



An Explanatory Model of Relational Orientation within Distribution Channels: A Conceptual Framework

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Abstract

This paper examines relational orientation within distribution channels, a domain which is still little explored and which raises controversies. Specifically, our aim is to propose an explanatory model of relational orientation within distribution channels. To this end, a theoretical analysis of relationships within distribution channels is conducted in view to better understand how companies of a distribution channel develop a relational orientation. A study of the variables that condition its implementation is carried out. This study points out to the role of relational norms and trust in developing a relational orientation within distribution channels.

Key words: Relational orientation, Relational norms, Trust, Distribution channels.

Introduction

Analysis of relationships between manufacturers and retailers has often been centred on minimising costs and managing conflicts. The channels are considered independent, where each player seeks to reach their objectives and achieve profits at the expense of the other. However, with mutations and changes of the environment and with the emergence of relational marketing during the 90s, it became imminent to reconsider relationships between producers and retailers and to opt for collaboration and partnership, in terms of long-term, value-creating and mutually-beneficial relationships. These relationships offer the different players an opportunity to create strategies and reach important performances (Frazier et al., 2009).

Relational orientation, mainly within distribution channels (DC), remains a domain relatively less explored and its examination raises some controversies (Lepers, 2003). Review of literature shows a disagreement on its evolution (Shadev, 2008; Zolkiewski, 2004).

What are the variables that condition implementation of a relational orientation within distribution channels?

In this paper, we first present the evolution of the analysis of exchanges within distribution channels. Then, we survey the relationships between relational norms and relational orientation, and discuss the mediating role of trust and address a conceptual framework of what determines relational orientation. Finally, we conclude with some implications.

The Transition from a Transactional Approach to a Relational Approach within Distribution Channels

Reviewing research focusing on studying exchanges within distribution channels shows an evolution of the analytical framework and disagreement in perspectives studying these systems (Table 1). First, it is from an economic perspective that exchanges between channels are studied. Economic proposals point to minimising costs as a way of coordinating between middlemen and to seeking selfish interests through opportunistic behaviour

(Williamson, 1985). Transactions and players are considered independent from each other and the relationship ends once the transaction ends. However, this line of thinking seems to be restrictive (Jeanmougin, 1992). They adopt a short-term transaction of exchanges and ignore the social and relational dimensions.

Moreover, the social approach came to uphold the limitations of the classic economics schools by considering distribution channels as a social system governed by psychological and behavioural aspects (Robicheaux and El Ansary, 1975; Stern and El Ansary, 1972). Behaviourist models essentially focused on two behavioural variables, power and conflict, as basic concepts for the study of exchanges within DC (Gaski, 1984; Gaski and Nevin, 1985). Nevertheless, the temporary version of these models remains limited in time. Channels are considered competitors and there is no research devoted to examining development of relationships in time.

With the integrative paradigm, the politico-economic model of Stern and Reve (1980), there is the joint consideration of the economic and sociological impulses. This paradigm offers a foundation for comprehending construction, development, maintenance and advancement in time inter-organisational relationships (Arndt, 1983). It reveals aspects of the relationships dynamics among each other within the DC, stands as the foundation of inter-firm relational approach and sets the transition from transactional marketing to relational marketing.

The 90s decade and with the environmental mutations, witnessed the paradigm of relational marketing which focused on establishing and maintaining long-term relationships and which

reconsidered the nature of inter-firms exchanges by distinguishing transactional exchanges from relational exchanges as proposed by Macneil's theory of relational contract (1980, 1983).

Indeed, with relational marketing, exchanges are considered as a succession to independent transactions deprived from any social dimensions. There is independence between intervening parties, its end is planned and it is integrated within a line of thinking based on confrontations between players (Bagozzi, 1975; Dwyer et al. 1987; MacNeil, 1980; Heide, 1994). However, in relational marketing, exchanges represent a set of inter-related repeated transactions. It is considered as a continuous temporary process (Morgan and Hunt, 1994; Berry, 1995). Moreover, exchanges go beyond its intrinsic nature to reach a social dimension (Arndt, 1983; Dwyer et al. 1987). Exchanges are assimilated for a relationship where partners communicate more information, engage in complex and durable social relationships and where relationships are customized based on cooperation and tarnished with a win-win situation (Guibert, 1996; Weitz and Jap, 1995; N'goala, 1998).

