensive marketing are positioned within the model to complete it.

**9.2: Regional isolation**

This sub-section will identify the meaning and causes regional isolation.

A phenomenon called the ‘branch plant mentality’ was briefly mentioned earlier in the previous sub-section. This phenomenon was converged upon, in later interviews, and is coded in this thesis as regional isolation.

‘The more difficult ones [firms] to engage are the ones that are, I would define them as service company branch plants, they may be franchises or they may be a branch of a national organisation, they often haven’t got
management autonomy and they are more difficult to engage with as a sense of community.’

The preceding public sector respondent discusses a difficulty to engage with what has been codified as an isolated firm, and that these isolated firms lack a ‘sense of community.’ Two aspects of this assertion will next be examined, how and why these organisations lack a ‘sense of community.’

9.2.1: How to identify regional isolation

The first element, that will be discussed, is how a firm is isolated, or how is isolation manifest. The following two respondents in Phase One and two allude to ways to identify isolation‘…there are different camps, some of them [firms] will have had no contact with anybody, in the public sector, they will just sit here and do the job.’

‘Some people are very insular. They don’t want to get engaged and involved […] with the bigger picture. They will rather stick to what they do. You will get a certain amount of businesses that will be able do that. Typically they will be smaller.’

Both respondents allude to activity based identifiers. ‘Doing the job’ is taken to mean the job of business, selling, or market-oriented activity, as is ‘rather stick to what they do.’ A further sense making metaphor, not getting engaged with ‘the bigger picture,’ is also evident, taken to mean a failure to contribute to regional competitiveness through interaction with agencies mandated to enhance regional competitiveness. The following typology was presented in Fig. 8.2 and is restated here as a precursor to further discussion.
Tab. 9.2: TYPOLOGIES OF RESPONDENT FIRMS: RESTATEMENT OF Tab. 8.2

<table>
<thead>
<tr>
<th>Type 1: Substantially local market interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2: Substantially or only local resource interest</td>
</tr>
<tr>
<td>Type 3: Significant blend of local resource-based and market-based interest</td>
</tr>
</tbody>
</table>

The problem of identifying isolated forms is most marked when considering Type One and Two firms above, the significant point of commonality being their market interest in the region. One perspective would be that Type One and Two firms cannot be isolated as they always interact with co-located actors who are customers and suppliers.

Feser and Luger (2003: p. 13) ask “what if firms co-locate but do not trade with each other?” One possible answer is that a firm is a Type Two firm. However, a further alternative is that, if such a firm does not trade and has no other resource-based connections with co-located actors, then that firm is argued here to be regionally isolated in the fullest sense. This would seem to be the ‘branch plant syndrome’ alluded to by two public sector actors; however, respondents named no example of such a firm and such a firm remains hypothetical rather than empirical in this thesis. It seems questionable however that a firm could be asserted to have no resource or market connections. Limited resource and market connections seem feasible and fair extrapolation of what several public sector managers refer to as the ‘branch plant syndrome.’ However, such a hypothetical firm has been added into the taxonomy below as a type four firm.

Tab 9.3: TYPOLOGIES OF RESPONDENT FIRMS WITH ADDITION OF A TYPE FOUR FIRM

<table>
<thead>
<tr>
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</tr>
<tr>
<td>Type 3: Significant blend of local resource-based and market-based interest</td>
</tr>
<tr>
<td>Type 4: Little local resource-based and market-based interest</td>
</tr>
</tbody>
</table>
The respondents, above, in this sub-section, speak of isolated firms, rather than as an isolated firm. By their very nature, gaining access to isolated firms is very difficult. However, one such firm is identifiable in the sample (Firm E). ‘There is no doubt in the past there has been very little interaction or engagement by the [Firm E] with the community.’ To illustrate, the respondent from Firm E goes on to speak of past negative experiences with an attempt to get involved. ‘I know the [Firm E] had tried a few times in the past to engage with the community. Every time they popped their heads above the parapet, one threw a brick at it.’ A different public sector respondent speaking of isolated firms generally offered the following similar comment; ‘…they probably poked their nose in and had it chopped off by somebody that says...What are you doing here?... Which is unfortunate.’

The dynamic and temporal nature of the lifecycle is revealed in the transcripts as two-way; firms can withdraw involvement as well as increase levels of involvement. Equally, a notion of dissatisfaction with involvement is also revealed as an interpretive scheme, a subject that will be returned to later in this chapter. Again, such sense making is exposed through the use of metaphor; having a ‘nose chopped off’ or a ‘brick thrown’ at a head, speak both of dissatisfaction and ineffective regional relationship management. The respondent, above, discusses a reaction to dissatisfaction as a return to a position of regional isolation. However, the extreme reaction to dissatisfaction discussed in the transcripts is leaving the region, coded as spatial exit.

‘The [Firm F] decision to move out of [City A] was a local decision and that was very disappointing and in terms of the loyalty it is an interesting point, loyalty, that family, there was a management change and the decision was made to move it. It is a shame, it was a lost opportunity.’

The isolation that a number of respondents discuss, therefore, seems to relate primarily to resource-based issues such as a firm’s contribution to regional competitiveness and
having a sense of community. Isolation is, therefore, codified in a resource-based rather than in a market-based context. Respondents do not seem to refer to only Type Two firms when they discuss isolation and, as a result, market-based activity does not preclude a firm being isolated in a resource-based sense. The following working definition of an isolated firm is proffered.

A firm with limited resource-based relationships with other co-located actors in a relevantly and narrowly defined marketing geography, excluding activity demanded by market-based exigencies.

The construct of isolation will further reveal itself in juxtaposition with the further stages of the lifecycle that will be introduced in the following sub-sections of this chapter.

9.2.2: Causes of isolation

Five main areas emerge from the transcripts that explain why firms become isolated. The four areas are a firm’s size, the perception of regional competitiveness, a firm’s locus of control, a firm’s newness in a region, and a firm’s competency to relate to other actors within a region. These will now be discussed in turn.

A reason for isolation alluded to by several respondents was a perception of a focal region’s competitiveness. Regional competitiveness is discussed by several respondents as more important in regions with perceived competitive weakness, such as with the focal city in this research, City A. ‘Yes, I think they [isolated firms] do exist. But they exist less here than in my experience in other places.’ A number of respondents allude to the reason for this disparity, but the following quotation is typical. ‘If you told them it was [City A] you spent the next fifteen minutes apologising based on the image and the perception of the city. Based on that, based on the employment challenges we do try
and get quite involved locally.’ A strong region therefore, perhaps paradoxically, is likely to have more isolated firms; one respondent with experience of moving from a stronger region offers the following confirmation.

‘If we were anywhere else, let’s say we were in [Regon G] or in the [City G/Region H] type area. Would the community involvement be such a big deal? I don’t think it would. For a lot of companies in that area it is not such a big deal. We feel a little bit obliged as we are the largest private employer and [City A] is not a massive city.’

In other words, City A has less propensity for firms to be isolated, and a greater propensity to be involved.

One quotation above, in this sub-section, also speaks of small firms being more typically isolated than are large firms. Several respondents made such an assertion. However, a large firm does not possess, by default, a propensity to be involved; the following quotation speaks of a large firm that has no relationship with the local regional development agency. ‘I have had fairly significant local employers, and we’re talking about the largest private sector employer in the whole of the [Region D], who has no engagement with [Regional Development Agency D] at all, absolutely none.’ The nature of a large firm size was therefore probed more deeply for understanding. Whilst some large firms are physically co-located, the management of those large firms may be non-local, and therefore non-co-located. This related phenomenon was codified as *locus of control*. Non local locus of control would seem particularly relevant in respect of local involvement propensity.

‘…people nationally, operating at the national/international level don’t necessarily value...unless they’ve been there...they don’t value the impact of being seen as a very good employer locally, can have. So if you are a corporate guy in [City H] you wouldn’t necessarily appreciate the value that can be attributed to that because you have never seen it.’
Subsidiary embeddedness (Andersson et al., 2005a) was discussed in Chapter Five and refers to the impact of a head office control philosophy on the local embeddedness of its regional divisions or subsidiaries. Where there is a non-local locus of the control, the subsidiary is less locally embedded and it is less likely that actors will be physically co-present with other co-located actors at any given time.

A fourth area alluded to by respondents, as a cause of isolation, are firms that are new to a region. ‘You will get new players coming in who will be benefiting from the regional activity, but not contributing to the regional activity initially. Over time, they will get further up their lifecycle and will start to contribute. Depending on what success they have.’ A firm may, therefore, be a net draw on local resources before they start to contribute for instance, to stocks of social capital (See Sub-Section 5.8.4). Isolation in this sense may be transient, and legitimately positioned as a first stage in a lifecycle.

However, in addition to the causal effect of limited resources and local inexperience, a further reason for isolation is a lack of competency in building and maintaining regional relationships. ‘I think there are lots of isolated companies. I don’t think they are all disloyal. They don’t know how to get in.’ The quotation alludes to an issue of competency specifically related to regional relationship interaction. The issue of such a form of competency forms the thrust of the polemic in Chapter Ten below.

Isolation is the most difficult point on the spectrum to codify. However, consideration of the regional isolation construct points to the existence of a first stage in a relationship lifecycle. The increasingly mature stages of the lifecycle will be discussed
next, starting with the very notion of being not isolated, which will be argued as appropriately termed involved.

### 9.3: Regional involvement

Evidence for a first position in a lifecycle is presented above and termed co-located isolation. Logically, a contraposition must therefore exist termed initially, not isolated. Naming this not isolated contraposition proved difficult, as multiple terms were used by respondents and multiple theoretical constructs from inside and outside the discipline of marketing, were loosely analogous. Questioning as to such a position in a spectrum was pursued from Phase One using the terms involvement, engagement and loyalty. Loyalty as a term proved initially useful in stimulating significant debate. Respondents consistently used the terms, involvement, engagement and commitment when discussing notions of regional loyalty. Terms are vicariously used by respondents to describe a phenomenon that exists in the transcripts and will, for the moment, be defined as x. The process of critically examining the involvement, engagement and commitment constructs will be presented in the following sub-section using a narrative strategy. Rather than just stating the conclusions, the grounded nature of the final process model will be revealed by discussing the route, through which the constructs were developed across the three phases of the research. Visual mapping is used to develop a linear process model of a regional relationship lifecycle.

### 9.3.1: Terms and constructs

There is a considerable amount of literature in the RM sub-discipline devoted to the constructs of loyalty and involvement. Respondents were able to elucidate their views of these constructs in their relevant contexts. However, a third term, engagement, was
consistently used cotermously with involvement by respondents. No such help in understanding the engagement term was available from within the RM, or indeed from within the outwith literature. In a search for x, the product of the discussion on loyalty will be presented first, before exploring the respondent’s use of the engagement term, in juxtaposition with the involvement term.

The literature on loyalty reviewed in Sub-Section 2.8 discussed two broad schools of thought on loyalty, a behavioural and an attitudinal perspective. Behavioural loyalty indicators from transcripts include ‘resources and cash,’ ‘time and effort,’ ‘not being passive’ and ‘driving and delivering an agenda.’ Behavioural loyalty is habitual behaviour, made up of duration, frequency, intensity, sequence and probability of use over time (Iwasaki and Havitz, 2004). behaviourally involved firms however may include firms that have just located into the region or have recently moved from a position of isolation. These only just behaviourally involved firms cannot therefore have demonstrated frequent or habitual behaviour over time that would demand a label of behavioural loyalty. However, behaviourally involved firms that habitually demonstrate such behaviour, over time, could arguably be labeled as behaviourally loyal. In a search for a definition of co-located loyalty, it is, therefore, helpful first to consider the antonym of behavioural disloyalty.

First, can the previously defined construct of co-located isolation be characterised as behavioural disloyalty, in the sense that disloyalty is solely expressed behaviourally as a lack of co-located activity, beyond that demanded by the exigencies of the market. Second, can disloyalty be expressed as leaving a region; ‘disloyal businesses asset strip
their communities and then move on. Or just move out.’ Such a statement hints at a form of disloyalty whilst in situ; ‘asset stripping their communities.’

Within the sample were several large organisations, members of which were heavily involved, and whose firms had been in the region for more than a century. Their responses were consistent with the following, from a public sector respondent, with a regional development brief; ‘but having said that, and at the end of the day, if the cost dynamic so dictates, I guess they would move.’ This quotation suggests that withdrawing from a region may be an act of survival rather than disloyalty. The examples named by respondents, in Phase One and Two, of loyal businesses, would apparently still move if the ‘dynamic so dictates.’ Spatial exit is therefore not found to be a singularly satisfactory expression of regional behavioural disloyalty. The question therefore arises, could a firm that stays in a region for centuries be deemed loyal? ‘from our point of view, we have got no alternative but to be loyal to the city and to the region. Firms may equally be ‘embedded by virtue of their raw material supply [but] that might not have any particular loyalty to the area.’ The benefits of customer loyalty to a firm were revealed in Sub-Section 2.8 as improvements in customer churn, advocacy and a willingness to pay more. Volition therefore emerges, as an important element is the analysis of regional loyalty. Location and spatial exit are found to be essential elements in the analysis of loyalty but not wholly satisfactory explanations of regional behavioural loyalty.

Involvement is revealed by the following respondent as a precursor to a relationship; ‘…we’ll say, will you get involved and hopefully they will, then all of a sudden you have a relationship.’ Engagement is differentiated from involvement in the perspective
of some of the respondents. Engaged individuals are characterised by one respondent as
‘the people you can count on to turn up at something to give you support.’ Private
sector actors seemed more comfortable with the term involvement, public sector actors
leaned towards the use of engagement.

‘There are certain organisations and people that will be actively engaged
in a marketing or partnership process, and there are others that will be
involved. But it [involvement] is more about communicating and being in
the loop rather than actually driving and being engaged in assessing an
agenda and delivering it.’

‘We have examples with the [regional industry sector] where we have
twelve companies who are actively engaged in helping to shape the
marketing programme: event schedules, promotional work… But there is
another fifty or sixty organisations which are in the network and they are
involved and they have the opportunity of getting involved but they are
not helping to shape the actual programme.’

In the above two quotations, engagement emerges as a deeper sense of x than
involvement.

‘I would see engagement and involvement as being two different things
[…] I think involvement is more about the ownership of that process and
being part of it… so not being in the audience necessarily with other
business people, being talked at, but actually being part of the process
itself.’

However, the above quotation seems to perfectly contradict the comments in the two
preceding quotations and reveals why the author has initially used the term x rather
than beginning the narrative with the term involvement or engagement as a descriptor.
The use of either term is an essential part of the analysis.

‘I think involvement relates to geographic communities, about sense of
pride and about a sense of belonging, that’s involvement. Whereas
engagement is about creating a sense of let’s do something different and
what it’s going to be like for you and what can you contribute to it. I think
there’s a ‘buy in’ from engagement somewhere. You can’t be passive.’

Again, the above statement offers a different or additional perspective; that
involvement is psychological and engagement behavioural.
‘To me then, involvement would be involvement in its broadest sense, in the economical development in the region which can be done without the firm ever using the term economic development. […] Engaging [is conducted] within the broader community.’

This respondent presents the view that the distinction between involvement and engagement is grounded in the level of relative resource commitment. Involvement in this sense involves direct contributions, possibly monetary, to regional competitiveness; involvement seems in this notion to be interaction with the community. Below yet another perspective is presented.

‘Local politicians on the whole… they do it by themselves. It is one of the big, big problems… I have got elected, therefore I have got the right to do it and you lot [business] will help me to do it…. engagement rather than involvement. What it actually is about is involvement. The business community wants to be involved. They are willing to give their time and effort.’

This respondent speaks of power and voluntarism as distinctions between involvement and engagement. Engagement in this sense is invoked by power structures, involvement enabled by voluntaristic action.

A finding in this thesis is therefore the lack of consistency even within sector boundaries as to crucial terms. There is a clear need for terms to be aggregated and codified, or alternate terms to be introduced. However, several consistent themes are attributable to the as yet undefined condition of x. First, that development of x has power and voluntaristic implications. Second, that x has behavioural and/or attitudinal elements. Third, that there is perceived to be a lower and higher level of x. These higher and lower states of x reveal themselves as different levels of commitment (See Sub-Section 2.9.3). This would seem consistent with the views of at least one respondent; ‘what really matters is the commitment, the level of commitment.’ Similar to loyalty and involvement, commitment is discussed as having a behavioural element.
defined as an expenditure of time and/or money in a relationship with a co-located actor, and a psychological element. The following quotation is from Phase Three. The respondent further speaks of time and resources as crucial aspects of commitment in relation to x.

‘You just need to get a definition and decide which way to go with it […] it is not so much the word you are using to describe it [involvement], it is how much time and resource and cash people are prepared to put in. Whether they classify that as being engaged or being involved, I am not saying…it’s slightly academic. It is what word you use to describe it.’

The above statement confirms the confusion caused by a lack of consistent and meaningful terms. The passage also identifies a route to developing appropriate semantic understanding. Terms defining different levels of commitment will therefore be developed and discussed in the remainder of this Sub-Section.

In a search for a coherent term to describe x, this thesis will next analyse the phenomenon with reference to material from leisure marketing literature (See Sub-Section 2.9.7. Leisure activity is volunteristic, and x is also revealed as largely volunteristic; ‘…they [firms conducting x] don’t get paid any fees or anything like that, they volunteered to put a couple of hours of their time every month into a meeting.’

There are however some issues regarding the determinism of CSR codes of practice, and political pressure that compel x and this will be returned to later. X is therefore cautiously defined here as largely as an expression of voluntaristic behaviour.

There are three constructs from the leisure marketing literature that proved helpful in understanding x; first, behavioural involvement, and second, two forms of socio-psychological involvement; situational involvement and enduring involvement. Consistent with the comments of respondents, time and money expended, are found to
be indicators of behavioural involvement. However, respondents refer to different levels of commitment of time and/or money.

‘I’ve found that people are prepared to put their time in, if it came to put their money into it as well then you have another step change in commitment. And the wiser people who do take part in these networks and events, they’ll judge how much time they can afford to put into them, over and above their normal day to day job at the coal face.’

