Effect of Reciprocity on Well-being in Interpersonal Marketing Relationships: An Interview Study

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This article investigates the potential for marketing managers to develop personal well-being in commercial relationships through the upholding of a norm of reciprocity. Interviews were conducted with 10 senior marketing managers across a range of industries, all of whom dealt with persons from outside their companies. Findings indicate that the norm of reciprocity is more prevalent in strong marketing relationships. Within these exchanges, there is a greater likelihood of achieving behavioural confirmation and status; two instrumental goals for the obtainment of social well-being. We suggest that organisational rewards may not be the only motivator for individuals to engage in commercial relationships. The development of incentive programs and the encouragement of staff to foster strong relationships, should also consider the personal benefits that may be gained for the individual. These benefits are also important determinants of key business outcomes such as, customer loyalty, profit and employee retention.

Introduction

Businesses with a high level of employee well-being report greater customer satisfaction, loyalty, and productivity (Harter and Schmidt, 2002). In a meta analysis involving 7939 business units with 198514 respondents across 21 industries, Harter et al. (2003) concluded that employee personal well-being had an important impact on turnover, customer loyalty, productivity and, profit with the latter being substantially higher than those in the lower quartile of employee well-being. In addition, businesses with employees who have a high level of life satisfaction have staff that are, more cooperative, better organisational citizens, less absent, and more likely to stay longer with the company (Spector, 1997).

It has been suggested that a social responsibility of marketing is to set objectives which promote the achievement of consumer well-being (Sirgy and Lee, 1996). Since Kotler and Levy (1969) there has been considerable discussion about the social responsibility marketers have toward the consumer. However, less attention has been placed on the potential role of marketing in helping to develop personal well-being. In this study we investigate whether personal well-being can be achieved via long-term commercial relationships. Bagozzi (1995) suggests that one of the reasons individuals engage in relationship marketing, outside of economic gain, is to build their personal well-being.
and ultimately become better moral citizens.

There is considerable evidence to suggest that relationship strength, defined as commitment and trust, evolves to include more social dimensions (Bejou and Palmer, 1998; Ring and Van de Ven, 1994; Sheaves and Barnes, 1996). However, there is no research which specifically examines personal well-being in the context of interpersonal commercial relationships. Although research in relationship marketing has focused on potentially related constructs such as friendship (Goodwin and Gremler, 1996; Price and Arnould, 1999), reciprocal disclosure (Jacobs et al. 2001), reciprocal trust (Lagace, 1991), closeness (Nielsion, 1998), and empathy and bonding (Yau et al. 2000), none of these have established conceptual links to personal well-being. In this study we focus on the norm of reciprocity, a construct which has been positioned as one of the most important means by which social well-being can be achieved (Bagozzi, 1995; Becker, 1986). Further, we use the theory of social production functions (SPF) to frame our analysis of social well-being in commercial exchange.

Reciprocity is defined here as an expectation of behaviour along two dimensions: (1) the exchange of good and (2) a response to harm. Exchanging good is an expectation that resources will be returned which are fit given the context and are in proportion to what is received, whilst responding to harm is an expectation that harm will be resisted passively, without retaliation, and that reparation will be made for harm done (Becker, 1986; Bagozzi, 1995). It is important to note that this definition extends the more familiar notions of reciprocity as *quid pro quo* or generalised exchange (see Coon, 1993), to include behaviour designed to re-stabilise exchange relationships. Further, its primary focus is not on the exchange between organisations or the exchange of tangible product, rather it is viewed as an expectation of interpersonal behaviour. Such an approach is justified given that the development of organisational relationships is anchored in the personal relationships that exist between staff in the respective firms (Lian and Laing, 2007). Upholding the norm of reciprocity is espoused by philosophers (Becker, 1986), psychologists (Thibaut and Kelley, 1959), sociologists (Gouldner, 1960; Homans, 1958), and anthropologists (Malinowski, 1926; Thurnwald, 1932) as fundamental to achieving social stability and as a driver of relational exchange.

The theory of SPF (Lindenberg, 1986) holds that “people try to improve their life situation by optimising two universal goals (physical and social well-being)” (Nieboer et al. 2005, p.315). These are achieved via a number of instrumental goals; stimulation and comfort lead to physical well-being, and behavioural confirmation, status and affection lead to social well-being (Nieboer et al. 2005). A person’s well-being is therefore determined by the degree to which these universal goals can be achieved. Indeed, the well-being literature is critical of direct questions regarding a persons state of well-being because individuals tend to be biased by their current state (Kahneman, 1999) with the prevailing view that it should be investigated by examining “the instruments individuals have at their disposal to reach it” (Nieboer et al. 2005, p.314). This research is therefore primarily concerned with the means by which social well-being may be achieved in commercial relationships.
This manuscript is organised as follows. The next section examines social well-being including an explanation of its association with a norm of reciprocity. The method and results of the qualitative study are then presented. Finally, the findings, including research and managerial implications, are discussed.