Within this relational perspective, the relationship is considered of much importance and interdependence is more pronounced (Kumar et al. 1995, Bonet and Dannad, 2007; Abbad, 2007), relationships are based on commitment (Gundlach et al. 1995; Narayandas and Rangan, 2004) and relational norms represent essential variables for regulating exchanges (Macneil 1980, 1983) and play an important role in developing a relational orientation (Cannon et al. 2000; Paswan and Young, 1999; Ivens 2002 and 2004 a, b, c; Nevin, 1995).

Table 1: Analysis of Exchanges within Distribution Channels: Evolution

Transactional approach	Relational approach
<ul style="list-style-type: none"> - Transactional exchange - Transaction (social aspect ≠ economic aspect) - Channel is source of costs - Divergent interests - Key Variables: power, Conflict, Cost, Opportunism 	<ul style="list-style-type: none"> - Relational exchange - Relationship (economic, social and temporary aspects) - Channel is source of value - Common interests - Key Variables: Commitment, Interdependence, Trust, Relational norms

What Exchange-Related Relational Norms within Distribution Channels

Macneil's framework and his relational contract theory (1980, 1983) propose the dimensions and dynamics of exchange relationships. They represent an interesting way of comprehending relationships within distribution channels and assimilating reasons behind development of relational exchanges.

According to Macneil (1980), inter-firms exchanges are influenced by norms. These norms represent "operating principals which link members of a group and allow for guiding, controlling and regulating correct and acceptable behaviours". Ten contractual norms, qualified as common are essential to conduct any exchange. Some are specific to transactional exchanges, others relate mainly to relational exchanges.

Relational Norms: Variables Related to Relational Orientation

Relational norms represent behaviours produced during relationships and which should be produced if the relationship continues in time (Macneil, 1983). These norms guide exchanges between independent firms and play an important role in developing close and long-term relationships (Heide and John, 1992; Sezer and Yilmaz, 2007).

Relational norms have been subject of extensive research. Nevertheless, examining this research shows many disagreements. Review of the literature show that these norms are sometimes considered as independent variables (Gundlach et al. 1995; Cannon et al. 2000; Brown et al. 2000; Ivens, 2004, b, c) and sometimes as dependent variables (Lush et Brown, 1996). Other authors consider them as mediating variables (Lin et al. 2008). Moreover, there is a visible disagreement on the state of these norms and then on the number of relational norms which determine setting up a relational orientation. Macneil (1980) counts 5 relational norms essential to relational exchanges and which are: role integrity, solidarity, flexibility, harmony with social matrix and the supra-contractual norms. Other researchers propose other relational norms needed to implement relational exchanges (Heide and Miner, 1992; Kaufmann and Dant, 1992; Cannon et al. 2000; Ivens, 2004 a, b)

What Relational Norms within Distribution Channels

Research on retailing essentially focus on six norms to study determinants of relational exchanges which are: solidarity, mutuality, role integrity, flexibility, power restriction, and harmonising conflicts (Table 2)

Table 2: Retained Relational Norms

Role integrity: it is the set of complex and long-term behaviours which imply various commitment related to the relationship.
Mutuality: it reflects the willingness to reciprocally improve players situation compared to a previous situation.
Flexibility: it is the willingness to make adjustments, revise contracts and make adaptations in case of changes of circumstances.
Solidarity: willingness to preserve and continue the relationship by the two partners given its importance (seeking to maintain and stabilise the relationship)
Power restriction: it is when the player expects not using legitimate power (economic, social, legal or political)
Harmonising relational conflicts: it reflects agreement between exchanging parties to resolve in an informal way conflicts which disturb exchange stability.

However, none of these studies considered all these norms at once. Then and to study relational orientation between producers and retailers, we suggest to consider all these relational norms.

Review of literature reveals the role of relational norms while establishing relational exchanges and developing close relationships. Indeed, it seems that there is a relationship between the norms of solidarity, mutuality, role integrity, flexibility, power restriction and harmonisation of conflicts and development of a relational orientation.

- Role Integrity – Relational Orientation

Role integrity insures relationship stability and provides a condition necessary for its promotion and the development of durable win-win type relationships (Nevin, 1995; Ivens, 2004 a, b; Kaufmann and Stern, 1988).