A clear example of behavioural involvement, without psychological attachment to the attitude object (the region), was provided by a private sector actor from Firm P who is dedicated to working with one large local client and who is x with several other co-located constituencies and therefore is behaviourally involved. This respondent states the following, in relation to a hypothetical situation, in which the relationship between the focal firm and their key co-located client broke down; ‘…so if they say to us, we don’t want to work with you anymore, which is perfectly fair, I would suggest that we would probably leave the region again.’ Clearly in this example, if the focal relationship with the key client broke down, exit from the region (spatial exit) would occur. Whilst the focal relationship remains, behavioural involvement with other co-located actors will continue. Evidence of socio-psychological involvement was not found in this case. This case displays behaviour resembling the construct of intermistic exchange discussed in Sub-Section 2.8.

To define x it seemed sensible to start with one end of a spectrum, isolation, and look next for the adjacent point of the spectrum. X is conceptualised in the following diagram which will be developed stage-by-stage in the remainder of this sub-section to demonstrate the grounding of the model in the different phases of the fieldwork.
X clearly has a behavioural level, which is defended as being consistent with the behavioural involvement construct. In the interviews, a line of questioning involved selfish and unselfish motives. These questions revealed a socio-psychological dimension to X alongside the previously identified behavioural dimension.

Crucial psychological involvement indicators are ‘feeling it’s right,’ ‘social conscience,’ ‘making you feel good,’ ‘part of their life,’ ‘satisfying when you do something,’ ‘feeling part of something,’ and a ‘sense of belonging to something happening.’

The enduring involvement construct is linked to hedonic and ego involvement and there is evidence, in the perceptions of some respondents, that ego plays a part in securing X at a level above simple behavioural involvement in the proposed lifecycle, ‘I can imagine, I can see people who were there [at an involvement event] because they want to be seen to be there.’ Personal motives were acknowledged by some senior executives, however, respondents only alleged that such an egotistical motive existed in others, perhaps unsurprisingly; none explicitly acknowledged it in their own motives.

‘…what is the objective of people’s contribution, do they get some kind of egotistical implant on the back of their heads, or on their backs, because they happen to be invited to, or join a group of people […] are they there because they are actually capable and able to make a significant contribution to the area of are they there because they think it’s important for there own personal status.’
Personal motives beyond egoistical motives are also evident in the following quotations; ‘it was a personal measure rather than a company measure. I thought it [being involved] was good for my self development actually.’ The construct of enduring involvement was discussed in Chapter Two as containing elements of predictability. Reductions in commitment in response to negative experiences were observable in the sample. Such reduction in involvement level is inconsistent with the enduring involvement construct. A respondent, above, observed that firms will put in whatever time they can afford ‘over and above their normal day-to-day job at the coal face.’ Smaller businesses, in particular, may have lower commitment, not because the attitude object is personally unimportant, but because it is not personally relevant all the time. Business exigencies may divert the time of small business managers from the attitude object, defined here as the relevant local geography; ‘…you are devoting time that is precious.’

‘…particularly in the SME sector, you haven’t got the infrastructure of people to help with doing more of the, let’s call it the social side of business, the regional side of things. You just don’t have the hours in the day to put into it.’

However, larger businesses also make cost-benefit assessments in relation to involvement. ‘The reason I withdrew [from involvement] is because I was very busy and I didn’t see it of great value to me personally […]. Part of it is being clear what we get out of these connections.’ Such reductions in involvement levels by SMEs or large enterprises could therefore be indicative of situational involvement rather than enduring involvement. It is conceivable that a manager is situationally involved, that is, they have a positive attitude to what other co-located actors are doing, but have no time available to be actively involved. In other words, socio-psychological involvement may exist in a firm that is behaviourally isolated. Enduring involvement is therefore unhelpful in management terms in the regional relationship marketing context.
Situational involvement clearly has a role in some circumstances and this will be discussed further below.

One the basis of the above critique, the second stage in the lifecycle (x) adjacent to isolation is defined as behavioural involvement. Initial involvement was considered as an appropriate term but it is conceivable that a firm remain at this level of involvement for some considerable time, such as in the case of Firm P discussed above. Local behavioural involvement is therefore defined here as:-

*Any relational interaction beyond market-based exigencies conducted between co-located actors with the intention to make local resources and competencies firm-addressable whilst increasing stocks of local social capital and/or enhancing local competitiveness.*

Such a definition requires a deep discussion of reciprocation. Reciprocation will also be returned to later in this Chapter. For now, it is suffice to add that a small firm with limited resources or a new firm with or without resources is classed as behaviourally involved, even if it is receiving significantly more benefit than it is returning in the short-term.

‘You will get new players coming in who will be benefiting from the regional activity, but not contributing to the regional activity initially. Over time they will get further up their lifecycle and will start to contribute. Depending on what success they have.’

Such a small, or new firm, may or may not be situationally involved, that is, have, or have not, a high positive attitude to the region. Below, x has been expanded and now denotes two positions on the spectrum, a lower and higher level of x.
A higher level of involvement characterised by higher commitment remains unresolved, for the time being, and is defined as $y$ in Fig. 9.5 above. $Y$ is a sub level of $x$ and will be returned to later in this chapter. $Y$ is provisionally stated to contain at least some attitudinal elements, more characterisable as situational, rather than enduring involvement. $Y$ is also postulated to involve an increasing activity base. The nature of that commitment to active involvement will next be analysed by examining the audiences with whom actors are, or could, be involved.

**9.3.2: The scope of involvement activity**

The first stage of involvement is defined as a behavioural construct. Based upon that definition, it is possible to demonstrate behavioural involvement, through consideration of the constituencies, with which, a focal actor is involved. To aid this analysis, the material reviewed in Sub-Section 2.6 on stakeholders, RM constituencies, and the construct of constituent marketing orientation reviewed in Sub-Section 2.6 is drawn upon. Examples of activity, with each of the eight constituencies identified, were numerous and, therefore, a limited number of quotations are used in this sub-section, and the findings summarised in a concluding diagram (Fig. 9.6). This diagram is presented from the perspective of a focal private sector firm. However, Fig. 9.7
presents the same model from the example perspectives of different focal constituents. The following quotations are from the perspective of a private sector firm.

Arms-length organisations are private sector, often limited firms, funded from public and private sources. Often they perform tasks previously routed in public sector agencies. Involvement by firms with these agencies may involve commitment to provide funds as well as time; ‘…we go out and recruit bond holders, people who will pay us money or give us services, we will go and talk about what the city’s doing, where its up to, the momentum etc.’ Bond holding denotes private sector firms contributing monetary funds to regional agencies. Involvement with arms-length agencies also involves; ‘…sitting down to act as a bit of a sounding board for marketing proposals to discuss together what events we want to go to and promote the collective interest.’ Alternatively, more formally ‘I was on the board of [Regional Development Agency D] for three years.’ The material reviewed in Chapter Six discussed industrial clusters and innovative milieux. A further crucial co-located constituency for a private sector firm is therefore another private sector firm. ‘Here [City A] there is a bit of a [named industry] network. […] There is some trading connections. However, most of it has been through things like [Arms length Organisation A], and all that stuff. It is meeting people through that.’ Arms length agencies here mediate the relationship between firms in the same industry. Involvement with third sector actors such as charities also emerges as an important area of behavioural involvement. In the following case, charity involvement was seen as a compulsion stemming from involvement with public sector actors; ‘…you need to accept that a part of their [public sector] profile that you have to meet, is to be also if you like, a socially aware, regionally focused partner, and we are quite happy to do
that.’ Equally, involvement with community groups is seen as distinct enough from charities for it to be seen as a separate constituency to charities in Fig. 9.6; ‘…we try and help support people who are finding it hard to support themselves, particularly the young.’

Respondents in relation to educational establishments; first higher education and research establishments make two distinctive categorisations; ‘we initiated projects with the hospital and the university medical school. We helped set up a new management centre’; and ‘I do stuff with the university and their advisory board up there.’ Second, schools and further education establishments; ‘we have just sponsored the Teacher of the Year award’; and ‘we have helped local schools when they needed new IT equipment, we have donated kit.’ A further important identified constituency for private sector actors is public sector actors. ‘I chair a value added group. We meet on a two to three monthly basis. It is a public-private sector initiative. For this [consultancy project] feedback we need to look at how we can find ways of doing more value-added locally.’

Figs. 9.6 and 9.7 bring together the key constituencies with whom all respondents discuss their interaction. Fig. 9.6 shows the perspective of a focal business actor, Fig. 9.7 show the same diagram from the perspective of third and public sector actors. Each constituency would plot the diagram from their own perspective.
Active commitment to involvement leading to $y$ is defined, not just in terms of time and/or money, but also to the number of linkage to different sectors within the relevant geographic boundary. What remains to be resolved is to define $y$ and the process through which behavioural involvement develops into $y$. This will be returned in the
next sub-section. The movement between behavioural involvement and y is initially proposed to be intermediated by the construct of satisfaction. Such a notion of satisfaction will be discussed next.

**9.4: Satisfaction with involvement activity**

The significance of satisfaction in the regional relationship lifecycle emerged late in the fieldwork, half way through Phase Two. At that time, the free node was changed from the *benefits of involvement* to *satisfaction with involvement*. Satisfaction was at this time moved under the relationship lifecycle axial code.

The following quotation speaks of extreme dissatisfaction; ‘I have got tired of campaigning with [Arms-length organisation A], I’ve just got sick of it, and I think it’s got to a point now where most people have. […] disillusioned, dissatisfied, and actually running out of energy.’ The quotation betrays an attitude that led to reduction in their level of involvement. Other respondents also speak clearly of dissatisfaction with involvement; metaphors such as ‘chopping off heads’ and ‘bricks being thrown at heads’ were discussed earlier. Such metaphor use is indicative of implicit sense making. The respondents seem to describe classical customer dissatisfaction with the involvement experience in response to the attempts of their firms to become involved.

Respondents explicitly discuss the qualitative measurability they apply to legitimise involvement, what one respondent called the ‘back of a fag-packet [cigarette packet] calculation.’ The use of metaphor consistently points to rules of signification. In respect of satisfaction processes, there would seem also to be evidence of interplay here between rules of signification and the rules of legitimation. Legitimation refers to the
process by which involvement is made socially legitimate by reference to established
norms of behaviour. Norms represent the spirit of the social interaction and lie in the
practical consciousness of an actor. Being able to legitimise time spent involved in
relation to key stakeholders is an important element in increasing commitment to
involvement activity. Equally, being able to understand value, and communicate a
sense of the value of involvement to key stakeholders, is equally as important.

At their most pejorative, involvement events, such as breakfast meetings were
discussed as being a ‘drinking club’, being ‘jolly good sport’ or dismissed as being
‘discursive talk shops.’ Such metaphorical language is used here to communicate
dissatisfaction, as such; satisfaction emerges as a possible structural property, as a
signifier of value, or lack of value. The post-rationalisation of involvement activity is
revealed when one respondent states ‘then you walk away and ask: what did I get out of
that?’ Other respondents similarly ask; ‘what are the concrete actions that come out of
that?’ and condemn events as being ‘…too broad. They are not focused enough and
they are not output based.’ One respondent more definitively asks, ‘can you prove to us
that you are benefiting from being involved? Proof of value, therefore, emerges as a
crucial interpretive scheme against which enduring notions of satisfaction are formed
and reinforced over time. Satisfaction with regional involvement has time and space
dimensions. However, respondents do not speak of value as being easy to quantify; ‘but
there is an understanding in [Firm I] that you don’t necessarily have to prove that
[value].’ Respondents equally find it difficult to elucidate, how they quantify it. Other
respondents reject the basic premise that involvement should be measured in terms of
reciprocal value creation; ‘I think the minute you start trying to say well, where’s the
return on this, how is it going to benefit me, I think it [involvement] looses its integrity.’

A resolution to such conflicting discussion of value and benefits was found in consideration of value as a broader construct. Firstly, private sector respondents seem to instinctively see benefits from involvement as being ‘bottom line’ When prompted respondents sometimes accepted the importance on intangible benefit received; ‘oh yeah, that is a fair point […]. If the customer is happy and talks about it independently that’s good for us.’ The example stated here clearly discussed reputation as a benefit derived from involvement.

Satisfaction is a metric against which it is revealed as having a contextual grounding in individual as well as the previously discussed organisational notions of value. ‘People get involved on the basis that there has to be something they get out of it, even if it is just emotional. I am pleased I did that, I feel better about that as a result, so that is reciprocal isn’t it. But it is at a personal level.’ The issue of reciprocity is central and will be returned to in the next sub-section. A further private sector respondent discusses a distinction between satisfaction and recognition; ‘satisfaction is different to recognition, I honestly don’t believe that I got the recognition that I might have expected from it [involvement], if anything, certainly from the council, it was a thankless task.’ Dissatisfaction would seem to be expressed here as a lack of thanks, the value to this respondent lies in recognition of time and effort expended in involvement. There is also a sense, in a number of respondents, that the relationships developed through involvement are, in themselves, their own reward. In this sense, proof of value may involve as an assessment of intrinsic as well as extrinsic benefits received.
Motives such as status, identity salience and friendship are evident in the transcripts and are clearly intrinsic benefits derived from involvement.

An arms length agency manager offers the following metaphor, a *badge*, for involvement; ‘…some people like the badge and it’s a bit of a status thing and it may get them business it may not.’ Therefore, in this respondent’s opinion, the badge is a motive, not just the badge’s instrumentality in gaining bottom line benefits. Identity salience was discussed on Sub-Section 2.9.1 and demonstrated in Fig. 2.14; where one party is an individual and receives social benefit, such as a ‘badge,’ as the result of participating in an exchange. The same respondent, immediately above, also suggests that involvement could be seen as ‘leisure time.’

‘Some people might actually see this almost as their leisure time, it actually might be that they said, I enjoy that because it’s not to far related to their business and it’s a bit different, and they may feel that they have some social evenings where others feel they are really participating and contributing and helping others achieve their objectives, but it may be for some people that its some form of relaxation and its part of their lifestyle and they are happy to do it because they don’t see it as a business.’

The respondent further suggests that people become involved because they ‘quite like the business set,’ the company of other business people outside of normal working hours. Centrality of lifestyle is proposed as a related factor in the construct of leisure involvement. Centrality to lifestyle is proposed to be an environmental variable which is beyond mere socialisation; involvement, in this sense, is an activity choice that reflects an actor’s lifestyle orientation. Such centrality in actor’s lifestyle could include high degrees of social bonding and may therefore contain behavioural and emotional dimensions.
Friendship is found to have a positive effect in respect of creativity and allowing business to be conducted in a friendly atmosphere but is also found to be constraining; it not being advisable to mix business with pleasure. In the event of needing to use negative sanctions, this would be more difficult to do where a friendship exists. It is possible that the constraining norm of avoiding friendship with trading stakeholders might be less of a constraint than in relationships with other stakeholders. The atmosphere of such interactions might enable friendships.

The following diagram (Fig. 9.8) continues from Fig. 9.5 and positions satisfaction with the variables discussed in the preceding sub-sections.

![Diagram](Fig. 9.8: THE RELATIONSHIP LIFECYCLE BETWEEN CO-LOCATED ACTORS, THEORY DEVELOPMENT: STEP 3)

Source: Author.

Satisfaction above (Fig. 9.8) is presented as the key mediating variable between behavioural involvement and Y. Proof of value, in respect of involvement, may involve organisational and personal assessments. However, the nature of reciprocal value expectations has not yet been discussed. Reciprocity is inherent in the notion of relational time, which was discussed in Sub-Section 2.7, and has been adopted as the theory of time used in this thesis.
9.4.1: Reciprocity and exchange

Satisfaction in an exchange relationship is bilateral rather than unilateral. Reciprocity is a central element in RM theory. Reciprocity was earlier discussed as a person receiving help and support being compelled to reciprocate positively by providing help and support, or at least not reciprocating negatively with harm for help. The compulsion evident in many anthropological studies of gift giving was discussed as a gift cycle. The temporal and spatial norms of reciprocity therefore constrain volitional non-reciprocation.

Following on from the discussions above, regarding organisational value judgements in respect of involvement commitments, a senior public sector manager proposes; ‘…they [businesses] don’t particularly think about the broader impact of what they are doing. They just look at what is in it for them as opposed to what is in it for the area.’

‘I think there is an element about, is their business activity perceived to be taking from, 100%, or are they perceived to be putting something back, and that is not necessarily money actually. It could be that they have very active recruitment locally, it could be that they sub-contractors and suppliers from the local area. It could be that they have some kind of community activity that they either financially support or it could that they give time.’

A public sector measurement of satisfaction is ‘putting something back.’ Evidence of such a motive is clearly discernable amongst private sector actors. ‘I think that there are people who, maybe, not quite as a duty, but see it as part of their life, they want to put something back in and they want to do it,’ and ‘…he’s doing it [being involved] for no benefit to himself at all, he does it because he thinks that’s right. You know, he’s got his business which he’s built, he’s a local resident and he’s putting something back.’
Private sector actors equally expressed suspicion that public-private sector interaction is non-reciprocal; ‘it’s [engagement] not simply about cash, but I think a lot of public sector functions end up wanting to engage from the perspective [with] the private sector, to get money out of them, and that turns people off.’ A further private sector respondent adds; ‘I think it is a cultural thing, I think the public sector likes to take and not necessarily to give,’ and ‘what is the return that we get from these public sector stakeholders?’ However, no interviewee interviewed in this thesis presented a naïve, like-for-like, notion of reciprocation. It is possible such views exist outside the sample in isolated firms, for instance. Private sector actors rather expressed concerns as to the form of reciprocity they had experienced. The following view is indicative of the views of private sector respondents; ‘I don’t expect that if I give a thousand pounds to [Arms Length Organisation A] I am going to get a thousand pounds back, of images, of help, of copy, of whatever.’ To think otherwise would be indicative of naïve reciprocation. A more representative example of private sector views is; ‘we can all work out the best way of going forward which benefits both the city and our business.’

To understand fully an element that explains a constraint to reciprocity, it is necessary to revisit the dichotomy of determinism versus voluntarism. Alongside the constraining and enabling processes of legitimation and signification are the deterministic resources of domination, evoked by facilities such as the law; ‘…yes there is procurement law between us and, they [public sector client] give you this business decision, and they need to be careful what they do.’ However, one public sector manager sees this legal issue as more of a communication barrier than a legal barrier. ‘So if a private sector organisation is looking for business directly from a relationship [with the public sector] that’s fine as long as you know that at the start.’ There is clearly, therefore, some
disparity between the expectations of benefit from involvement, against which, measurements will be taken that determine continued involvement and increased commitment levels.

