

BUSM096 Relationship and Network Marketing .pdf

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Relationship and Network Marketing BUSM096



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1 Question 1

Choose three important concepts relating to business relationships. Why are they important for explaining business relationships (e.g., how do they fit into a model that explains business relationship performance)? How does each of these concepts relate to grounding theories? Are these concepts representing relationship marketing instruments, and if not, how could instruments affect them? Use the Hatteland/Autostore – Amazon business relationship use case to exemplify your answers.

Business relationships underpin the strategic and operational success of organizations operating in dynamic environments. Theories and frameworks addressing business relationships often converge on three critical concepts: **trust, commitment, and relational norms**. These elements serve as the foundation for understanding, evaluating, and enhancing business relationship performance. This essay examines the significance of these concepts, their grounding theories, and their role as relationship marketing instruments. The Hatteland/Autostore – Amazon business relationship use case illustrates the practical application of these concepts.

Trust is a pivotal construct in business relationships, enabling parties to collaborate with reduced relational uncertainty. Trust reflects the confidence one party has in another's integrity, reliability, and goodwill. Grounded in the **Commitment-Trust Theory of Relationship Marketing** by Morgan and Hunt (1994), trust is integral to promoting cooperative behaviours, minimizing opportunistic tendencies, and ensuring long-term relational stability. In the Hatteland/Autostore–Amazon relationship, trust manifests in the willingness of Amazon to rely on Autostore's automation systems for its operational needs. This trust facilitates the alignment of strategic goals and allows for the sharing of sensitive operational data. Trust as a concept is complemented by instruments such as performance tracking and real-time communication protocols, which reinforce confidence and mitigate risks in interfirm exchanges.

The **commitment** represents the enduring dedication to maintaining a valuable relationship. It is the willingness of parties to invest resources, adapt processes, and sustain long-term engagement. **The Resource-Based View (RBV)** supports commitment by emphasizing that firm-specific investments in a relationship, such as the integration of technology or infrastructure, create competitive advantages that are difficult to replicate. For instance, Amazon's deployment of Autostore's robotics within its warehouses demonstrates commitment through resource allocation and operational alignment. Instruments such as co-investment agreements and performance-based incentives can further solidify commitment by ensuring mutual dependency and shared benefits.

Relational norms establish shared expectations for behaviour between parties, encompassing solidarity, mutuality, and flexibility. These norms are rooted in **Relational Exchange Theory**, which posits that long-term relationships are governed by adaptive and collaborative mechanisms rather than rigid transactional exchanges. In the Hatteland/Autostore–Amazon case, relational norms are evident in their joint problem-solving approach to address logistical challenges. Instruments such as joint planning committees and conflict resolution frameworks operationalize relational norms, ensuring alignment and adaptability amidst evolving market conditions.

While trust, commitment, and relational norms **are not inherently relationship marketing instruments**, they form the basis for deploying tools and practices that **strengthen** business relationships. Instruments such as **performance metrics, shared technological platforms, and regular strategic reviews** can reinforce these concepts, fostering greater interdependence and collaboration. In the Hatteland/Autostore–Amazon relationship, these instruments translate theoretical constructs into actionable strategies, ensuring the partnership’s success and sustainability.

1 In conclusion, trust, commitment, and relational norms **are necessary** for understanding and enhancing business relationships. These concepts, underpinned by established theories, provide a framework for evaluating relational performance and guiding managerial decision-making. By leveraging relationship marketing instruments, firms can operationalize these concepts to create mutual value, as demonstrated by the Hatteland/Autostore–Amazon partnership.

Question 3

1 Outline the 'narrow definition' of the concept of the dark side of business relationships. What are the mechanisms that drive the dark side? What are managerial activities that could mitigate against the dark side of business relationships? How could a focal firm know that one of their business relationships is 'dark'? Use the Hatteland/Autostore – Amazon business relationship use case to exemplify your answers.

Understanding the Dark Side of Business Relationships: Theoretical Framework and Managerial Implications

Business relationships are integral to value creation, fostering mutual benefits for the parties involved. However, when relational dynamics evolve adversely, they expose organizations to what scholars term the 'dark side' of relationships. This paper outlines the narrow definition of the dark side, explores its underlying mechanisms, and presents strategies for mitigating these adverse effects using the Hatteland/AutoStore–Amazon relationship as a case study.

1 Narrow Definition of the Dark Side of Business Relationships

The 'dark side' is defined narrowly as the curvilinear relationship between the closeness or strength of a relationship and its performance. While strong relationships initially enhance trust and cooperation, beyond a certain threshold, they can lead to negative outcomes such as dependency, myopia, and opportunistic exploitation (Anderson and Narus, 1990; Dwyer et al., 1987). Excessive closeness may result in complacency or blind trust, allowing one partner to exploit the other, thereby diminishing value for both parties. The narrow definition contrasts with broader interpretations that encompass external environmental factors or structural inequities. Instead, it focuses explicitly on relationship dynamics and performance degradation linked to overembeddedness and misaligned expectations.

1 Mechanisms Driving the Dark Side

Several mechanisms contribute to the manifestation of the dark side:

Opportunism: Partners may exploit relational trust for unilateral gain, leveraging shared information or intellectual property (Jap, 1999). For example, Amazon's alleged misappropriation of AutoStore's patented warehouse technologies exemplifies such opportunism.

Overembeddedness: Excessive trust and reliance on a single partner create vulnerabilities, restricting external exploration and innovation (Håkansson and Ford, 2002).