H1a. The higher is role integrity norm, the stronger is relational orientation.

- Solidarity – Relational Orientation

Solidarity is linked to the process through which a relational exchange is created and reflects willingness to preserve the relationship because of a bilateral perception of relationship's higher value

(Heide et John, 1992; Paswan and Young, 1999; Kim, 2000).

H1b. The higher is solidarity norm, the stronger is relational orientation.

- Flexibility – Relational Orientation

Flexibility is a positive effect on future interactions and building up economically efficient, reliable and mutually profitable relationships (Anderson and Weitz, 1989; Bello and Gilliland, 1997).

H1c. The higher is flexibility norm, the stronger is relational orientation.

- Mutuality of Relationship – Relational Orientation

Kaufman and Stern (1988) and Cannon et al. (2000) consider mutuality as an essential norm in relational exchanges while Izquierdo and Cliian (2004) maintain that mutuality is necessary to the development of relational orientation.

H1d. The higher is mutuality norm, the stronger is relational orientation.

- Power Restriction – Relational Orientation

Power reduces stability and reliability of the relationships between producer and retailer and favours disruptions of relationships (Gaski and Nevin, 1985; Anderson et Weitz, 1989). Power restriction, however, positively favours continuity of relationship (Sibley and Michie, 1982).

H1e. The higher is power restriction norm, the stronger is relational orientation.

- Harmonisation of Relational Conflicts – Relational Orientation

Conflicts management through settlement allows for preserving an exchange relationship and joint resolution is mandatory to develop strong and solid relationships (Nevin, 1995).

H1f. The higher is harmonisation of conflicts norm, the stronger is relational orientation.

The Mediating Role of Trust in the Development of Relational Orientation within Distribution Channels

Trust emerges as a dynamic concept linked to the notion of relationship (Delerue and Bérard, 2007; Lepers, 2003). It progresses in time and contributes to setting up and reinforcing relationships between partners. It is considered an essential condition to establishing and continuing a relationship and a mediating variable of the success of relational marketing and the development of relational orientation within distribution channels (Morgan and Hunt, 1994; Ganesan, 1994; Geyskens et al. 1998; Izquierdo and Cliian, 2004).

To show that trust is a mediating variable of relational norms-relational orientation relationship, the following two links should be significant:

- The link between relational norms and trust,
- The link between trust and relational orientation

The Relationship between Relational Norms and Trust

- Role Integrity – Trust

Role integrity has an effect on trust. It supposes honouring commitments which increases trust (Anderson and Weitz, 1989 ; Ivens, 2004 b).

H2a. The higher is role integrity norm, the higher is trust.

- Solidarity – Trust

A higher degree of solidarity in an exchange relationship leads to more trust. The help and support of the partner increases trust (Sezer and Yilamz, 2007; Paswan and Young, 1999, Geykens et al. 1998; Doney and Cannon, 1997).

H2b. The higher is solidarity norm, the higher is trust.

- Flexibility – Trust

Abbad (2007) shows that flexibility has a positive effect on trust, while Sezer and Yilamz (2007) indicate, within a distribution context, that flexibility positively influences supplier's trust.

H2c. The higher is flexibility norm, the higher is trust.

- Mutuality – Trust

Several researchers proved that mutuality is a relational norm which positively influences trust and inhibit opportunistic behaviour (Ivens, 2004 c; Gundlach et al. 1995 ; Perrien et al. 1999 ; Geykens et al. 1998).

H2d. The higher is mutuality norm, the higher is trust.

- Power Restriction – Trust

Exercising power threatens exchange relationships and intensify conflicts and negatively influences trust (Stern and El Ansary, 1972; Frazier, 1983; Gaski, 1986; Cannon et al. 2000). However, restricting power increases trust between partners (Guibert, 1996; Dwyer et al. 1987).

H'2e. The higher is power restriction norm, the higher is trust.

- Harmonisation of Conflicts – Trust

Conflicts negatively influence trust (Geyskens et al. 1998) whereas joint settlement of crises and joint resolution of conflicts play a positive role in trust building (Wietz and Jap,1995; Abbad, 2007)

H'2f. The higher is harmonisation of conflicts norm, the higher is trust.