Selfishness and altruism formed a core element of questioning in Phase One and two as well as the first part of Phase Three interviews. Selfishness is evident when prioritizing benefits to self at the expense of others. Partial or non-reciprocity could be seen as selfish acts. However, most regions have small business incubator policies; this would negate any assertion that, a small or new firm receiving more help than it gives back is indicative of opportunism. Such a situation is the active result of policy, therefore a local norm of reciprocity. Active opportunism or free riding, rather than simply non-reciprocity better denotes contextual selfishness. The following private sector respondents seem to speak of perceived opportunism; ‘I think it is completely accepted in the public sector… being selfish, it is quite difficult for the private sector being selfish when they engage with the public sector,’ and ’you don’t see the same appetite to sort out our problems, we are there to sort out their [public sector] problems.’ In other words, the respondents express an opinion that the public sector has the opportunity to reciprocate but does not, and is therefore selfish.

However, a number or respondents when discussing ‘putting something back expressed sentiments along the lines of the following; ‘I get a lot of satisfaction from being involved in those things.’ A further private sector actor continues the discussion when stating ‘it’s not necessarily about selfish in terms of financial benefit, either directly or indirectly, but clearly there is an element of selfishness there because if it makes you feel good, you’re doing it because you feel good.’
For satisfaction to be *the* key mediating factor between lower and higher levels of x, true altruism, examples of involvement without satisfaction would have to be identified. A respondent in the sub-section above discusses working with the public sector as being a ‘thankless task’ and notes that, ‘I honestly don’t believe that I got the recognition that I might have expected from it.’ This statement was as close to an example of altruism identified amongst the respondents. However, the same respondent went on to admit that the experience of involvement was satisfying in terms of personal development, and further suggested that he/she felt that he had made a difference, that was in itself satisfying. The minimum level of satisfaction discerned is therefore an enhancement of identity salience, to *feel good* about being involved in some way. Feeling good is not essential however if some other measure of satisfaction is used, feeling good merely forms a low benchmark when no other form of satisfaction is discernable. If an involved actor stopped feeling good about being involved when no other form of satisfaction is discernable, in the principle of instrumentality, they would end their behavioural involvement. Selfishness would therefore be evident through intrinsically feeling good about the relationship. This in no way denigrates the contributions of any actor that feels good about involvement. Satisfaction is therefore defended as *the* mediating variable between the higher and lower levels of x. Satisfaction is found to be a necessary mediating variable to reach a higher level of x in the regional relationship lifecycle.

As a minimum standard of satisfaction, an actor must feel good about a relationship, however, does that mean that if at any given time, an actor feels bad about a relationship then they will withdraw from the relationship? A further useful perspective
is therefore to examine selfishness in terms of longer time frames. Altruism is in evidence when an individual acts solely in the interests of others, or in a situation when at first sight, an individual may appear to prioritize benefits to others. Altruism is therefore evident where one party is prepared to forgo immediate benefits to self in anticipation of greater collective benefits later, sympathetic to the construct of delayed gratification, where satisfaction is delayed in the short-term.

The perception amongst respondents of the region under investigation is that it is relatively uncompetitive, this heightened the sense that there was a ‘job to be done’ in terms of regional competitiveness and image. ‘I think there is a sense in the business community here that the profile of the area, making it attractive to incoming employees and incoming investment is something where we want to play an active role in if we can.’ There is a general sentiment amongst private sector respondents that ‘any increase in the viability of the region would be likely to benefit [the firm].’ A minority of private sector firms perceived no such strategic issue. One respondent speaks of his experience in another region of the UK which is highly regarded in terms of competitiveness. He suggests that the propensity to be involved was less in the more competitive region than it was in City A. Another private sector actor commented, ‘our national director said she couldn’t believe the informal networks in [City A].’ There is a clear perception in the following respondents that improvements in regional competitiveness are measurable only across the long-term; ‘if the city does well my business will do better. That’s a long term view.’

‘There are ways in which in future we will need to work in partnership with the city […] you don’t always see a return on that in the short-term. It is difficult to measure short term. But over a long period of time it is about creating the right environment.’
Equally, a small tangible input can result in a larger and more directed intangible output measured in the long-term; ‘it’s a few thousand quid a year, but that gets them a reputation as being a good neighbour, a good local employer.’

It is possible therefore to postulate a relationship between the variables of isolation, behavioural involvement and y. This is presented in Fig. 9.9. By placing a spatial boundary in the model, it is possible to project two routes through which an actor may enter the relevant marketing geography and locate. One route will lead to behavioural involvement; a second route may lead to isolation. Here again would seem to be an opportunity for the marketing discipline to make a contribution. Appropriately targeted messages at this juncture may solicit behavioural involvement, whether the incoming firm displayed an orientation of isolation or involvement, in its previous environment. This will be returned to in Chapter Nine. Initial behavioural involvement will lead to an assessment of satisfaction. On the basis of dissatisfaction, a firm will lessen commitment, or becomes wholly isolated. Continuous satisfactory experiences over time may lead to y.

**Fig. 9.9: THE RELATIONSHIP LIFECYCLE BETWEEN CO-LOCATED ACTORS, THEORY DEVELOPMENT: STEP 4**

Source: Author.
Tab. 9.10 presents a summary of satisfaction processes discernable in the above quoted paragraphs and from the interviews as a whole. The factors in Tab. 9.10 are not proposed to be mutually exclusive and there would seem to be significant path dependencies evident with certain sources of satisfaction instrumental in achieving others. ‘But they recognise that by involving themselves, they always get something out for their own firm. That’s a given, that is accepted, because there is still enough good that comes out of it.’ Ligitimation and signification processes seem central understanding this instrumental relationship, however further research is needed here.

**Tab. 9.10: TABLE SUMMARISING EXPRESSED SOURCES OF SATISFACTION WITH ORGANISATIONAL INVOLVEMENT WITH CO-LCOATED ACTORS**

<table>
<thead>
<tr>
<th>Satisfaction for whom</th>
<th>Intangible sources of satisfaction</th>
<th>Tangible sources of satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managers’ satisfaction against personal motives</strong></td>
<td><strong>Intrinsic satisfaction</strong></td>
<td><strong>Extrinsic satisfaction</strong></td>
</tr>
<tr>
<td></td>
<td>Recognition &amp; thanks</td>
<td>Better choice of senior employment opportunities locally</td>
</tr>
<tr>
<td></td>
<td>Identity salience</td>
<td>Enhanced pay and conditions</td>
</tr>
<tr>
<td></td>
<td>Local status (the badge)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Friendship</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Serendipity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exchange partner satisfaction</td>
<td></td>
</tr>
<tr>
<td><strong>Managers’/organisational satisfaction against organisational objectives</strong></td>
<td>Positive organisational reputation amongst key local stakeholders</td>
<td>Local sales</td>
</tr>
<tr>
<td></td>
<td>Positive national reputation gained from local involvement</td>
<td>Enhanced efficiency/ productivity</td>
</tr>
<tr>
<td></td>
<td>Gaining useful local intelligence</td>
<td>Grants and direct deployment of public money</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Easier to recruit from outside the region</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better qualified recruits inside the region</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better range of suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Better local industry specific innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Specific ‘pinch factors’ addressed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Securing essential raw material supplies</td>
</tr>
</tbody>
</table>
9.5: Embeddedness and historical loyalty to a region

A leading development actor within the sample posed the following question in a Phase Two interview; ‘…the interesting question is, after you have worked in the same place for ten years, is there any loyalty to the area?’ Respondents also discuss loyalty in relation to firms that have been within the region for hundreds of years. Loyalty as discussed in customer RM literature could comfortably be applied to a ten-year relationship, but loyalty is not often, if ever, discussed in CRM literature, in relation to relationships lasting centuries. Loyalty, expressed as tenure alone has already been rejected in this thesis. Some stretching and redefinition of terms is therefore called for in this sub-section.

The preceding point, in the spectrum adjacent to y, has been defined above as behavioural involvement. Y is therefore provisionally defined in behavioural terms as being more involved and for longer. More involved could be defined in terms of increasing activity levels, resource commitment, by activity conducted with a greater number of constituent groups (Fig. 9.6), and with greater numbers of actors within each constituency. Becoming regionally loyal entails becoming highly involved in an activity and may also involve the development of a high positive attitude to the region. In other words, y is also provisionally proposed to have an additional positive attitudinal element alongside an enhanced behavioural element. This attitudinal dimension will be returned to later in this sub-section. The following polemic will first address the proposed enhanced behavioural element inherent in y over that inherent in behavioural involvement.
Network density is the total number of relationships that exist out of a possible total set of potential relationships. Much of the network literature reviewed in Chapter Three is reviewed without reference to local boundaries. An appropriate modification of network density, therefore, is to discuss involvement density rather than network density. The scope of the network denotes the level of involvement, chosen by a focal actor in relation to the total set of opportunities and available resources, within the spatial environment. One respondent reveals implicit appreciation of scope and density when they ask ‘what the strengths of the linkages are between the organisations and their stakeholders.’ Y therefore has a higher network scope and network density than enshrined in the construct of behavioural involvement; indeed behavioural involvement may involve only a few dyadic relationships with co-located actors.

Access to networks appeared in multiple transcripts as a motive for involvement; ‘I got myself into connections with businesses that would prove to be very useful.’ The value of such networks is substantially recognised as their informality; ‘informality is a secret weapon in a business,’ ‘an informal network of business leaders or guys that run their businesses up here.’ Drawn from literature outwith the discipline of marketing, the constructs of relational and structural embeddedness are helpful in gaining deeper insight into y.

Relational embeddedness refers to the total set of dyadic relationships for any firm within the network. Structural embeddedness on the other hand refers to the position in the overall network which includes non-direct relationships as well as direct or dyadic relationships. Fig. 5.5 in Chapter Five denotes a level of embeddedness of first, second and third orders. Regional institutions and agencies are essential in developing third-
order networks. Institutional thickness was also discussed in Chapter Five as characterising high levels of trust and a shared framework of understanding between key institutions that support regional competitiveness. Direct relationships with agencies form part of third-order relationships and therefore enhance institutional thickness.

Relational embeddedness denotes a situation in which a firm has a well developed set of dyadic relationships, with multiple actors from multiple constituencies. Such evidence of entrenched local friendship patterns and a sense of untraded interdependency are indicative indicators of relational embeddedness found in the transcripts. The absorptive capacity of relationally embedded firms is likely to be high. Structurally embedded firms may not recognise the extent to which they are structurally embedded as the network horizon is invisible to them. Structural embeddedness encompasses all direct and indirect linkages between co-located actors. Connections between structurally embedded actors, in this context, will show high levels of redundancy.

Figure 9.11 brings together several themes from the above sub-sections of the chapter. Two intersecting lines are positioned in the diagram, the involvement horizon and the perceived non-local/local boundary. To the left of the non-local/local boundary is relevant local marketing geography, to the right, irrelevant local marketing geography. This later geographic definition may be non local-national or international and will be relevant to other aspects of marketing practice.
The involvement horizon denotes the distance that a focal organisation can see. In the case illustrated, the organisation can see nodes denoted as A, B and C but not those denoted as D and E. The shaded area surrounding the A nodes is the involvement density chosen by the focal organisation, that is, the number of actors with which the firm has a direct relationship out of the total set of co-located relationships. The collection of A and C nodes denote the focal organisation’s relational embeddedness; local relational embeddedness is denoted by A nodes only. B nodes therefore denote organisations within the horizon with which the focal firm has no direct relationship. B nodes may denote isolated firms. C nodes denote direct relationships that fall outside the perceived local boundary. D and E nodes denote firms with which the focal firm has an indirect relationship; the organisation may be aware or unaware of these linkages. The total of nodes A, C, D and E amount to the focal organisation’s structural
embeddedness whereas only nodes A and E amount to its local structural embeddedness.

The polemic now returns to the issue of attitudes in relation to \( y \). Attitudinal loyalty seeks to explain loyalty in terms of attitudes, values and beliefs. Such attitudes, values and beliefs are developed over extended time periods. Attitudinal loyalty is a similar construct to psychological or affective commitment. Crucially, attitudinal loyalty is expressed in terms of an affective attachment and identification to something, in this case a region. A typical expression of attitudinal loyalty on the part of a senior private sector actor is; ‘I’m [City A], I have kind of a personal commitment to it. I want this to be a better place.’

The importance of a duration of association with the region emerged early in the fieldwork. However the importance of such long-term association emerges as being of attitudinal importance. In Phase One, one respondent referred to what he called ‘the Hovis Factor.’ The metaphor, ‘Hovis Factor,’ refers to an iconic UK advertsing campaign for a brand of wholemeal bread which emphasised traditional Northern English mill towns and working class values. The following quotations discuss a named organisation with deep roots in the region that was suggested to have the ‘Hovis Factor.’

‘…. particularly if it’s a family related business, if you have people who are local people who own a business. [Firm J] would be an example; they are a local family and have a local business. I would suggest that their workforce it going to be intensely loyal, run, owned and staffed by [Region B] people, and they are going to be fiercely loyal in some of the international investments.’

‘…he’s in it for something more than [Name of Chairman] or for [Firm J]. He’s in it because his company is in this area, his parents are here, he
wants to see it do well. There’s an element of local altruism there if you like.’

‘[Firm J], which is a family based business which is absolutely embedded in every sense, in the local area, and [Name of Chairman] who is the chairman of the board, he sees himself as an [Region B], down to his boot straps, and his business is run locally, he lives locally and he always will, he would not even entertain going somewhere else’

Firm J is seen by other co-located actors as immovable, and its managers’ emotionally attached to the region due to their very long term association with it.

It is important to make a distinction between local managers and local managers who are also the decision makers of the business.’ Attitudes relative to such a distinction are discussed below.

‘In terms of local loyalty, very limited because no one in that establishment has any control on the overall strategy of business, so in theory some one sat in a board room in [overseas capital], could take a decision to move that business anywhere else.’

The CEO of a firm with a historical foundation in Region C uses the metaphor of DNA to express their emotional connection. ‘Part of the DNA of this organisation [Firm K] still has that emotional connection with it [Region C].’ Such DNA, the respondent discusses as being relevant, even though a significant proportion of Firm K’s business is now generated outside Region C; ‘80% of the revenues today are derived outside of the region, 65% employed today sit outside of the region.’ As such, the company still has an emotional attachment to [City A] even though a significant proportion of its staff and revenue fall outside the region. The following respondents note that such historical loyalty is not lost when an individual actor leaves the region; ‘…building a relationship with a person that had a regard for the area and is still tracking those people around as [City A] people move on.’

‘…it’s an interesting exercise, to look at people whose home is seen to be [Region B, City A], wherever they are now. What do we have there as
ambassadors for this area. Do we use any of them? Truthfully no we don’t because we don’t know who they are.’

Clearly the phenomena these preceding three respondents discuss is person centred, spatially exportable, but not spatially importable. The heavy use of metaphor, used by respondents, when trying to elucidate the same phenomena in response to questions regarding loyalty, clearly points to something in the respondent’s practical consciousness. Firms having a ‘Hovis Factor’ or something in the firm’s ‘DNA’ point to interpretive schemes being deployed by respondents. Verbal signifiers of the phenomenon they are trying to make sense of in relation to Firm J, include, ‘run, owned and staffed by [Region B] people; ‘his parents are here;’ ‘absolutely embedded in every sense;’ and ‘[Region B], down to his boot straps.’ Two elements emerge for these interpretive schemes, first, the positive attitude of the Chairman of Firm J to Region B based on enduring association and second, the inseparability of the Chairman’s positive attitude to Region B from the strategy of Firm J. Therefore, a logical counterproposition to examine is, if the firm changes its senior manager, and the new senior manager has no positive attitude to the region, does behavioural involvement and/or y on the part of the firm reduce? Because of an exchange of manager to a manager with a poorer attitude to the region, does the firm become less relationally embedded? The answer to that question is central to defining y. The following are the thoughts of two senior public sector actors in response to such a proposition

‘…we do notice that it [sense of collective belonging] sometimes doesn’t renew within companies, an MD will move on or retire and then you have to actively nurture that relationship back again. That has been a bit of a problem just recently in some of the sectors we have been working with, a certain age level just departed into retirement.’

‘….we end up with people who have no affinity with the area at all and couldn’t give a toss about it, and they are talking about units of production. That’s all they are interested in.’
A possible definition of y is therefore grounded in history, family roots, place of birth of senior managers and the Hovis Factor in respect of the firm more broadly. ‘My former boss, […] was very community oriented and very involved in [City A]. My new boss, who is [overseas] based, is looking at it much more transactionally.’

However, it is also clear that loyalty can come from a non-indigenous grounding in senior managers. ‘I think it takes a little while for a new investor in the area to feel that they are part of the area.’ The crucial word here is ‘feel’ part of the area, clearly a reference to an emotional state. A further respondent speaks of a negative impact on ‘emotional loyalty’ to a region, in light of, increasingly high degrees of mobility in the labour force and notes, ‘it depends on the degree to which the individual, who runs their business, becomes integrated in the community.’ Such integration, perhaps even assimilation, is evident in the following quotation.

‘[MD at Firm D] had never ever been to the area at all, originally he was sent [to City A] for two years and he had no knowledge of the area at all. Yet now he one of its biggest advocates and he’s been here seventeen years, now, that’s not about trading history or whatever, he’s come in.’

The passage clearly indicates an antecedent of attitudinal loyalty; advocacy. Such attitudinal loyalty has been developed in seventeen years. Individual integration in the community, that individual being a senior manager, is a further important element beyond the relational embeddedness of their institutions when searching for a definition of y. It is possible therefore to visualize y as having two facets. First, a construct, defined as historical loyalty, emerged. Historical loyalty is underpinned by enduring involvement and attitudinal loyalty, and which is defined here as:-

An attitude evident within a specific region in which a firm, and significant actors within a firm, due to very long-term association with that region, have a highly favourable and enduring attitude towards that region.
Historical loyalty is, therefore, a reinforcing construct to y, the enabling force in visible only in the very long-term. Historical loyalty is a very long-term rule of signification and therefore has no behavioural or agency element. Second, a further construct, which will continue to be discussed as y, characterises a firm with high involvement density and scope, but in addition, has an attitudinal element. Such an attitudinal element is charaterisable as less enduring that that evident in historical loyalty and which has developed in a shorter timescale, potentially from a non-indigenous grounding.

The socio-psychological construct of enduring involvement was earlier rejected as an appropriate element of x and y but was found to have relevance in the construct of historical loyalty. A further categorisation of attitudinal involvement discussed is situational involvement. Small firms, from an indigenous grounding may have a high favourable attitude, even if not initially contributing to the region in the short-term, more than they receive from the region. Such a favourable attitude on the part of new businesses is revealed in the following quotation.