Power Imbalances: Unequal dependence allows dominant firms to enforce unfair terms or marginalize weaker partners (Morgan and Hunt, 1994). Amazon's market dominance enabled it to dictate terms that undermined AutoStore's competitive positioning.

Lack of Monitoring: High trust may result in limited oversight, leading to exploitation or neglect of mutual goals (Heide and John, 1990).

Managerial Activities to Mitigate the Dark Side

To counteract these mechanisms, firms can implement the following strategies:

Transparency and Communication: Open book accounting fosters trust while enabling partners to verify claims and intentions, maintaining accountability. **Relational**

Safeguards: Binding contractual agreements, including exit clauses and intellectual property protections, can prevent opportunistic behaviour (Jap, 1999). **Balanced**

Governance Structures: Combining formal contracts with relational norms ensures flexibility without exposing partners to exploitation (Håkansson and Snehota, 1995).

Boundary Spanner Rotation: Periodically rotating personnel involved in partnerships reduces over-embeddedness and injects fresh perspectives into collaborations. **Trust and**

Verify: Trust-based relationships should include monitoring mechanisms to detect early signs of opportunism or divergence from mutual goals.

Identifying Dark Relationships

A focal firm can identify dark relationships by monitoring: **Escalating Conflicts:** Frequent disputes over strategic or operational priorities. **Unbalanced Value Distribution:**

Situations where one partner disproportionately benefits at the other's expense. **Reduced Innovation:** Stagnation in collaborative outputs or reluctance to explore new opportunities.

Erosion of Trust: Increased scepticism or withdrawal of shared resources.

Case Study: Hatteland/AutoStore and Amazon

The conflict between Hatteland's AutoStore and Amazon illustrates the dark side. Initially, Amazon's use of AutoStore's technologies fostered mutual gains, enhancing operational efficiencies. However, as the relationship progressed, Amazon allegedly exploited its dominant position to bypass intellectual property protections, prompting legal disputes. This case highlights how opportunism, power imbalances, and inadequate safeguards can degrade relational value.

By employing stronger IP protection clauses and continuous monitoring, AutoStore could have mitigated these risks, preserving the relationship's initial value.

Conclusion

The dark side of business relationships underscores the dual-edged nature of relational closeness. While fostering value creation, unchecked trust and dependency can precipitate adverse outcomes. By understanding its mechanisms and implementing robust safeguards, firms can navigate these challenges, ensuring sustainable and mutually beneficial partnerships.

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FINAL GRADE

58 /100

GENERAL COMMENTS

Q1:

- Answers the Question and /or Develops an Argument:

The response identifies trust, commitment, and relational norms as the three critical concepts. Trust and relational norms are appropriately grounded in theories such as the Commitment-Trust Theory and Relational Exchange Theory, respectively. However, commitment is incorrectly linked to the Resource-Based View (RBV), which diminishes the theoretical accuracy of the response. The discussion does explain the importance of these concepts for business relationships, but the analysis remains largely descriptive. The application to the Hatteland/Autostore-Amazon case is relevant but lacks depth in exploring specific dynamics and challenges.

- Structure:

The structure is logical, with a clear introduction, discussion of each concept, and a conclusion. Transitions between concepts could be smoother, and the conclusion does not synthesise the discussion effectively.

- Theoretical/Conceptual and/or Factual Clarity:

Theories are mostly well-defined, and their links to the concepts are clear, except for the incorrect attribution of commitment to RBV. Trust and relational norms are better integrated into theoretical discussions.

- Analytical Content (incl. use of tables/figures, appendices):

The analysis is mostly descriptive, with limited critical engagement or exploration of the interplay between the concepts. The response also does not fully explore how instruments could affect these concepts. The Hatteland/Autostore-Amazon example is mentioned but not sufficiently developed.

- Literature, Use of Sources, Appropriate Referencing

References are credible and correctly cited. However, the literature base is narrow, and there is little critical engagement with the cited works.

Overall Assessment:

While the response demonstrates a solid understanding of the concepts, the incorrect theoretical alignment, lack of critical depth, and limited use of the case constrain its quality.

(58%; FZ)

Q3

- Answers the Question and /or Develops an Argument:

The response provides a clear definition of the "narrow definition" of the dark side, identifying mechanisms. Managerial strategies are addressed, but the discussion is mostly at a basic level. The Hatteland/Autostore-Amazon case is mentioned but lacks depth in illustrating specific mechanisms or strategies, reducing its value.

- Structure:

The structure is logical, with sections for the definition, mechanisms, mitigation strategies, and diagnostics. However, the conclusion reiterates the arguments without offering new insights or synthesis.

- Theoretical/Conceptual and/or Factual Clarity:

The response demonstrates a basic understanding of the mechanisms driving the dark side and managerial strategies. However, the theoretical engagement is repetitive, and the discussion does not explore the interplay between the mechanisms and strategies in sufficient detail.

- Analytical Content (incl. use of tables/figures, appendices)

The analysis is largely descriptive, focusing on mechanisms and strategies without critically examining their real-world implications. The response mentions the use case but does not integrate it effectively to support the arguments.

- Literature, Use of Sources, Appropriate Referencing

Citations are accurate and relevant. However, additional sources on dark-side mechanisms and multi-level dynamics would enhance the depth of analysis.

Overall Assessment:

The response provides a solid theoretical foundation but lacks critical depth, practical application, and effective integration of the use case.

(58%; FZ)

Overall: 58

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