The Relationship between Trust and Relational Orientation

There is a unanimous agreement that trust is linked to relational marketing and that it represents a key dimension of the development of relational exchanges. It is a requirement for coordination and collaboration leading to relational

exchanges (Gundlach and Murphy, 1993; Morgan and Hunt, 1994; Izquierdo and Cliian, 2004; Nevin, 1995; Ganesan, 1994). By extrapolation, we have these tested relationships between relational norms and trust and trust and relational orientation.

H2. Trust is a mediating variable of the relationship between relational norms and development of relational orientation.

A Summary of the Explanatory Factors of Relational Orientation within Distribution Channels: A Conceptual Model

Then, and after having identified the independent variables of relational orientation within distribution channels and having formulated the hypotheses about the links between the different variables, we propose the conceptual model of the determinants of relational orientation within distribution channels which includes the following independent variables: role integrity, solidarity, flexibility, mutuality, power restriction, harmonisation of conflicts and includes trust as a mediating variable between relational norm and relational orientation (Figure 2)

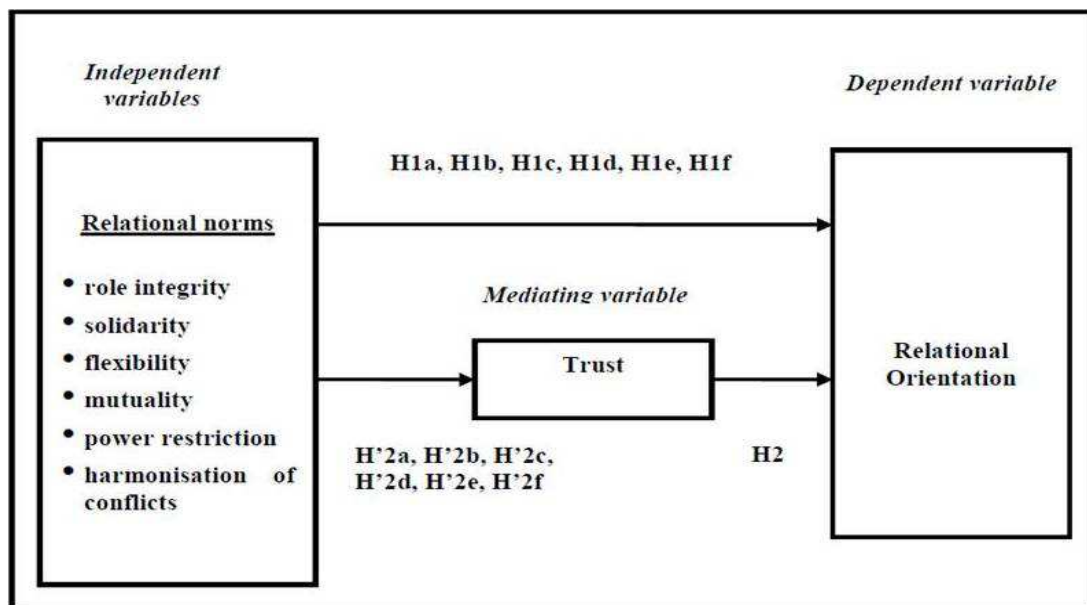


Figure 2: The Conceptual Model of the Determinants of the Development of Relational Orientation within Distribution Channels

Conclusion and Implications

Within the framework of a better comprehension of the relationships within distribution channels, and from an academic viewpoint, this study contributes to studies on relational orientation by suggesting a conceptual model of the determinants of relational orientation within channels.

This work allowed for clarifying the nature of the link and the explanatory power of Macneil's relational norms (1980) for the development of relational orientation within distribution channels. It points as well to the key role of trust in installing relational orientation and its importance as a mediating variable of the relational norms-relational orientation relationship.

The proposed conceptual model is a reference to enrich the conception of relational orientation and the development of partnership relationships between producer and retailer. It integrates itself within a new vision which favours continuous and close relationships mainly within the economic and financial context the world is witnessing today.

From a managerial point of view, the study and identification of what determines relational orientation allow managers to:

1. Segment relationships to identify a relationship typology and this by using relational orientation as a criterion,
2. Manage relationships portfolio by determining the relational mix appropriate to each type of relationship,
3. Adapt an appropriate management mode and identify the adequate marketing interventions to each type of relationship.

This model will be subject of an empirical validation through a questionnaire-based survey of producers of massively-consumed products.

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