‘…the other thing that strikes me is that if people have started new business here you have to ask why they have started them here. I’m not talking about inward investors here as such I’m talking about indigenous people in the workforce, or they have been working here and they have decided to spin off and they have decided to start here.’

Evidence was provided earlier in this sub-section that new managers in old businesses, or new managers in new businesses, can over time, build up a favourable attitudes to the region. Such attitude is best characterised as situational involvement. Such a favourable attitude when manifest, is characterised as, ‘it’s probably to do with an attitude in the head. I think that somehow they care about the local area… they have got something in the head about the local area.’ However, such attitudes are proposed in this thesis to be outcomes of satisfactory behavioural involvement experiences over
time. Therefore, unsatisfactory experiences can reduce commitment, as can temporary lack of time and or money. Such involvement can best be characterised as situational rather than enduring involvement, as such attitudes are not relevant at all times. Situational involvement in the key actors, in firms alongside organisational notions of embeddedness, offer a route to defining $y$. $Y$ is therefore defined here as local embeddedness.

*A regionally embedded firm is relationally and/or structurally embedded demonstrating high involvement scope and density. Key actors in the firm demonstrate favourable attitudes to the region mediated through continued satisfactory experiences.*

The additional constructs of historical loyalty and regional embeddedness are added into the model below that has been built stage by stage throughout this sub-section of this thesis.

**Fig. 9.12: THE RELATIONSHIP MARKETING LIFECYCLE AMONGST CO-LOCATED ACTORS**

*Source: Author.*
Regional embeddedness is presented as a stage in the lifecycle that is reached due to high levels of satisfaction with initial involvement. Dissatisfaction is modelled, in the short-term, as leading to long-term co-locational isolation. One example of spatial exit was given by several respondents, but this firm did not appear in the sample of this thesis. Spatial exit is postulated to occur due to dissatisfaction, but perhaps not due to a preceding period of isolation. The construct of spatial exit requires further research and is proposed cautiously. Fig 9.12 presents historical loyalty as a reinforcing condition in regional embeddedness. However, a firm that becomes embedded over the long-term becomes temporally embedded over the very long-term. Actors in that firm therefore acculturate and demonstrate the highest levels of attitudinal loyalty. Thus, historical loyalty and local embeddedness are mutually reinforcing conditions.

Two final elements are added into the model at this stage. First, there is evidence that a firm may make a decision to enter a region for transactional reasons. A senior public sector agent, with a development remit, spoke of a different region of his experience, in which significant inward investment had been secured on the back of grants, rather than relationship building.

‘They had no connection to […] other than the fact that the public sector paid them money to move there, which local authorities over the years have, and central government, have committed huge amounts of resource to attracting businesses who grant-hop, because they are not embedded in the local community.’

In such a case, a firm, potentially a large firm, may enter the region and be immediately relationally isolated. Such a case may present the closest example of disloyalty.

A second element, added to this phase of the model, is behavioural loyalty that has been developed in another region. This construct differs markedly from historical
loyalty to a specific region. Historical loyalty was stated above to be non-importable. The spatial boundary is clearly indicted in Fig. 9.12. This imported prerogative emerged implicitly in several of the quotations above. The transferable nature of this general orientation, to become involved stands as a competency of any individual firm. The recognition of this, as yet, undefined orientational construct led to the development of the third main theoretical area of this thesis, a competence based view of relevant marketing geography. This third substantive theory area will be discussed next.

9.6: The regional relationship lifecycle, offensive and defensive marketing

The final stage of the model introduced in this chapter is to position offensive and defensive marketing activity in relation to the regional relationship lifecycle. This subsection is a necessary final stage to meet the element of objective four that demands an analysis of the contribution of defensive marketing to the regional competitiveness agenda. Drawing on the definitions of offensive and defensive regional marketing proffered in Chapter Eight, the taxonomy is positioned into the lifecycle model developed in this chapter.

Offensive regional marketing is positioned in Fig. 9.13 where marketing activity could facilitate a new entrant into a focal region becoming initially involved. Effective offensive regional marketing leads to initial involvement, ineffective offensive regional marketing leads to isolation. Defensive marketing is positioned as an intercession made by marketing after initial involvement, to increase levels of involvement, or as means to drawing a co-located but isolated firm into initial involvement. Effective defensive regional marketing can increase involvement levels through attempting to enhance the satisfaction of initially involved organisations.
9.7: Chapter summary

Fig. 9.13 marks the culmination of a model introduced stage by stage throughout the chapter and amounts to a second substantive theory, subordinate to the macro-theory of relevant marketing geography introduced in Chapter Eight. The model explains attitudinal and behavioural involvement from a firm or senior managers within a firm, towards its region and co-located organisations within it from all sectors. The model is a temporal model, with a beginning, middle and an end. It explains what a firm’s orientation in relation to time and space; it fails to explain why a firm moves through such a lifecycle. The following Chapter presents a theory to explain why, without which a firm’s movement could be seen as mechanical and automatic, due to duration of co-
location. Chapter Ten alternatively attempts to explain such progression as grounded in
the orientation and competence of individual firms.
Chapter Ten: A competence-based view of relevant marketing geography

10.1: Chapter introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section A</strong></td>
<td>Literature Review</td>
</tr>
<tr>
<td><strong>Section B</strong></td>
<td>Methods and Methodology</td>
</tr>
<tr>
<td><strong>Section C</strong></td>
<td>Findings, Conclusions and Contributions</td>
</tr>
<tr>
<td>Chapter Eight</td>
<td>Positioning the Findings in the Marketing Literature</td>
</tr>
<tr>
<td>Chapter Nine</td>
<td>The Relationship Lifecycle and Geographic Co-Location</td>
</tr>
<tr>
<td>Chapter Ten</td>
<td>A Competence-Based View of Relevant Marketing Geography</td>
</tr>
<tr>
<td>Chapter Eleven</td>
<td>The Structuration of Regional Involvement</td>
</tr>
<tr>
<td>Chapter Twelve</td>
<td>Contributions to Knowledge and Research Limitations</td>
</tr>
</tbody>
</table>

Fig. 10.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

Chapter Ten will outline a third substantive theory. The theory is the final theory area to emerge from the data. As with the previous two substantive theories, evidence is drawn from all three phases of the fieldwork. The theory further contributes to the fulfillment of objective four, *to present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda*. The theory in this chapter explains the competencies that a firm must possess, to benefit from co-location.

The competencies identified are relational competencies and are therefore explained with recourse to the Resource-based view literature reviewed in Chapter Three and the RM literature reviewed in Chapter Two. Objective three of the thesis is *to present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors*. The theory presented in this chapter contributes to
the achievement of this objective by demonstrating effects over time and space dimensions.

The chapter is structured as follows; first, a construct of regional relationship marketing is introduced and defined (Sub-Section 10.2). Second, drawing on the RBV literature reviewed in Chapter Three, the core skills (Sub-Section 10.3), meta-assets (Sub-Section 10.4), and dynamic capabilities (Sub-Section 10.5) that make up an overall competency-based theory of regional relationship marketing are introduced and discussed.

10.2: Regional relationship marketing orientation

The concepts of market, marketing, constituent, relationship and international marketing are discussed at length in Chapter Two. The research presented in this sub-section examines how, that which is introduced here, as a regional relationship marketing orientation (RRMO), is developed and what it constitutes. The regional relationship marketing lifecycle, presented in Chapter Nine, contains a time and space dimension. A similar approach is taken in respect of the substantive theory development in this sub-section. In their discussion of orientational competency, Noble et al. (2002: p. 25), suggest that “for the consideration of an organizational characteristic that is as deeply imbedded and slowly evolving as market orientation, a long-term analysis approach is more appropriate.” Whilst Noble et al. adopt a longitudinal approach as a solution, in this thesis the grounded-structurationist analysis using historical narrative also proved useful in revealing the impact of an orientational competency over time. Suspicions of something that might amount to a spatially transferable competency emerged in Phase Two, but took until the late stages of Phase
Three to emerge from the data. The following passage from one respondent reveals several important elements.

‘I suppose when you work for [Firm I] you end up being parachuted into different areas. You can sometimes think: You are not from here. But my view is when you are given a job to do you’ve got to take on that area and you’ve got to become involved in what is going on locally. You’ve got to be from there almost. You’ve got to have that mentality: I’m from here […] Our company thinks for the long term. Those are the kind of things we should be involved in. I know that is coming from our head office because very often, I am getting asked to be involved in these things and before I do I always check it. This is the remit, this is the scope – are you happy for me to… oh yes, very happy. Head office encourages this. Our head office is in [City H]. There is clearly a culture of involvement or engagement for us all to take a part in.’

The respondent works for a large national organisation with multiple local subsidiaries. Clearly, in Firm I, there is an organisational culture that sanctions involvement activity. Equally, such values, as espoused by that corporate culture, are shared and supported by this manager as a private individual. Another respondent speaks of a similar synergy; ‘that’s OK, the individuals agree with that organisational culture.’ An incoming manager within the same company is likely to share those values. The respondent is likely to hold such values if moving to another company, whether that company be inside or outside the region. The following executive from Firm L leads an organisation with a RRMO, he discusses getting involved in a new region when he was also ‘parachuted’ in to City A because it is normal for managers in his organisation to do so; ‘…for me coming in, I basically got involved in whatever I could. When you come in new into an area, you sort of give everything a go.’ ‘Giving things a go’ speaks however of a new start, suggesting that such an orientation is an enabling competence, the spatially specific core skills must be re-learned. The sentiments mirror those of the manager of Firm I, above, when he states, ‘when you are given a job to do you’ve got to take on that area and you’ve got to become involved in what is going on locally. You’ve got to be from there almost. You’ve got to have that mentality: I’m from here.’
Equally, the Manager of Firm L comments how the organisational culture of their organisation compels involvement immediately they enter a new region of operation.

‘It is absolutely critical for us. We consider the community to be a major stakeholder. […] Where we work, we work in those communities. It is there alongside with us. We work better in those communities. When we came to [City F] it was critical for us that the community viewed us as being on their side – delivering it with them and for them.’

Regional relationship marketing compels behavioural involvement with co-located actors with the motive to enhance regional competitiveness. A public sector actor discussing Firm G and H’s national approach to local environments comments, ‘it will be the same approach in which ever location. The business case will be right to be in that location but the commitment that is given is the same wherever it is.’ Firm A is a global multi-national. The following quotations show such an RRMO compulsion works in Firm A within a defined spatial environment.

‘[Firm A] work extremely hard at engaging the local community. As individuals they encourage their staff to work with local community and voluntary groups and they provide them with time to do that and they also have a matching system for matching pound for pound money that is raised by their staff for local groups which.’

The phenomenon the respondents are discussing is not spatially specific, but is instead a transferable cultural organisational, or individual competency. This phenomenon clearly differs from historical loyalty, defined above as a non-importable, spatially specific phenomenon. The phenomenon the respondents are describing is codified here as a RRMO. Whilst attempting to construct a theory of the regional relationship lifecycle, the apparently contiguous nature of this phenomenon revealed itself as something distinctive that was initially suspected to be a competency or skill. This realisation led directly to the development of this third substantive theory area.
For RRMO to be codified as a competency, possibly a core competency, transcripts were searched for evidence that such an approach was valuable. One firm speaks of the benefits inherent in involvement as ‘you can see the results of that in terms of speedy response.’ The same respondent speaks of the distinctiveness of their ability to build partnerships; ‘we may be slightly unusual in this if you compare us with other businesses.’ A public sector actor with considerable experience of interacting with private sector actors, beyond relationships grounded in buyer supplier interaction, makes a clear link between behavioural and attitude perspectives of competency and their relevancy to different spatial definitions, ‘local area and outside.’

‘Because it would then hopefully throw up what the strengths of the linkages are between the organisations and their stakeholders but it would also shed some light on what attributes they would be looking for in these different linkages. As to whether it would be in the local area or outside. That would then be how important the skills and attitudes are.’

RRMO is the internal motive that leads to initial involvement activity and differentiates a firm from a second behaviourally isolated firm. RRMO is, therefore, defined as a cognitive trait. *Cognitive traits* are such things as operational recipes and routines, shared value systems and the tacit understanding of interaction (Bogner and Thomas, 1994). Orientational competencies lie within this categorisation of competency. The above quotations reveal that RRMO could also be categorised as a *cultural competence-based capability*, based on values, beliefs and attitudes. One respondent above spoke of there being ‘clearly a culture of involvement or engagement for us all to take a part in.’

It is unlikely that a marketing orientation or a RMO will be lost when a firm moves from one market to another. RRMO is proposed to be analogous in this respect. A move from one region to another does not cause the loss of cognitive traits and initial
behavioural involvement is likely to occur in a second region, if perhaps at the loss of some attitudinal involvement. It is proposed therefore that RRMO lies in the discursive consciousness of actors; attitudes lie more in their practical consciousness and are harder to articulate. RRMO is therefore defined as:-

A culturally grounded organisational competency and individual cognitive trait possessed by managers of private sector firms which compels behavioural involvement with any region in which it conducts operations.

However, RRMO is an enabling competency and is transferable. One respondent asks ‘what skills and attributes’ a firm looks for ‘inside and outside’ the region. Whilst examining the notion of RRMO, a suspicion of spatially specific competencies also emerged, this will be examined next.

10.3: The core skills of regional relationship marketing

When discussing the issue of spatial exit, one respondent made the following comment; ‘there are relationships here that are helpful to the business.’ The crucial word in this sentence is ‘here’, meaning something ‘helpful’ to the firm and is spatially specific, that, if they left the region, they would lose these relationships. Initially this passage was codified under historical loyalty, but behavioural issues emerged later to have no relevance in the construct of historical loyalty. ‘Helpful’ clearly denotes behavioural activity.

The literature reviewed in Chapter Three reveals that possession of relationship capability in any context is a core competency. One private sector actor in the sample confirms this; ‘I would argue that it is the most important skill set that anyone can have. You can find people with knowledge, but you can’t find people with RM skills, or relationship skills.’ The same respondent, discussing RM in their business, as a general
concept, also offers; ‘if you think about the contacts then what you are referring to is very critical, how do we try and translate that into some kind of skills set, relationship building, because that’s what makes it work.’ Whilst explicit discussion of regional relationship marketing was elusive, the relational competency, outlined in the above quotation, equally applies to the context under discussion. Clearly such skills are operationalised at the level of an individual actor, usually a senior manager; ‘coming back to this point about PPP […], if you can get the right people who can operate in that environment then it can be quite a powerful mechanism.’ A question, therefore, arises, what are the individual skills’ set needed to operationalise a RRMO?

In searching for the individual skills that make RRMO operational, starting with an examination of an isolated firm, proved helpful. An isolated firm may possess a RRMO but there may be context specific reasons why they are unable to become behaviourally involved. In speaking of certain isolated firms, of the respondent’s experience, one public sector actor offered the following in respect of disloyal or isolated firms. ‘I don’t think they are all disloyal. They don’t know how to get in.’ Not knowing ‘how to get in’ speaks of a lack of competency in some respect. It could be that they lack the transferable competency of a RRMO, but the statement seems to discount a notion of unwillingness on the part of the firms which the respondent has in mind. It is conceivable that a newly located firm possesses a RRMO but doesn’t know ‘how to get in,’ that is, get involved in the new region. It may, therefore, be isolated as a result of a failure to possess the prerequisite context specific skills for the new region. Equally, once, ‘in’ a firm must possess skills to benefit from being ‘in;’ ‘you have to be able to influence… a wide variety of influencing skills, and, I think you have got to be empathetic to the other side.’ Being empathetic and possessing influencing skills,
therefore, emerge as individual core skills. Another respondent also alludes to the issue of empathy in relation to dealing with the public sector. When the respondent above speaks of ‘the other side’, he speaks of a sectoral boundary, the gap between public and private sectors. Continuing the theme of cross-sector empathy, a further private sector actor suggests ‘it is an understanding and it’s a knowledge of where a go and where a no-go area is.’

Further context specific skills are being known for whom you know. The first aspect of this is the link between the reputation of a manager locally and the reputation of their organisation.

‘I would argue that individual involvement in a local community must benefit that individual’s employer reputationally. So if you’re viewed as being positive and supportive in the context of the local community, as an individual, then your employer is.’

‘There are times when you have got to be known, I couldn’t have done what I did without being known. Because I happened to be the head of [Firm D], that was how I could influence change. I couldn’t have influenced change as an anonymous person.’

Lack of a corporate or individual reputation is constraining to a firm’s involvement. ‘It is the person who is currently occupying the post of […] director rather than Joe Bloggs because he is Joe Bloggs. It is saluting the rank, the badge rather than the person.’ The respondent continues however, ‘it is no good having the names on your team without getting them placed. We looked for a certain criteria of how to individualise it. We need a badge. The badge gets you the concession. The implement… to deliver it.’

Temporality is a central theme in this thesis, it emerges here, again and can be illustrated through the construct of path dependency (Barney, 2002). Path dependency can be demonstrated in the route between the constructs identified in this sub-section; a
regional relationship orientation is a necessary precondition that precedes behavioural involvement, as involvement levels increase, core skills develop. Specific core skills would seem to have path dependency. Having a reputation precedes getting people placed. The following respondent illustrates further what being ‘placed’ might mean as precursor to interaction. ‘I think you have got to have a network around you, because I think that if people know that you don’t just speak for yourself but a lot of other people that you circulate with.’ A further respondent continues the theme. ‘People know that I know [Lists a number of locally respected managers of local businesses] and I know this and….they know that if they upset me it would not be long before [Named MD] knows that they really upset me. So the informal network isn’t it.’

The respondents above seem to be discussing interaction, similar to the temporal model of networking advanced and discussed, in Chapter Four as entering, positioning and repositioning (Salmi, 2000; Thorelli, 1986) and the competency lifecycle (Helfat and Peteraf, 2003) discussed in Chapter Three. Core skills are therefore proposed to differ at each stage of entering, positioning and repositioning and are proposed to be path dependent. Certain relationship competencies such as empathy and adaptability must precede obtaining a local reputation. A local reputation then seems to deliver a position in the network, which facilitates greater ability to influence actors within the network. It is clear, therefore, that there is a path dependency in competence development and this links into the increasing behavioural involvement and attitudinal loyalty discussed in respect of the regional relationship lifecycle.

As a caveat to the discussion, at the start of this sub-section, that a firm ‘doesn’t know how to get in,’ it would seem important to consider the issue of initial interaction
dynamically. There must be willingness on the part of incumbents to facilitate, or at least, not resist involvement from new arrivals. Such resistance was alluded to by respondents, ‘if you want to come and do business in this area from the outside, I would say it’s almost the business prevention unit, it’s as hard as it possibly can be, you don’t know who to talk to.’ Equally, metaphors of noses ‘being chopped off’ or having ‘bricks thrown’ at heads were introduced earlier in this section. Public sector actors spoke at some length of the skills they needed to attract new investment, which has been referred to as offensive regional marketing in this thesis. ‘We’ve got to understand how do they [private sector actors] run their business.’ A crucial role for development agents whether public or arms-length is to help new private sector actors develop the core skills for the local environment; ‘I think there is a period of time where you have to create the ability for other people to get involved.’ One private sector actor, discussing a decision regarding whether to locate his business in the focal region, comments; ‘they quickly realised the kind of people they should be putting in front of us.’ Core skills in public sector boundary spanning actors seem equally as important.

Core skills, therefore, exist as a second categorisation of regional relationship marketing competency, that is a competency in creating and benefitting from regional buzz. Core skills underpin a firm’s ability to be successful within any specific region, and are spatially specific and non-transferable. This non-transferability poses problems for research, to fully isolate such context specific competencies; comparisons of multiple spatialities would need to be made. Through this approach, the stages of the capability lifecycle proposed by Helfat and Peteraf (2003) could possibly be isolated. This is however, beyond the scope of this thesis, although significant clues as to the areas in which some of these competencies lie, are evident.
Clues to areas, in which core skills lay, were found by creating a free code called *weak region*. Passages coded here were added to in the narrative that describes the focal regional atmosphere. ‘This is a very peculiar place for a setoff. [City A & Region B], it runs on people. It doesn’t run on organisations and structures like places like [City G or City H]. It runs on relationships.’ A further respondent notes ‘our national director said she couldn’t believe the informal networks in [City A]. Respondents discuss clearly a greater need for relationship building, in the focal region, due its perceived competitive weakness.

‘If we were anywhere else, let’s say we were in the [Region G] or in the [Region H/City G] type area. Would the community involvement be such a big deal? I don’t think it would. For a lot of companies in that area it is not such a big deal. We feel a little bit obliged as we are [a large] private employer and [City A] is not a massive city.’

Equally, constraining power structures of the local political environment are discussed:
‘the thing about [City A] is that sometimes the political environment makes that [sustained involvement] difficult […]. It’s not a conducive environment because everyone is worried about their seats.’ A further respondent notes that, ‘this particular region’s issues often revolve around instability of the political agenda.’

The above quotations clearly speak of spatial peculiarities. Therefore, an actor moving from region to region would find that the core relationship skills learned in the focal region would not be transferable to the new context. Perhaps the very need for some of these relationships is negated in a more competitive region. The statement supports the assertion that core skills are possessed as individual capabilities. The CEO of a large private sector firm makes the following observation as to the embedded nature of even
language usage. ‘My sense is that the local initiatives are very parochial. The language is parochial.’

The following perspective comes from a large private sector actor who possesses a RRMO and is relationally embedded, with strong expressed historical loyalty to the region. This firm has evidently developed the core skills to interact with actors from multiple sectors.

‘It is important to have the relationships in a properly formalized… and properly developed between ourselves and the city and other industries… and other players. My view is that have to try and keep as much of an open dialogue as we can with all the players. It is not just about relationships with the city. It is about having relationships with some of the other big companies here as well like [Firm A, Firm D]… some of them are customers as well. But it is having that complete picture so that we can all continue to move forward.’

Core skill, therefore, is knowing with whom to build relationships to achieve which outcomes. Horizontal relationship with companies is seen as crucial, contrary to cluster theory. As such, relationships here are context specific as the outcomes lie in regional competitiveness enhancement rather than firm competitiveness. However, the two are clearly linked in a region perceived to be uncompetitive. Core skills arising from RRMO are therefore defined as:-

A series of path dependent skills that make a firm effective at exploiting opportunities that arise from behavioural involvement and therefore leading to a post involvement evaluation of satisfaction with the experience.

Regional relationship marketing core skills are spatially non-transferable and are a series of path dependent individual capabilities, particularly on the part of senior managers, that facilitate the progression of a firm, from initial behavioural involvement, to being regionally embedded. However, the organisational competencies and
individual capabilities associated with historical loyalty construct, defined above, require further scrutiny.

10.4: Meta-assets accrued from regional involvement

In the preceding sub-section, the construct of historical loyalty was introduced. Historical loyalty is not a precursor to regional embeddedness but instead, in the long-term, is a mutually reinforcing construct alongside relational embeddedness. In this sub-section, a construct grounded in long-term interaction with a region, identified as local knowledge and experience, is defined as a meta-asset. I assert that historically loyal firms possess high levels of such meta-assets. Such implicit examples of firms are evident in the following quotation.

‘My view is that you are going to be more successful in an area, if you have been born, bred and brought up in an area, you are more likely to have the kind of relationships that would warrant, bonding, trusting all those kind of relationships with people.’

Historical loyalty is, therefore, revealed as a meta-asset. Meta-assets show a path dependency from core skills. Meta-assets facilitate activity through the known historical loyalty a firm has to a region. Meta-assets, as with historical loyalty, are grounded in very long-term timescales of behavioural involvement and the highest levels of attitudinal involvement. This level of behavioural and attitudinal involvement is likely to maximize a firm’s absorptive capacity. Local reputation was discussed above as a core skill, but is revealed, in the following quotation, as involving higher levels of behavioural and attitudinal involvement. The following example is from a firm whose involvement with the region has been there for over a century. ‘Our issue is more of [City A] per-se or the region per-se enabling us to recruit in skills that we need to run the business. Not building the reputation because we have been here for a long time and we have got a certain reputation.’ This historical competence exists as a
functional, organisational based cultural competency. A distinct difference to core skills is that the meta-asset is, from senior management to senior management, inferred upon them, even when a new senior manager arrives from outside the region. The following respondent was asked to describe the reasons for his involvement when he came into the region and took over the post of CEO.

‘I think there were two or three strands to it. First of all, one of my predecessors, my boss, […] is quite active. I think he is a bit unusual in terms of [Firm L] guys. [Name of former boss] is a great networker. There is a bit of a trodden path where… if your boss tells you something then you listen to it and then test that assumption.’

The quotation uses the metaphor of a ‘trodden path,’ use of metaphor again is taken to refer to matters in the respondent’s practical consciousness. Such meta-assets are proposed to, indeed, be tacit but capable of transferability within an organisation through a process of acculturation. Meta-assets are indicated as point 3 in Fig. 8.13. Meta-assets are proposed to be the disaggregated stocks of social capital contained within individual co-located firms.

10.5: Organisational dynamic capabilities

The concept of multi-layered competencies was also discussed in Chapter Four. Fig. 10.2 presents a multi-level rather than a static model, essentially the model presents both temporal and spatial dimensions. The temporal layers start with a dynamic capability. Dynamic capability is a meta-skill and precursor of a RRMO. Dynamic capability underpins any change within an organisation in the sense that it governs the way firms acquire and deploy other skills. Dynamic capability continues to influence the development of RRMO and the embedding, categorising and learning of the core skills that underpin the firm, being effective at regional relationship marketing. Dynamic capability also has a multi-level element, in that it encompasses a time-
orientation meta-skill. This meta-skill is reflected in cultural attitudes to reciprocity. A time orientation meta-skill exists where attitudes accept that reciprocation occurs over the long term. Temporal layering can occur in relation to points four and five; dynamic capability in this context exists as a precursor of RRMO. Dynamic capability expressed as meta-skills, therefore, allows for the development of core skills, which, at an even more extended temporality, become meta-assets.

Specific evidence of where dynamic capability allows a firm to develop a RRMO, was not revealed in the sample of this thesis. However, at the opposite side of the dyad, evidence emerged as to the cultural changes that have taken place in public sector actors. A number of public sector actors refer to a state of resistance to, and in some cases, dislike of involvement with private sector actors. ‘Unfortunately it is something to do with intellectual capacity and the ability to put down the baggage that you carry and just think out of the box. Just really clear you head and think.’ A further public sector manager succinctly offers:-

‘if you get your head round the fact that black people are just people. If you get your head round the fact that gay people are just people. […] If you can do that, why do you condemn this guy that drives a big car? It is loony, but that one is acceptable and the rest aren’t.’

Equally, as public sector actors appreciate, previous, and in some cases, existing weaknesses in their own cultures, private sector actors appreciate that the attitudes of the public sector have changed or are changing to facilitate interaction with the private sector. The following quotation summarises many responses.

‘My perception is things… have moved on… with the fact that you had a […] councillor that had been in place for 30 years, and had a view that he knew best on everything. To the point that the challenge to what he was doing was very minimal. Eventually he realised that what he was delivering was not being delivered any more or what he thought he was delivering was not being delivered any more. Then the politics of the area changed.’
Dynamic capability must therefore be, by extension, relevant to all constituencies in the development of successful regional interaction.

In Fig. 10.2, a private sector firm is proposed to become involved in its region through two routes. First, a co-located firm is initially relationally isolated and for some reason becomes involved (Point 4 to Point 1b in Fig. 10.2). This change is illustrated as a dynamic capability that allows for the development of a RRMO. Second, a firm locates to the region and becomes involved soon after their local entry.

![Diagram of Fig. 10.2: FIRM SPECIFIC CO-LOCATIONAL COMPETENCIES IN TIME AND SPACE](image)

Source: Author.

The first trajectory involves a change of culture, the second the importation of a previously developed cultural trait, specifically a RRMO (Point 1a in Fig. 10.2). Path dependency then occurs and through behavioural involvement, the core skills (Point 2 in Fig. 10.2) that allow a firm to contribute to and benefit from regional buzz, develop.
The model presents a temporal barrier which separates the long-term from the short to mid-term. Core skills, in time become meta-assets (Point 3 in Fig. 10.2), expressed as historical loyalty. Core skills and meta-assets reinforce and are reinforced by each other. Some research proposes that orientational shifts from transactional, to sales, to marketing and, then relationship marketing, are path dependent (Noble et al., 2002). In this thesis, this path dependency is extended further to cover the induced construct of RRMO. The underpinning competence is that of dynamic capability, the skills of reflecting and changing. In structurationist terms, dynamic capability is the therefore first limiting path dependent competency, without which a regional relationship marketing orientation is unlikely to develop. RRMO as a cognitive trait may initially exist as a norm which legitimises involvement. However, as will be discussed in Chapter Eleven, when codified in practice in the longer term, RRMO is enforced by power rather than social sanctioning. Core skills and meta-assets are contained in the practical consciousness of actors. Core skills develop over a timescale allowing for step-by-step acquisition of skills that are path dependent. Meta-assets are those accrued organisationally over very long time periods. Meta-assets are likely to remain as norms, rather than be codified as structures of domination. Such forces are summarised further in Tab. 11.5.

10.6: Chapter summary

This chapter has presented the third of three substantive theories developed in this thesis. Emergence of the four stages of this model marked a point of theoretical saturation, at which time, sampling stopped. To reintegrate the opinion of Glaser and Strauss (1970: p. 291), when a substantive theory has emerged, the researcher has “implicitly coded enough material to write their theory already. Therefore, the explicit
coding operation can become perceived as a stultifying tedium of little worth.” The theory in Chapter Ten contributes to Objective Four of the thesis; to define and distinguish offensive and defensive regional marketing activity and present substantive theories to codify the contribution of defensive marketing to the regional competitiveness agenda, by providing an explanation of the competencies that explain why one firm may be successful in its region and another may not.
Chapter Eleven: The structuration of regional involvement

11.1 Chapter introduction

The following diagram presents the position of this chapter in the thesis.

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Fig. 11.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

This chapter discusses the structuration of regional relationship marketing, and therefore, deploys the meta-theory of structuration within the boundaries of the research problem, to explain the structuration of regional, co-located relationships.

The theory of structuration has been discussed and critiqued in Chapter Six. Structuration has been positioned as the meta-theory within the boundaries of this thesis. The advocation of structuration as a meta-theory drove the choice of the term macro-theory for the theory of relevant marketing geography, developed in Chapter Eight. Fig. 8.5 demonstrates that the macro-theory of relevant marketing geography has hierarchical precedence over the theories presented in Chapter Nine and Ten. Within the boundaries of the research problem, structuration, as meta-theory, has dominance.
over all theories presented inside or outside this thesis. In the preceding chapters of Section C, structuration has offered the opportunity to move between static analysis of phenomena, to consideration of time and space. Time and space have been illustrated using visual mapping techniques in Fig. 9.13 and 10.2. Agency and structure and the knowledgeability of actors have been exposed using a narrative strategy. Particular emphasis has been placed on accessing the practical consciousness of actors through, for instance, use of metaphor. However, Objective Two of this thesis is to present an analysis of agency and structure over extended time periods within a defined spatial context between co-located actors. The thesis has not yet fully satisfied this objective as a further distinct chapter is called for to summarise what has been discussed so far in Section C, and add further analysis will be added.

The visual mapping technique deployed in Figs 9.13 and 10.2 is useful to present a model with a beginning, middle and an end. However, structuration is best seen as a temporal system. As a system, events are not, and indeed cannot, be represented in a linear fashion. A narrative strategy will be used in this chapter, alongside a visual mapping technique, adapted to represent a system rather than a linear process. As discussed in Chapter Six, structures of legitimation, domination and signification are inseparable in practice but can be distinguished analytically. In order to represent the structures, modalities and interaction in Giddens’ model, these are presented in Fig. 11.4 as a series of three loops. This is consistent with an approach taken in presenting structuration outlined in Fig. 7.4 in Chapter Seven. The interplay between the different elements of the model will be discussed as enabling or constraining.
Unlike the theory in the preceding three chapters, the theory in this chapter is not claimed as a substantive theory, and is likely to benefit greatly from further investigation. Objective One of this thesis is to present an appropriate research methodology to investigate both agency and structure in interaction over extended time periods within a defined spatial context. This chapter, therefore, demonstrates a new applied framework. The contribution to knowledge made in this chapter is primarily the development of a framework to deploy structuration rather than a substantive theory.

![Diagram of the Dimensions of Structuration](image)

**Fig. 11.2: THE DIMENSIONS OF STRUCTURATION**  

The chapter is structured as follows, Sub-Section 11.2 discusses Giddens’ construct of legitimation. Evidence is presented that the structures of interdependence legitimise involvement and interaction between organisations from different sectors of society. Sub-Section 11.3, next, seeks to explain involvement as governed norms, sanctioning behaviour and power. Sub-Section 11.5 further examines the role of power and the interplay with trust as alternate structures of domination. Rules of signification are then illustrated through the notion of a local semiosphere that constrains or enables the actions of co-located actors who share an atmosphere. Finally, an overall summary of the structuration of involvement is provided.
11.2: Ligitimation and interdependence

Four marketing dilemmas were discussed in Chapter Two (See Fig. 2.2). First, there is the dilemma of developing independence versus interdependence between parties; second, the dilemma of co-operation versus competition between parties, third, short-term versus long-term orientation and finally, the dominance of self-interest versus altruism (Willenborg, 1998). An organisation, regardless of sector, can thus adopt three attitudes towards co-located actors; dependency, independency and interdependency. Rules of legitimation “define the appropriate dress code in particular settings, the transgression of which may invoke sanctions” (Jones and Karsten, 2008: p. 129). Over extended periods, rules of dependency, independency, or interdependency exist as norms, or legitimising structures, that constrain or enable the regional involvement of actors. Actors have practical knowledge of such legitimacy, or illegitimacy, with reference to established norms of practice. Practical consciousness is drawn upon in certain circumstances and, within which, lie transphenomena; things that are real due to causal efficacy, but may not be consciously perceived as causal by the actor.

As reviewed in Chapter Five, literature reveals that the prevailing culture of business and government has moved from a culture of isolation and competition to one in which collaboration is seen to coexist alongside competition. Transcripts reveal that this change is ongoing, and that not all respondents have the same norms in respect of dependence, independence and interdependence.

In Chapter Two, the development of relational and constituent marketing orientation was discussed as a development over the production, sales and transactional marketing
orientation modes that, arguably, characterise an older style of marketing practice. In
approximately the same timescale, public sector market orientation has developed, and
a culture of co-operation between public and private sectors, has become part of
espoused local-government culture. In respect of interaction, with private sector actors,
such norms are revealed in the following quotations from senior public sector figures.

‘If they [business managers] couldn’t give a toss about their businesses say, lots of people’s jobs are at risk that is something we [public sector] haven’t got. I think we understand it better now, but for a lot of years that never connected up. That these people had to care about businesses.’

‘I came from the private sector so I do understand what makes the private sector tic and I can sometimes cringe when I hear some of my colleagues talking [...] to a private sector company, saying you need to do this, you need to do that for the area and having to be reminded that they [CEOs] are responsible to their shareholders primarily by law not by their own instinct.’

‘I think there are three main reasons for their lack of engagement on the part of the private sector...in them wanting to engage with the public sector. One of these is a lack of trust, one is a lack of understanding and confusion and then I’ll put the blame on the public sector because we do tend to be difficult to understand from the outside.’

The statements reveal the current perceived norm of interdependency of the actors, but
also how these norms have changed over time. ‘Cringing when I hear some of my colleagues talking’ and ‘putting the blame on the public sector’ indicate sanctioning
behaviour, in this case, negative sanctioning, when contemporary norms of
interdependency are not adhered to. The comments, also reveal, that the change from
independency to interdependency is still taking place, and that such schemes have not
entered the practical consciousness of some actors in the same agencies as the
respondents. Therefore, rules of interdependency are not yet structural for everyone,
and, in those cases, are governed by sanctioning processes and authoritative power
structures.
The public sector shift from *independency* to a perception of *interdependency*, in time and space, is perfectly illustrated by one respondent, with formerly very left wing political views, that an adversarial relationship *should* exist been public and private sectors, as a R (rule) norm (Ott and Ivens, 2009). Those former, and now contentious, views were summarised as; ‘if you drive a big, flash car, wear a suit and a Rolex – you can’t possibly have a public conscience.’ The reality that R norms have changed was acknowledged by the same respondent, later in the interview, when reflecting on the above former perspective. The respondent however, also alludes to the fact that S (social) norms in certain individuals remain as they were. ‘It is so unbelievably old-fashioned and stupid. But I hear it all the time! Out of the mouths of [local] politicians regardless of party.’ After beginning work at a boundary spanning level, with the business community at a point in their past career, the respondent further reflected that ‘what I found was that my prejudices were blown away by the sheer niceness and offers of help from the people I know….and indeed the intellectual ability.’ This reveals an epistemically significant moment when a change in practical consciousness occurred and norms were adjusted. Perhaps this could be understood in more popularist language by defining this as an example of Malcolm Gladwell’s (2004) *tipping point*. As a senior figure, a process of negative sanctioning of such views began, amongst subordinates and peers.

There is, however, a clear perception on the public sector side that those private sector actors need, also, to further change their norms towards a culture of interdependency at the regional level.

‘A lot of employers, private sector employers have an awful lot to say about the education system, whether it be GSCE schools in [City A] whether it be degrees from university that are hopeless, and that are no great use all. They have all got a lot to say, but not very many of them
actually put anything into the process, so what we try and do is throw that back and say, OK you have your say, but then you try and make a difference.’

Some respondents, from arms-length organisations, propose that such organisations exist purely to further interdependency; ‘…they [the private sector] know that they have somebody to talk to but who isn’t the council, who isn’t the public sector.’

‘I guess for us, we constantly try to keep the private sector engaged, we are established […] as a private company limited by guarantee, not-for-profit. We are publicly funded, but we are a private company for two reasons. One, it gives us more operational freedom, we don’t have to report back to council committees to do something and also there is a perception that it is easier for the private sector to engage with us because of what we are, because we are not the council.’

‘…they [private sector actors] are speaking to people who talk their language, they are speaking to people who are used to having a profit & loss to worry about, who are used to making sales targets, they are talking to people who are of their ilk, which is part of the reason of course that we were created, so we have an arms-length organisation who they [private sector actors] can engage with.’

The comments, above, seem to suggest that a key benefit of arms-length organisations is that they share more of the private sector social norms and possess a greater understanding of private sector sanctioning processes. The recognition of a shift in the attitude of the public sector amongst private sector respondents is fairly consistent. However, an important caveat to this assertion is the lack of isolated firms in the sample.

‘There is the change in the environment…. the kind of politics and the government realising that you need to engage both with local new businesses and with businesses that have been here for a long time. Therefore there is more interest in at least having a debate now.’

‘They [public sector] are much more familiar with the types of things we do in the private sector in terms of running a business, planning a business… and have a greater empathy in terms of the disciplines and timelines we have to work to.’

‘…the existing city council regime from what I have experienced so far have been very positive towards the [industry] activity. And they have
been very inclusive in bringing us into discussions and debates about what is going on in the region.’

Other negative comments by private sector actors were in evidence, but these tended to revolve around further improvements needed, rather than to contradict the notion that changes, even significant changes, had occurred in relations between public and private sectors. It is possible, therefore, to identify a cross-sectoral movement across time and space from a perception of dependence, or independence, to a perception of interdependence between public and private sectors. Interdependence has clearly emerged as structural, and is apparently legitimate in all sectors, if not yet in all actors, in all sectors. One public sector respondent offers the following summary of the above debate; ‘increasingly I realise that no one body, no one set of people can put that right.’

In the transcripts, where indicators of poor interaction between actors are in evidence, it is found that recognition of the potential for, and the potential of, interdependence, is consistent. A change, from norms of independency, to norms facilitating interdependency illustrates a mid to long-term change. Perceptions of interdependence enable reciprocal involvement, perceptions of dependence enable non-reciprocal involvement, and constrain reciprocal involvement, whilst perceptions of independence constrain involvement and enable regional relationship isolation.

The structures in interdependence can further be illustrated by redeploying the terms strategic stakeholders and moral stakeholders (McManus and Schlumberger, 2002) as the strategic beneficiaries and moral beneficiaries of involvement. Firms are the strategic beneficiaries; an individual co-located member of society is a moral beneficiary. Where government funding is dedicated to the development of aggregated societal good, firms are the actors, whose activity and resources are combined with those of the public sector, in pursuit of aggregated societal good for moral
beneficiaries. Social capital and regional competitiveness are enhanced through this process. Social policy marketing could seem to encompass the direct targeting of moral stakeholders with communication such as societal good marketing. Societal good marketing includes anti-obesity, literacy enhancement, and responsible drinking campaigns. However, such marketing can be achieved independent of a business community. Regional defensive marketing is proposed to be broader and a more holistic strategy. Similar objectives to societal goods marketing would seem to be achievable, but though concomitant enhancements in the competitiveness of private sector actors (strategic beneficiaries) that lead directly to enhanced local employment opportunities. Moral and strategic benefit in this sense is symbiotic, one enhancing the other. A senior public sector actor demonstrated this symbiotic relationship when stating, ‘the fastest way to improve somebody’s health is to give them a job.’ Interdependence can be seen in narrow, supply-chain terms as traded-interdependence. More holistically, interdependence reveals itself as including stocks of social capital, institutional thickness, high levels of involvement, and subsequent regional competitiveness. This is consistent with the construct of untraded interdependency (Maskell and Malmberg, 1999; Storper, 1995, 1997). Untraded interdependencies consist of “conventions, rules, practices and institutions which combine to produce frameworks of economic action” (Henry and Pinch, 2000: p. 192).

11.3: Involvement: Norms, sanctions and compulsion

The construct of RRMO is found in this thesis to develop initially as a norm, a natural way of doing things, based on a local way of doing things. In Fig. 10.2 a RRMO was argued to be a spatially importable competency. Once established, regional relationship
marketing becomes a norm of practice. Such a process is clearly indicated in the following passage.

‘The [Region B] has received a lot of focus with the developments carried out [in the south of Region B] and the proposed developments for [City A] with the new [operation]. You could set that against some of the issues we had when we were trying to develop the [operation] in [City E]. Our approach on environmental issues has changed as part of that process. What you will see is that this approach will be reflected nationally across [Firm E].’

Behind such norms lie other factors which lead to the perception of such involvement being normal. One conclusion drawn in this thesis is that an initial decision to become involved is determined at a senior level in organisations; ‘if you are going to get any commitment – unless you are relatively senior a) you won’t be given the time or b) you can’t make things happen.’ This statement reveals some difficulties caused by locus of control. If the control of the company is non-local, then regional involvement will be constrained; ‘…the decision makers, the true decision maker, probably isn’t located in [City A], or any local region.’ Such problems were discussed earlier in this chapter and were referred to by several respondents as the ‘branch plant syndrome.’

‘…people nationally, operating at the national/international level don’t necessarily value it, […] the impact of being seen as a very good employer locally, can have. So if you are a corporate guy in [City H, 200 miles away] you wouldn’t necessarily appreciate the value that can be attributed to that because they have never seen it.’

A major constraining force may, therefore, be a non-local locus of control. This becomes an issue surrounding the sanctioning of involvement initiatives. Involvement entails the enabling interplay between sanctions, power and communication. A core proposition of this thesis is that face-to-face contact is facilitated by spatial proximity. When a firm’s senior management lies external to a region, norms of involvement may not be appreciated by head office and, therefore, local involvement will not be sanctioned. Where RRMO is embedded in a national, or even international,
organisational culture, the sanctioning of local involvement is less problematic. Such a cultural orientation was illustrated in Fig. 5.6 as a local embeddedness.

Where local managers are not constrained by non-local senior manages, or where a culture of regional relationship marketing is in evidence, the level, and type of involvement, may be sanctioned by other key stakeholders, such as a firm’s own workforce; ‘I do think that sometime employees are often very proud of seeing their company doing community activity.’ Such sanctioning behaviour over time develops from being a social norm into a structure of domination, in form of codes, and, therefore compels consistency in the behaviour of managers in respect of involvement; ‘we tend to support those things because there is an expectation that we would.’

‘I think we do believe, and feel, it is important for our workforce that we demonstrate through charitable giving, community work, we are quite supportive of local issues. […] That is important to people in the company. That makes them feel better about working here, that makes them more productive.’

Crucially, the respondent notes, ‘that makes them more productive,’ clearly an important point to communicate to shareholders and owners in order to gain their sanction for further involvement. Equally, shareholders might compel involvement through CSR codes, in which, communication from manager to shareholder is signifying, rather than seeking legitimation. ‘I like to show the board that I am value for money by hopefully improving their stakes in the community. But it is the board’s stakes not mine personally.’

Sanctioning behaviour is also evident when an individual manager is perceived to be making too heavy a commitment to regional involvement; ‘my people thought that I got too involved, probably, at times.’ One of this respondent’s former senior colleagues
confirmed; ‘we used to take the mickey [make fun] out of him in terms of how much money we were spending on sponsorship deals.’ A further issue of interest is individual versus organisational sanctioning, which will be returned to later. Further sanctions can be applied by local society, who seem capable of exercising a collective sanction in respect of a firm’s involvement; ‘I was amazed and disheartened by the amount of negativity when I tried to arrange the event.’ Such sanctioning, in this case, led to poor satisfaction on the part of the firm and caused the firm to retreat backwards, to a point of near isolation, in the regional relationship lifecycle.

Involvement was earlier argued to be enabled with reference to the rules of interdependency. These rules of interdependency have evolved from rules of legitimation into resources of domination in the form of corporate social responsibility (CSR) governance mechanisms. The distinction between the two sets of rules and resources is illustratable in the differing recursive interplay between structures and modalities. Rules of domination are evident where an agent refers to explicit codes of practice and mission statements, codified guidance as to responsibilities, and the nature of involvement. Rules of legitimation are identifiable where an agent refers implicitly to social norms. Such social norms may exist within a corporate culture. An informal sanctioning process is well illustrated in the following quote from a private sector firm.

‘I know that is coming from our head office because very often I am getting asked to be involved in these things and before I do I always check it. This is the remit, this is the scope – are you happy for me to…oh yes, very happy. Head office encourages this […] There is clearly a culture of involvement or engagement for us all to take a part in.’

Non-local locus of control is, clearly, not an issue here, due to an established norm of RRMO, throughout the divisions of the national organisation. However, RRMO is also revealed as a compulsion, due to corporate social responsibility (CSR) requirements.
Such compulsion seems consistent with S Norms when compliance is voluntary, and R norms when compliance is not forthcoming and negative sanctioning applied by a higher authority. CSR often compels social involvement at a regional level. ‘[Firm G] have a fairly robust corporate responsibility policy and they play fairly hard in terms of investing in local communities, particularly voluntary and community type sector and they don’t invest that type of money for the short hit.’ This issue of CSR compulsion was converged upon in later interviews, soliciting the following comments.

‘I think there is a difference whether a firm is committed to its region because that’s the mind set of the principles of the firm, because the organisational culture, if you look at something like [Firm H] or [Firm G] who will go to an area and will be committed to its neighbourhood, will be engaged in social activities. [Firm H] Directors, it’s in the their JD [job description] to be on a certain number of boards and bodies and that’s OK, the individuals agree with that organisational culture but it is an organisational culture. Whereas maybe an independent firm where the value set is based around the firm…but with the former which aren’t multinationals but nationals, it will be the same approach in whatever location. The business case will be right to be in that location but the commitment that is given the same wherever it is.’

The above passage brings several themes together. It speaks of the ‘mind set of the principles of the firm,’ which has been taken to indicate the construct, defined in this thesis, as a RRMO. The passage also confirms a distinction between CSR compulsion and more volitional involvement, but also seems to confirm the temporal blurring of that distinction. Path dependency (Barney, 2002) seems to flow from volition to compulsion. Where evident, however, such compulsion doesn’t lead to resentment; ‘the individuals agree with that.’ It is likely, therefore, that individual levels of regional embeddedness will not decline as a result of such compulsion. The following respondent also notes the shift from volition to compulsion.

‘I am been cynical here, but they now do their community based stuff because it is something that they have to do. I may be being grossly unfair, I am just a bit cynical that people are doing this to conform to what is now becoming a requirement in terms of what you do in CSR. It didn’t used to be like that.’
Further convergence solicited discussion of a specific example how showing CSR codes enable community involvement.

‘Now I think CSR as a concept has undoubtedly helped that, there has hardly been an organisation that hasn’t said, this would be good as part of our CSR programme, which is if you like an environmental change in your marketing plan that wasn’t there ten years ago, or five years ago. Companies did these things, they weren’t necessarily named CSR, but now it’s interesting, the private sector, all those organisations will claim that that’s part of their CSR programme and that’s great.’

The above respondents clearly believe that, initially, a mechanism other than CSR drove involvement by their business. CSR has a normative case, that firms and individuals possess a desire to do good, and a business case, which involves enlightened self-interest (Branco and Rodrigues, 2006). ‘At the higher end that could just be a sense of wellbeing, the art of engaging with their community, be it local community or a wider net. There is that. And maybe that there is something they are just required to do.’ It is apparent that the motivation and personality of senior managers is a clear normative driver of involvement. The normative case is confirmed in the following passage; ‘put aside CSR stuff for now, but if a business wants to get involved with its local community you will find that it is driven at an individual level, not the business level.’ Such sentiment is consistent in the transcripts. The issue of status was offered by one respondent as a normative motive for involvement. ‘I can identify with some individuals. It is about a self-agenda and not a corporate agenda in the sense of the contribution it makes to the community and to the local region.’ Such self-agendas were described as being part of the ‘great and good’ wearing ‘the badge’ ‘doing it because they’re called Councillor Smith’ or ‘getting their name attached to it.’ Such motives were described as selfish but of a kind of selfishness which entails a desire to ‘put something back in,’ or ‘contribute to their local scene.’ ‘People get involved on the basis that there has to be something they get out of it, even if it is just
emotional. I am pleased I did that, I feel better about that as a result, so that is reciprocal isn’t it. But it is at a personal level.’ Motives and satisfaction were discussed at length in Sub-Section 9.4 above.

There is some mention of the norms of reciprocity in RM literature (Gouldner, 1960). Local norms of reciprocity were discussed at length above. Related to reciprocity and interdependence, sanctions, norms and compulsion, in respect of the atmosphere of involvement, need also to be discussed, this will be returned to below in Sub-Section 11.6.

**11.4: Domination, power and trust**

The construct of trust was reviewed at length in Sub-Section 2.9.2. In a relationship, failure to deploy power where an asymmetric authoritative power dynamic is evident, will engender trust. To further understand the impact of trust, it is necessary in the remainder of this sub-section, to examine the subordinate constructs of power, reliance, reciprocity, dependence, goodwill and vulnerability. These constructs were reviewed in Sub-Section 2.9.2.

On the basis of much of the empirical data, it is difficult, surprisingly, to present public sector actors as powerful. Senior public sector actors were revealed, above, to possess a norm of interdependency to work with *other* stakeholder groups, in order to deliver value to moral stakeholders. In particular, public sector actors are compelled to work with private sector actors. However, one aspect of public sector power is the power of elected politicians to change public sector policy in respect of interaction. This is revealed as a particular constraint by some private sector respondents. A further
resource of domination is where access to networks is constrained by public sector actors. The process of networking was discussed in Chapter Three as an attempt by a focal firm to create access to resources, competencies and capabilities and to manage these networks once they are created. Access can, in these terms, be a crucial facility. Arms-length agencies are, in themselves, indicative of a public sector policy to create access to networks, thus increasing interdependency and enhancing social capital.

There is a clear perception on the part of public sector employees, that the private sector is increasingly relied upon to fulfil their mission in respect of moral stakeholders. ‘The city cannot regenerate without its business community, its employers; it is where the money is going to come from.’ There is, therefore, a suspicion that public sector actors are dependent on private sector actors, rather than vice-versa, as might be expected. However, public sector actors control the allocation of significant material resources, in particular, financial resources.

‘…and what is it that [City A] council can do to make me employ more people, they only way they can do that is to spend more money with me. Because if they do, I need more resources to be able to service them. So they could use their spending to increase employment by creating employment within the area that we work.’

In this sense, the public sector is seen as more reliant on the private sector to fulfil its stated mission to forward the situation of its local moral stakeholders, than the private sector is reliant on the public sector to achieve its business objectives. The private sector is therefore capable of wielding power, as illustrated by the senior manager of a local multinational subsidiary, ‘I don’t think that you should underestimate the power of the private sector mobilising itself in a community.’
From the perspective of private sector actors, involvement is revealed substantially as a volitional act. The exception to this volition lies in CSR compulsions, discussed in Sub-Section 11.3. The volitional nature of involvement is the power inherent in an actor’s continued volitional involvement and is evident in the following quotations from a single respondent from a large multinational.

‘I looked the councillor in the eye and said, that’s very interesting and if you want to play that game then you will be the ones who ultimately pay the price when [The firm] pulls out of this region, so you go ahead, if you want to save yourself x thousand pounds, go ahead. I will then no longer be responsible for the consequences, when I say to my bosses in [City H] that I have real trouble recruiting in [City A] because of the image of the city. You’re choice.’

‘…what annoys me is when people actually say I have retired now I am going to give back, get real, the best time to do it is when you have your maximum influence, when you are heading up a big organisation. So I am still continuing to do good things but I know that I could do much bigger scale things when I have the backing of a large private employer in the region. Because then everyone has to listen to what [The Firm] are saying. [The Firm]…this is ridiculous we need this…it’s a brave man who ignores it completely.’

Expectations of reciprocity, both positive and negative, are evident in the above statements; ‘what is it that council can do to make me employ more people…spend more money with me’ and ‘if you want to save yourself x thousand…go ahead… the firm pulls out of the region.’ Such elucidation, amongst private sector actors, was common and signals a perception that such interdependency that is discussed above should be grounded in positive reciprocity. The nature of the benefits expected is vague, and respondents again resorted to metaphor to elucidate how the judgment of positive reciprocity is made.

‘I suppose, because usually doing something costs money. That’s the result from doing something. It costs you a contribution to something. I think, yes, there is some certainty, if we do this….I call it back-of-envelope. In a lot of things in life, a back-of-envelope envelope is good enough. Just if there’s some maths you can use that says: Look, if we collectively invest x then these are the reasons why it might happen. We might get z results.’
The progression of actors, through the relationship lifecycle, was stated to be path dependent but it may be interrupted, or even reversed, due to perceived unreciprocated contributions, or negative reciprocity; repaying help with harm. In classic dyadic B2B and B2C relationships, and indeed networks, the rules of interdependency enable the development of the broad norms of reciprocity. The norms of reciprocity emerge as being far more comprehensible between co-located actors. The nature of positive regional reciprocity is revealed by one private sector actor when they state; ‘…then we can all work out the best way of going forward which benefits both the city and our business.’ Reciprocity is seen here between city, or region and the firm. Below is a further perception of reciprocity from one public sector actor.

‘It’s not simply about cash, but I think a lot of public sector functions end up wanting to engage from the perspective that the private sector…to get money out of them…and that turns people off.…I think there are also some engagements with private sector partners where, […] they clearly want to get something out of the process, and that can be fine as long as everybody understands what that is at the start. So if a private sector organisation is looking for business directly from a relationship that’s fine as long as you know that at the start.’

Norms of reciprocity, over time, will aid the development of rules of interdependence; the absence of reciprocal norms will constrain interdependence, but may enable dependence. The term associability (Leana and Van Buren, 1999) attests to an aspect of social capital that includes the ability to socialize and put group objectives ahead of selfish objectives. Dependence may, therefore, still facilitate involvement but will lessen stocks of social capital, thus constraining regional competitiveness. However short-term dependence might be in the long-term interests of the region. What might be called a born local exception to a number of the arguments in this chapter, might apply, where new businesses start-ups are nurtured by the region in an incubator to become, hopefully, the large regional employers of the future. Whilst dependent in the short-
term, these start-ups reciprocate in the long-term by becoming the heavily resourced and involved businesses of the future.

Power facilitates one partner, in an interorganisational exchange relationship, behaving opportunistically, although, asymmetric power alone does not guarantee opportunistic behaviour will take place. Failure to behave opportunistically, where the opportunity exists, engenders trust. Demonstrable patterns of trusting behaviour, over time, help the development of perceived trustworthiness amongst agents. Trust, in this context, is expressed in terms of a process-based trust (Ali and Birley, 1998) and built upon demonstrable patterns of dependable competence (Blois, 1999). The definition of just what is opportunistic is, however, a judgement call. The born local exception might be seen as free riding by some other firms, depending on the degree of help offered. If, in some way, born local firms trade on the resources offered by a region, such as positive semiospheric conditions, and strong stocks of local social capital, isolated firms with resources who choose not to be involved, may be judged as opportunistic.

One senior public sector manager points to two elements that constrain involvement by private sector actors, ‘One of these is a lack of trust, one is a lack of understanding.’

The same respondent demonstrates trust as enabling when it is present:-

‘…and in most cases you can have a relationship where the private sector will say to us, this is commercially sensitive, we say fine. They trust us…we will respect that and we do, because in fairness, you only let them down once, not only do they not take you into their confidence they tell everyone else, don’t touch the council we don’t trust it. And that reputation, takes you ten years, to build […] you could lose it in a day.’

The statement reveals a notion of trust as relying on dependable goodwill rather than on, or only upon, an exchange partner’s dependable competence (Blois, 1999). It also
speaks of a private sector actor’s willingness to expose themselves to vulnerability in interaction with the public sector.

11.5: Signification through communication

As a thesis grounded in the discipline of marketing, findings in this chapter are significant in respect of Objective Four; *to define the contribution of marketing to regional competitiveness*. Communication issues, therefore, demand consideration, both from a marketing perspective, and as one of Giddens’ three elements of agency (See Fig. 11.2). In the structurational sense, absence of communication, or communicators, is equally as revealing as a constraining factor. A sense, gleaned from many respondents, is that what communication there is, is spontaneous, and unplanned. One key area which may partially explain the evidence for disintegrated, or absent communication, is the apparent absence of a single designated communicator. This problem seems couched, in a broader problem, of a lack of recognition of a single actor responsible for enhancing regional competitiveness.

‘...you can’t say that in each region there is X individual who manages that, because it will be different organisations that have different amounts of influence, you could say who has a role in managing that. I think the public sector has a role, whether it be universities, schools, whether it be local authorities…’

In addition, whilst discussing the impact of the prevailing atmosphere, and the notion of regional buzz, the following comment was made. ‘I don’t think you go out into the Guardian [newspaper], wanted, atmosphere development officer for [Region C]. I think it tends to be a partnership approach to be honest.’ Regional communication, therefore, emerges as an issue constrained by lack of a single responsible agent.
One-to-one communication emerges from the transcripts as being the primary planned media for receiving and disseminating information, through face-to-face events such as breakfast briefings. There would, however, seem to be scope for greater levels of one-to-many communications; and indeed this is seemingly acknowledged by at least one senior public sector actor:-

‘I think communication itself is a huge issue, everybody goes on about communication, the longer I go on in these kinds of things, I believe that we have to have broad communication and we have to have a lot more specific and lot more targeted communications.’

The possible use of mass (broad) communication is mentioned above, but private sector actors speak of messages they had received via ‘broad communications’ making limited impact. Beyond the media channels used, a further issue is the message strategy deployed. When targeting private sector actors, there seems to be two main message strategies used by developers; to communicate what is going on in the region; and to communicate opportunities for involvement. Attempts by developers, to target messages designed to solicit involvement, were in evidence, ‘…the more you do it, the better you get your targeting, you can think, hang on, there’s something for us to be involved in.’ Communications from private sector actors to public sectors actors tend to involve communication of needs.

This thesis now returns to address the two points that constrain involvement by private sector actors, discussed at the end of Sub-Section 11.4, the second of which is a ‘lack of understanding.’ Power, in public sector actors, can be seen in terms of authoritative structures such as withholding, or providing, information about policy developments and implementation. Communication, therefore, becomes a significant element of improving ‘understanding.’
‘…take businesses that are engaged [involved], who go to our breakfast meetings, they will be sitting there listening to us and hearing what the council are doing, what they are up to, listening to the new developments, regeneration of the city they’ll hear what [Arms-length agency A] plans are and that will make them more or less; hopefully more, confident about what’s happening.’

Satisfaction processes were discussed at length earlier in this chapter and sources of satisfaction summarised in Tab. 9.10. The following is the response of a senior public sector actor to a direct question about how marketing could contribute to regional competitiveness. “What could be done to develop an understanding of the benefits on the part of the private sector and to increase that engagement where it’s practicable and where it’s appropriate.” Another public sector actor confirmed; ‘people need to see the benefits of collaboration a lot more.’ However, evidence of benefit communication taking place is limited; it is likely to be a long process associated with face-to-face contact and socialisation. There was also a lack of evidence of attempts to communicate realistic expectations of the outcomes of regional involvement. However, evidence of attempts by public sector actors to understand the expectations of private sector actors is evident.

‘…we did a needs-analysis and most of it didn’t come back to cries for assistance and business advice. All of these companies are quite competent at doing their own business advice, and advise their own way forward, and I wouldn’t disagree with that, but what their expectation was, if they’ve got a pinch point, one was traffic, just painting yellow lines down the side of the road can turn a very miserable company that might be thinking of becoming mobile, and might be moving out of the area […] into a very happy company.’

Measured by the expectations of other actors, from the same sectors, some expectations both from private and public sector actors, appeared unrealistic. A factor constraining involvement, perhaps more importantly, constraining increasing involvement, is a lack of consistency in actor expectations. High expectations were discussed in Chapter Two as a major source of customer dissatisfaction with service encounters, particularly when
an actor is emotionally involved. Setting realistic expectations amongst regionally embedded firms would, therefore, seem to be an essential, but absent, communications’ task. As such, a lack of expectation management emerges as a key constraining factor. Integrated and crucially, two-way communication could, over time, correct inconsistencies here. The following respondent alludes to the two-way element; ‘involvement is obviously a communications issue from public to private, vice versa…can be.’

The role of communication in the theory of structuration is bi-directional, rather than unidirectional, as in the traditional communications model. Reciprocity between regional actors should be in terms of communication as well as benefits received. Two-way communication, in a specific space and time context, allows actors to build up stocks of tacit-knowledge that act as interpretive schemes. Communication over extended periods of time allows actors to make sense of a given time and space context. Communication, in the structurationist sense, is used to reflexively apply interpretive schemes constrained and enabled by the prevailing contextual rules of signification.

The ability of a communication to carry a message about meanings in a relationship is referred to as its richness capacity. Similarly, media richness can be defined as the ability of a channel to carry a rich message (Barry and Crant, 2000). An example of content rich communication would be relational communication (1984), literally, communication about relationships. Relational communication has to do with how the message is intended and serves, therefore, defines the relationship between the actors. As such, relational communication is a useful means of establishing relationship norms.
If a norm of reciprocity, in relation to satisfaction, could be consistently communicated through such relational communication, involvement levels could be enhanced through less dissatisfaction amongst involved actors. Relational communication is a form of interpretive scheme to make sense of the context in which communication is taking place.

Face-to-face contact is revealed as the richest channel to communicate relationship norms. One respondent confirms, ‘oh yes, it’s got to be from the personal contact and the chemistry. It won’t happen electronically or in the printed word.’ Face-to-face communication emerges as a central construct in creating and sustaining regional buzz.

‘So all sorts of people thrown together in a room, all having a bacon butty and a coffee and then just talking, so A, they will normally be together and B, the very fact that they are there probably means that they are fairly into what’s going on in the city and C, they feed off each other, so it creates buzz.’

Past communication builds up stocks of trust and attitudinal loyalty and trust, over time, leads to better communication. Such trust and repeated face-to-face contact is consistent with the construct of regional buzz. Interactional richness is enhanced as exchange partners communicate more often, more equitably, and over an increasingly widening range of subjects. Such communication competence is positioned as a meta-asset in Fig. 10.2. Relational communication should have the effect of creating positive expectations as to the long-term outcomes of a relationship.

11.6: Signification and a notion of semiosphere

An area which emerges clearly from the transcripts that acts both as an enabling and constraining force, and as a legitimising facility is the perception of boundaries. Relevant geography was discussed in Sub-Section 8.2 and characterised as a sense of
coherent space. The names of regional agencies carry a geographic definition such as City A Council or the Regional Development Agency of Region D. Such boundaries therefore become authoritative structures. Perceived boundaries are a key interpretive scheme, through which, ease of communication is assessed. Perceived proximity leads to an assessment as to the relevance of being involved, thus leading to face-to-face communication. Distant actors are those actors with which it is harder to facilitate face-to-face contact and requires ‘technology like video conferencing.’ Making a clear statement of an organisation’s relevant marketing geography is proposed in this thesis as a new element in a marketer’s toolbox.

A distinction is made between the resources embedded in a region, and the region as a resource. The region as a resource is defined, in part, by its atmosphere, or buzz. A structurally embedded, co-located firm, with no direct relationship with other co-located actors will share an atmosphere with those same co-located actors, and enjoy an indirect relationship with them. The activity of an isolated actor, therefore, is constrained, or enabled, by the atmosphere in which it is embedded. The atmosphere may extend beyond the horizon of any focal organisation. It was argued in Chapter Three, and modelled in Fig. 9.11, that where a network ends, the environment begins. Within a local environment, geographic boundaries must be drawn in relation to both the atmosphere, and the local network. Even locally, however, the full network horizon might not be visible to all actors.

Relationship atmosphere is a core construct in the Industrial Marketing and Purchasing Group’s interaction approach, and was discussed in Chapter Two. “The influence of structural conditions [structure] on actions [agency] can be seen as mediated through
this [relationship] atmosphere” (Hallen and Sandström, 1991: p. 110). Relationship atmosphere defines the emotional atmosphere, or mental state, between co-located actors, and defines the nature of the exchange between them. Such an atmosphere is reinforced and empowered by spatial and cultural proximity (Möller and Wilson, 1991). In Sub-Section 2.5, an argument was presented that relationship atmosphere alone was an inadequate construct to explain all spatial phenomena. A series of variables that are independent, but which condition each other over extended periods of time, was also introduced (Roehrich et al., 2002). These dimensions can be related to structuration. Relationship strength is a dimension made up of commitment, mutual interest and social ties. Commitment was discussed in Chapter Eight as coterminous with involvement. Collective social ties can be characterised as stocks of social capital; the perception of social capital, as an embedded local resource, is recognised by one respondent; ‘I am sure that I am under leveraging some of the local pride that is here in the area.’ However, local pride goes beyond industrial atmosphere to a much broader notion of atmosphere, discussed in Sub-Section 2.5 as a semiosphere. Semiosphere is described as an extension of social semiology that takes into account semiology, signs and syntax (Hedaa and Törnroos, 2007). In this sense, the semiotic atmosphere or semiosphere amounts to a series of cues to which actors respond, perhaps implicitly. The author found it helpful to refer to the local atmosphere, as a local semiosphere, to denote a distinction between the IMP Group’s notion of industrial atmosphere and a local atmosphere encompassing geographically co-located actors from multiple sectors of society. Such a notion of local semiosphere is consistent with the notion discussed in Chapter Five of regional buzz, which occurs as a result of extensive and meaningful face-to-face interaction at a local level, and is the intangible, human side of a local
semiosphere. Tangible aspects of the local semiosphere are alluded to in the following quotation.

‘If you are in a city centre that looks derelict, the railway station that looks like it has come out of a nineteen-sixties horror film, if the football club is on its way down… I am absolutely certain that all those are linked together. Eventually the city feels bad about itself. The ambition of the city and the people in it deteriorates with it. If you are going the other way that will redevelop and things are improving.’

From Phase One, respondents resorted to metaphor in a number of areas to try and describe what was initially free coded as an atmosphere, regional semiosphere, or evidence of regional buzz. Examples are ‘Hovis factor’, ‘genuine warm glow’, ‘feelgood factor’, ‘sounds like big brother’, ‘it’s something intangible it’s about a sense of happening and a sense of dynamics,’ ‘sense of collective belonging,’ and ‘community spirit.’ These examples seem to be attempts at sense making and refer to either constraining or enabling structures which have occurred, over time, as a result of co-location and interaction. The temporal nature of such phenomena, as regional buzz and atmosphere, are revealed in the following quotation. ‘It [City A] has got some very poor areas with a lot of people with no desire to do any better. Therefore, over time, things will eventually link and build on each other.’ Local semiospheric conditions are also alluded to in the following passage.

‘I mean, it’s the… are you up for it?… and I like the dressing room analogy because you watch a football match and you know never mind how the teams are performing track record-wise, you know when you see the team come on the pitch whether they’re up for it. I think that that has a reflection in terms of business activity.’

The enabling nature of a positive regional semiosphere is revealed in the following passages.

‘Because you want that people who live here and have always lived here are feeling good about it....and they can make a contribution in the big business. People coming in will think this is a good area to come into, this is a good business to come into.’
'Whereas if you are going forward with a vibrant city region or city it is a lot easier to sell what you’ve got and to attract the right type of people. Clearly, having a vibrant city with a positive outlook is going to be helpful in getting the right type of people in there.'

The quotation seems, also, to make a distinction between a local semiosphere and an industrial atmosphere. Industrial atmosphere transcends local boundaries. Each region will develop a hybrid flavour, depending on the types of industries within the local geography. Local industries may be linked to the same industries in non-local locations through the notion of global pipelines (Wolfe and Gertler, 2002: p. 22-23) discussed in Sub-Section 5.8.1.

Three particular industries were regarded as existing within the research sample. One respondent alluded to the psychological, rather than physical nature of these boundaries. ‘I’m not sure I actually agree with the principle of putting a border around and saying if you are inside you are a cluster and if you are outside you are not.’ Industrial clusters were reviewed in Sub-Section 5.8.1. Clusters are a key aspect of regional policy initiatives and regional competitiveness agendas; they are attempts to define industrial and spatial boundaries in order to facilitate regional development strategy. The respondent speaks of clusters in Porterian (1998: p. 78) terms, however, other authors have alternatively begun to discuss clusters as a series of interlinked, potentially distant geographic areas, connected by pipelines through which they transmit information. Such pipelines connect distant knowledge to local knowledge and are revealed in the following quotations; ‘again, the networks we have are increasingly global. Our R&D projects will be linked with people well outside the region and in other countries. It happens to be that people are based here.’
Fig. 11.3: THE RELATIONSHIP BETWEEN LOCAL SEMIOSPHERE, INDUSTRIAL ATMOSPHERE AND NON-LOCAL PIPELINES
Source: Author.

Fig. 11.3 represents a characterisation of how an industrial atmosphere might infect a regional semiosphere from international, and non-local national locations, but which do not necessarily dominate local semiospheric conditions. Support for the interplay between the non-local pipeline, and a local semiosphere is found in the following quotation.

‘I think what you have to recognise there is the importance of the industry sector because Joe Bloggs can have a reputation in the [region A] and in [city 80 miles away] but not in [city 50 miles away] because of the industry sector where he is a respected player in his cluster or his industry sector. It is not just about the geography.’

The respondent clearly speaks of the distinctive atmospheric flavour generated by the region’s specific blend of industries and how the pipelines between bodies may, in any given industry, leapfrog proximate areas to link to more distant areas.
The link between such a buzz, and business performance, was also discussed above, ‘if the region has a very positive disposition it is going to be good for your business.’ Further respondents note that reciprocation for investments in regional buzz may be measured over the long term. ‘You don’t always see a return on that in the short term. It is difficult to measure short term. But over a long period of time it is about creating the right environment.’

Relationship fluidity is a construct made up of communications quality, trust and distance. The constructs of relationship fluidity and relationship strength, are argued to affect positive change on the relationship atmosphere. In structurationist terms, they enable positive relationship atmosphere. Poor communication, irrelevant boundaries and the deployment of power can lead to the development of a negative atmosphere. In this sense, the atmosphere can, and will be constraining, rather than enabling. Such a description is consistent with the construct of rapport de force (Roehrich et al., 2002); the negative impact of problems and the deployment of power. In essence, rapport de force is constraining in relational terms and its contraposition, trusting relationships, are enabling.

11.7: Summary of the enabling structuration of involvement

Fig. 11.4 demonstrates a system process model of the structuration of involvement. Whilst the narrative has discussed structuration as constraining and enabling, the model below, and the summary of issues in the table in Tab. 11.5, focuses exclusively on the processes that enable involvement over time. Involvement, in this model, is not a static concept but is the sum of all definitions of involvement used in this chapter.
Unlike the models presented in Chapters 8-10, the theory discussed in this chapter, is not presented as a substantive theory. The model presented in Fig. 11.4 with its elements summarised in Tab. 11.5 has multiple path dependencies, and causal relationships, but these are likely to remain indistinguishable due their systemic complexity. Further investigation is likely to add, and modify, the content of the model significantly; however, what is placed in the model, in this thesis, is argued to be robust and grounded in empirical findings. The theory, discussed in this chapter, is therefore presented as an exploratory theory. Tab 11.5 is a structurationist conclusion to all phases and sections of the empirical elements of this thesis.
Tab. 11.5: TABLE TO SHOW THE DISAGREGATED STRUCTURAL PROPERTIES THAT ENABLE INCREASING INVOLVEMENT LEVELS

<table>
<thead>
<tr>
<th>SIGNIFICATION LOOP</th>
<th>DOMINATION LOOP</th>
<th>LEGITIMATION LOOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of a poor regional brand image externally...</td>
<td>Long-term commitment of time and money</td>
<td></td>
</tr>
<tr>
<td>Perception of poor industrial relationship atmosphere internally...</td>
<td>Fiduciary responsibility of CEOs to shareholders</td>
<td></td>
</tr>
<tr>
<td>Broader perception of poor semiospheric conditions...</td>
<td>Public accountability of public money</td>
<td></td>
</tr>
<tr>
<td>All trigger perception that involvement is in self-interest</td>
<td>Stable local political culture in relation to involvement. Democratic power wielded benignly in respect of involvement</td>
<td></td>
</tr>
<tr>
<td>Clear notions of relevant local boundaries to make sense of what is <em>local</em> geography</td>
<td>Involvement captains with time, money and communications competency within relevant local boundaries</td>
<td>Established local norms of interdependency</td>
</tr>
<tr>
<td></td>
<td>Existence of properly mandated and resourced third-sector agencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low amount of long-term dependent co-located relationships. Business start-ups instead of long-term subsidised firms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High amounts of small business incubation-short term dependency</td>
<td></td>
</tr>
<tr>
<td>Poor organisational productivity</td>
<td>Poor supplies of skilled labour and managerial ability locally</td>
<td>Continued.</td>
</tr>
<tr>
<td>SIGNIFICATION LOOP</td>
<td>DOMINATION LOOP</td>
<td>LEGITIMATION LOOP</td>
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<tr>
<td>--------------------</td>
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<td>------------------</td>
</tr>
<tr>
<td>Corporate governance (CSR) compelling local involvement by subsidiaries</td>
<td>Path dependent flow of competencies amongst co-located actors. Possession of dynamic capability leads to Possession of core skills for regional relationship marketing leads to Levels of RRMO amongst co-located firms.</td>
<td>Norms may become codified as CSR practice</td>
</tr>
<tr>
<td>Competitive tendering processes for public sector contracts Institutional thickness, high levels of cross-sector trust Powerful organisations encourage involvement from supply-chain partners Benign pressure for involvement</td>
<td>Stocks of historical loyalty (possessed as meta-assets by individual firms). Sanctioning processes enhanced</td>
<td></td>
</tr>
<tr>
<td>The most influential stakeholders and decision makers are co-located therefore involvement is sanctioned locally rather than restrained non-locally</td>
<td>High or latent stocks of social capital that can be mobilised to sanction involvement and make contributions to regional competitiveness, legitimate</td>
<td></td>
</tr>
<tr>
<td>Levels of disseminated information about regional activity</td>
<td></td>
<td>Continued</td>
</tr>
<tr>
<td>SIGNIFICATION LOOP</td>
<td>DOMINATION LOOP</td>
<td>LEGITIMATION LOOP</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Long-term satisfaction processes and value proofs signify value attained through involvement</td>
<td>Recognition of private sector involvement by public and third sectors</td>
<td>Inter-sectoral Norms of reciprocity</td>
</tr>
<tr>
<td>The intrinsic/extrinsic value to senior managers as individuals through local involvement</td>
<td>Recognition of public sector relational competence by private sector and third sector</td>
<td></td>
</tr>
<tr>
<td>The value of individual senior manager’s local reputation to corporate performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The value of a strong local corporate reputation, nationally or internationally. Broader recognition to leverage of local reputation nationally</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The impact of regional competitiveness enhancement to firms competitiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated communications regarding the expectations of benefits obtainable through involvement</td>
<td>Face-to-face meeting events, Involvement opportunities</td>
<td>Effective tools to target appropriate stakeholders with the right message</td>
</tr>
<tr>
<td>Relational communication provides an interpretive scheme as to relational expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistent communication of involvement opportunities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter Twelve: Contributions to knowledge and research

Limitations

12.1: Chapter Introduction

The following diagram presents the position of this chapter in the thesis.

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section A</td>
<td>Literature Review</td>
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<td>Section B</td>
<td>Methods and Methodology</td>
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<td>Section C</td>
<td>Findings, Conclusions and Contributions</td>
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<td>Chapter Eight</td>
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<td>Chapter Nine</td>
<td>The Relationship Lifecycle and Geographic Co-Location</td>
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<td>Chapter Eleven</td>
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<td>Chapter Twelve</td>
<td>Contributions to Knowledge and Research Limitations</td>
</tr>
<tr>
<td></td>
<td>Current position in the thesis shaded</td>
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</tbody>
</table>

Fig. 12.1: THE POSITION OF THE CURRENT CHAPTER IN THE STRUCTURE OF THE THESIS
Source: Author.

12.2: Empirical contributions to knowledge

Rather than adopt received wisdom, within the marketing discipline, the investigation conducted, within this thesis, develops and deploys an approach specifically designed to deal with the issues presented by the research subject, those of interaction between spatially constrained, co-located actors. Common paradigms of investigation, within the marketing discipline, appeared to have limitations for this purpose; these were discussed at length in Chapter Six. The specific research design issues considered were the impacts of agency and structure, time and space. A robust and thorough examination of the philosophical implications of these design issues is presented. Giddens’ theory of structuration is deployed to explicitly expose issues of time and space, agency and structure. The deployment of structuration in marketing academe is
rare, with only one paper that could be placed within the RM sub-discipline. Where structuration is deployed, explicit discussion of the impact of agency and structure is lacking in many papers inside, and indeed, outside the marketing discipline. Structuration is deployed in this thesis using Giddens’ original nine headings, but also addresses some of the criticisms directed at Giddens’ original work, by making structuration operational. Operationalisation of structuration is addressed in the thesis at meta-theoretical, meso-methodological and micro-methodical levels. The methodological and methodical approach, outlined in this thesis, has the potential to be deployed to numerous RM problematic.

The defence of structuration, triangulated at three levels, is presented as a critical pluralist approach to RM research; this pluralistic approach could, equally, be used to defend the use of other non-dichotomist approaches, such as critical realism, for marketing research, within different boundaries. The author states that this thesis has made a significant theoretical, methodological and methodical contribution to the marketing discipline. In addition, the approaches to theorising using process data isolated by Langley (1999), and developed by Pozzebon and Pinsonneault (2005), in the IT discipline, have been deployed, for the first time, in the marketing discipline. The thesis extends the cross-disciplinary deployment of these techniques by adding two variants of visual mapping approaches; linear visual process mapping and system visual process mapping.

12.2: Theoretical contributions to knowledge

This thesis makes a contribution to the RM sub-discipline through the introduction of three substantive theories. The first of these is the macro-theory of relevant marketing
geography. The author asserts, confidently, that no competing theory which brings together market and resource-based perspectives exists in the marketing discipline at the time of publication. Its macro-status is defended in that all current marketing theories, with any geographic implications, can be positioned within in the model. In developing the model, the author introduces definitions for two modes of marketing in relation to regions or a region; defensive and offensive. The deployment of these terms in this context is also claimed by the author to be novel.

The second substantive theory area is a process model of a regional relationship marketing lifecycle. The regional relationship marketing lifecycle builds on the lifecycle theories of Grönroos (1980) and Ford (1980) and makes them specific to the context of co-located actors. The model isolates four path dependent constructs which propose behavioural and/or attitudinal underpinnings to an organisation’s involvement with a region.

The third substantive theory is the competence-based view of regional relationship marketing. The theory builds on the minority perspective of marketing, that of the RBV. The model introduces a new notion of marketing orientation, RRMO, and defines the spatially specific and spatially transferable skills and competencies, both individual and organisational, that allow a firm to be capable of benefiting from its location.

Both the regional relationship marketing lifecycle and competence-based view of regional relationship marketing are path dependent, diachronic models that deal with time and space. Explicit time and space considerations, in RM research, were discussed in Sub-Section 6.5.2 as a further minority perspective in marketing, and RM papers.
A fourth, but more exploratory theory area is derived through deployment of structuration theory throughout Section C. The deployment of structuration was discussed above as an empirical contribution to knowledge. The limited deployment of structuration in marketing literature was discussed in sub-section 6.5.3. This thesis has deployed structuration in a robust and authentic way, explicitly using Giddens’ dimensions to expose the recursive interplay of agency and structure, time and space. Actor knowledgeability was exposed throughout Section C by explicit discussion of practical and discursive consciousness. The visual systems mapping approach and table showing the analytical distinctions between recursive loops of structure, modalities and agency are stated, by the author, to be the first examples of such an approach to the phenomenon of interaction between co-located actors using structuration, in any discipline. This examination provides scope for significant further research and additional examples to be added. However, the framework for such further analysis presented in this thesis, is argued here to be durable.

As discussed in the introduction to Section A, and presented in Fig. A2, the findings of this thesis, also contribute to the marketing discipline through the deployment of several constructs from outwith disciplines such as economic geography. As such, it is argued here that the trajectory marked in Fig. A.1 has been achieved. The construct of embeddedness, for instance, has received limited attention, social capital some more significant attention recently, during the writing-up phase of this thesis; co-location, regional buzz and untraded interdependency, to the author’s knowledge, have received no attention in marketing literature to date.
Overall, these contributions wholly fulfil the imperative of Objectives Two and Three of the thesis, and partially fulfil that of Objective Four. The complete fulfilment of Objective Four is achieved through consideration of the practical contributions that can be made by marketing, to the regional competitiveness agenda.

The combination of three substantive theories and one exploratory theory in this thesis is likely to provide a contribution to knowledge in the economic geography and international business disciplines. Both disciplines have, seemingly, struggled with untraded interdependency and the soft factors that underpin regional competitiveness. The deployment of RM theory, to this problematic, may prove to be valuable in these outwith disciplines. However, such an ambition is not explicitly contained in the objectives of this thesis.

12.3: Practical contributions

The competence-based view of regional relationship marketing is an aid for private sector firms to understand how to benefit from co-location and, additionally, understand what aspects of local best practice are transferable to other spatialities. This transferable competence is introduced, in this thesis, as a RRMO. However, implementation of RRMO can be envisaged in two areas, through integration of local marketing communications, and through an equally integrated attempt to get a sense of relevant marketing geography as perceived by co-located actors.

12.3.1: Integrated local marketing communications

Offensive and defensive regional marketing activity is introduced, above, and is positioned in Fig. 9.1 into the previously introduced relationship lifecycle model
between co-located actors. This thesis, however, concerns itself solely with defensive marketing activity. Communication, from a structuration perspective, was discussed above in Sub-Section 6.5.3. From this discussion, it is possible to extrapolate and propose two generic tactical communications objectives for integrated local marketing communications.

1. To communicate involvement opportunities with a view to increasing face-to-face contact between co-located actors.

2. To communicate the benefits of involvement, and set realistic expectations of the benefits available through involvement; with a view to increasing behavioural and attitudinal involvement levels between co-located actors.

Objective one is, clearly, a message capable of being carried by one-to-many media channels. Such one-to-many techniques are likely to be less than a mass communications approach, more likely, such one-to-many approaches as used, will be characterisable as narrowcasting. The fulfillment of Objective One is found to be pursued, largely, through one-to-one, face-to-face, interpersonal communications. However, based on the findings of this thesis, there would seem to be the potential for one-to-many communications to make a greater contribution than it currently does.

In order for one-to-many communications to be effective, however, some notion of homogeneity, between target audiences, must be identified and this homogeneity used as the basis of segmentation. If such homogeneity cannot be identified then one-to-one, face-to-face, customised communication should remain as the dominant media and creative strategy. Using three of the models developed above, Figs. 8.3, 9.13 and 10.2, Fig. 12.2 offers a model that combines elements of the three models and which can be used for segmentation purposes.
It is possible to visualize a positioning strategy based on attributes and benefits for each stage of the lifecycle and for each type of firm. Further work is needed to clarify the exact blend of benefits that would support the satisfaction of involved actors. The superimposed matrix presented in initially Tab. 9.10, is shown above in Fig. 12.2 as a framework, through which, positioning tactics using attributes and benefits of involvement can be sought. Through continuous focus on objective one above, it is also

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11 Attributes and benefits were presented in Tab. 9.10 as sources of satisfaction.
12 The regional relationship lifecycle is presented above in Fig. 9.1. Three stages of the lifecycle are presented on the vertical axis and a fourth, new firms, is added as there are distinct concerns with new business incubation, discussed above, that make them distinct for communication purposes. Communications strategy and tactics will not be discussed in thesis in relation to new firms as this falls under offensive regional marketing. The quadrant is however included in Fig. 12.2 simply to complete the matrix.
13 Three types of firm were proposed in Fig. 8.3. The three typologies were based on whether the firm’s orientation to its local environment was market-based, resource-based or a combination of both.
possible to present a series of strategic, long-term, marketing objectives in respect of each stage of the lifecycle.

1. **Isolated Firms**: To generate initial behavioural involvement.

2. **Behaviourally involved Firms**: To increase the scope and density of behavioural involvement and develop positive attitude to the region.

3. **Locally embedded firms**: To maintain consistent levels of behavioural and attitudinal involvement.

There would seem to be substantial opportunity to develop an integrated communications approach in pursuit of coherent long-term marketing objectives. Achievement of these objectives would greatly enhance stocks of social capital, regional buzz, and, therefore, regional competitiveness levels. This approach makes the above recommendations in response to objective four of this thesis, to assess marketing’s contribution to the regional competitiveness agenda.

**12.3.2: Relevant marketing boundaries**

The issue of relevant boundaries was discussed at length in Chapter Eight. Political boundaries were revealed in the polemic of Chapter Eight as dominating structures, in that, they are set by authorities and politicians. Private organisations were revealed as making sense of space, and more pertinently, local space, with resort to interpretive schemes. The most significant of these schemes is, where is my market? Geographic markets, segments and sales territories are more relevant to private sector actors than publicly defined actors. Under the four elements of Fig. 8.4, the macro-theory of marketing relevant geography can be used as a planning tool by a network captain to define the relevant geographies for all co-located actors. The model could form the basis of a relevant geography audit of a region. On the resource-based side, this process is likely to be revealing in the sense of being used to plot resource issues and
geographic bands of relevancy. A crucial element in the resource audit, would be to gain an understanding as to the extent a reputation earned locally is projected geographically. The result of this exercise may prove more helpful in defining local and non-local, and as a result of which, actors are relevantly co-located. Such a technique would allow the categorisation of firms into the typologies depicted in Tab. 8.3 above, type 1, 2 and 3 firms. A possible approach would be to develop a standard marketing planning item in respect of relevant geography and for this item to be used by all co-located firms in their planning. With appropriate commercial discretion, relevant parts of such plans could then be made available to other co-located actors.

12.4: Limitations and further research directions

The first area to address as a limitation of the thesis is the use of qualitative approaches to develop substantive theories. The nature of the theories in this thesis is that they are grounded in qualitative and inductive approaches. However, such approaches are the sole reason that the theories now exist. The substantial lacuna that has been identified in this thesis determined that appropriate hypotheses could not have been developed at the outset of the study. The literature on which to develop hypotheses did not exist at the time of the thesis’ conception, and indeed, it is argued that it still does not exist at the time of its completion. However, elements of the three substantive theories could now lend themselves to deductive investigation. An example would be the construct of a regional relationship marketing orientation, which could now be codified and tested. However, the elements that can be tested in this way would be temporally static, and visible through a cross-sectional lens.
The methods deployed in this thesis have been influenced strongly by structuration theory. A crucial element in the theory of structuration is the knowledgeability of the lay actor. As discussed in Chapter Six, the sampling unit in this thesis needed to consist of an involved individual, within an involved organisation and with historic discursive and practical knowledge of the phenomenon under investigation. Such a description entails that large samples within any specific local environment may be difficult, if not impossible, to achieve in future studies. Therefore, if quantitative testing is to be achieved in respect of elements of the three substantive models presented in this thesis, the elements tested must be those that are not spatially specific, as a representative sample must be drawn from multiple regions, rather than a single region. A stated limitation of the conclusions of this thesis is, therefore, their context particularity. Whilst the very nature of the research subject makes space and time particularism, desirable, the substantive theories will benefit from replication in other local environments, in the UK, and in other national environments, and using the same methodological approach. Equally, as the study is grounded in historical data, a useful validation of the grounded-structurationist approach would be to deploy the approach using genuine longitudinal data, as opposed to pseudo-longitudinal data. Such a longitudinal study would also act as a form of triangulation for the spatially specific elements of the three substantive theories. However, the exigencies of academic life make any longitudinal research problematic.

The thrust of Objective Four of this thesis, is to address marketing’s contribution to regional competitiveness. Earlier, the regional marketing task was segregated into two, offensive and defensive. It is to the defensive dimension that this thesis has refined its findings. However, it is important to note that the offensive aspect of regional
marketing, whilst well practiced, is also poorly codified, and it would benefit from further research. However, such an ambition would place strain the grounded-structurationist approach, as offensive marketing takes place over shorter-term time scales than defensive marketing. Such an investigation may be achievable through quantitative methodologies.

It is important to note that the practical contributions in this thesis above have been built from the perspectives of private, public and arms-length organisations. There may be additional elements relevant to the remaining constituencies, named in Fig. 9.6, third sector and community organisations that will be of relevance to a complete understanding of regional interaction. Such an extension of the sample taken for this thesis may, in particular, will allow for further development of the exploratory theory presented in Chapter Eleven. Replication of the study approach in different spatial environments will further develop the exploratory theory of involvement structuration, until enough information is gathered to substantiate the theory. Substantiation would occur when a greater insight into which structures and constraining and enabling, has been achieved.

Whilst the grounded-structurationist approach introduced in this thesis has been defended as novel and achieving greater insight than the methodologies usually deployed, within the marketing discipline. Structuration’s originality must also be introduced with a note of caution. Whilst the author is entirely comfortable with the robustness of Giddens’ work, and with the strength of its deployment in other outwith disciplines, there exists only eight papers, at the time of writing, that have deployed structuration within the marketing discipline. The three level, meta, meso and micro,
approach outlined in this thesis would benefit from further deployment to other marketing problematic, where space and time dimensions are of relevance. Swapping approaches at the three levels, say for instance, deployment critical realism as a meta-theory, combined with a case-study approach as meso-methodological approach, would also place scrutiny on the developed approach and in particular, the arguments for meta-theoretical choices within different space and time contexts. The author would welcome contact with researchers interested in extending any areas of this study.
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