**Social well-being and the norm of reciprocity**

The norm of reciprocity is positioned as an avenue to the universal goal of social well-being, achieved through two of the instrumental goals identified in Lindenberg’s (1986) theory of SPF: behavioural confirmation and status. Behavioural confirmation refers to a sense of “belonging and doing things right” (Nieboer et al. 2005, p.317), “in particular the feeling of having done ‘the right thing’ in the eyes of relevant others, even though direct reinforcement of the behaviour may not occur” (Ormel et al. 1997, p.1053). Status refers to a relative ranking, to “distinction in valued aspects, such as skills, education, wealth” (Nieboer et al. 2005, p.317). By upholding the norm of reciprocity certain primary goods are obtained (Becker, 1986). A primary good is a personal disposition that is necessary to the conduct of a rational person in order that they may deliberate, make choices and achieve goal satisfaction. The norm of reciprocity has theoretical links to three particular primary goods: equilibrium, expectation, and self-esteem (Becker, 1986). Interpreted via the theory of SPF, equilibrium and expectation contribute to the instrumental goal of behavioural confirmation, whilst self-esteem contributes to the instrumental goal of status. The following lend some precision to these assumptions:

First, upholding the norm of reciprocity provides a sense of equilibrium which is akin to balance, a primary good from birth. Physiologically human beings sweat to counter heat, and sleep and eat to regain energy. There is also typically a balance of exchange in “good” marketing relationships (Anderson and Weitz, 1989; Keep et al. 1998; Schultz and Bailey, 2000). Though true balance, or equity, may only be temporarily achieved (see Hakansson and Snehota, 2000), a rough equivalence of exchange viewed over the life of the relationship is all that is required to achieve stability (Anderson and Narus, 1990). Equilibrium reflects behavioural confirmation as it is achieved through fitting and proportional rewards from others for doing things right.

Upholding of the norm of reciprocity also generates an expectation that others will behave similarly. Experiencing this consistency affirms in individuals that their own behaviour is right and that they belong in a group with similar expectations. Without this expectation of behaviour, society would be largely chaotic and life very stressful. Bitner (1995) noted that as a long-term commercial relationship became predictable, customers experienced a reduction in stress and an improved sense of well-being and quality of life. Others have noted the release of tension that an expectation of reciprocity can provide particularly where lapses occur (Anderson and Narus, 1990; Anderson and Weitz, 1989; Dwyer et al. 1987; Heide and John, 1990). Knowing that parties have consistently attempted to provide fitting and proportional returns, have been open about their concerns, and made reparation where they were at fault, serves to relax participants in the exchange. For example, Heide and John (1990), examining alliances in industrial purchasing, commented that “short-run inequities are corrected more easily when parties expect to
continue to interact in the future” (p.26), a view echoed by Anderson and Weitz (1989) and Anderson and Narus (1990) in the channels literature. Bagozzi (1995) commented that the expectation of reciprocity serves as a “shock absorber that temporarily at least satisfies the parties to an exchange, within reasonable bounds”, (p.276).

Upholding the norm of reciprocity also assists in the development of self-esteem as individuals do not gain a sense of self in isolation (Van Peursen, 1968). Reciprocity contributes to self-esteem in two ways. First, it offers a mechanism to resolve exchange and therefore it creates the social networks necessary to develop a sense of self. Second, it provides a sense that what is offered is valued by others (Becker, 1986), which in turn confers status on self. Conversely, having internalised the norm to reciprocate, failure to behave this way may serve to damage one’s sense of self (Bakker et al. 2000).

If we accept that upholding a norm of reciprocity is an avenue to social well-being and that well-being is a fundamental goal of individuals, we also might expect that employees will seek the consistency of reciprocal exchange achievable in long-term relationships. Sustaining the norm will then lead to a strong relationship because the provision of fitting and proportional returns, and the productive response to negative situations, is likely to develop trust and commitment between parties (Blau, 1964; Hosmer, 1995; Rotter, 1967). Strong commercial relationships should therefore provide the optimal environment within which social well-being can be achieved such that:

Proposition 1: The norm of reciprocity is more evident in strong versus weak marketing relationships.

 Proposition 2: The attainment of primary goods is more evident in strong versus weak marketing relationships.

Research approach
A qualitative approach was taken to the data generation process because it is thought to better allow the analysis and interpretation of complex phenomena in a systematic way (Gummesson, 2004). Ten in-depth interviews with senior marketing managers were conducted to investigate the propositions. The study was restricted to business-to-business interpersonal relationships. It therefore excluded relationships with consumers and internal partnerships. However, we did not restrict the sample to particular organisations because reciprocity as a process in commercial exchange was expected to be evident across industry type.

Interviews were conducted with senior marketing managers that had relationships with parties outside of their organisation that had endured for more than 12 months. Interviews took place in Melbourne, Australia primarily at the respondent’s business premises with two choosing their house of residence. Each interview lasted one to two hours. The informants were sourced using convenience sampling which involved the researchers inquiring across their own network of contacts. Care was taken to ensure that the subjects were recruited from diverse social networks across the city. Table 1 outlines the demographic profile of the respondents. A semi-structured interview guide was
developed, based on the dimensions of reciprocity and the primary goods of equilibrium, expectation, and self-esteem. Respondents were first asked to frame their answers with reference to their “strongest” marketing relationship, howsoever they chose to define it. They were then asked to respond about a “weak” relationship.

Formulating questions for an interview is an iterative process (Miles and Huberman, 1994). Two pre-tests were therefore performed, one with a senior marketing academic, and the other with a senior resource analyst in the financial sector who was responsible for gaining and maintaining key accounts. This helped to improve the flow and interpretation of questions and suggest improvements. The pre-tests also served to indicate how long the interview would take, and allowed the interviewer to be familiarised with the process (Miles and Huberman, 1994).

The interviews were audio taped and then transcribed. Open coding was used to analyse the transcripts and, in the first instance, identify any themes emerging from the data. (Strauss and Corbin, 1998). Axial coding was then used to categorise finding in the open coding into relevant subcategories with codes developed and interpreted with reference to the extant literature (Strauss and Corbin 1998).

**Findings**

Proposition 1: The norm of reciprocity is more evident in strong versus weak marketing relationships.

The first dimension of reciprocity, exchanging good: an expectation that resources will be returned which are fit given the context and are in proportion to what is received, was

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evident as an important norm of behaviour in strong relationships. Whilst the expectation of proportional exchange was also a feature of weak relationships, what distinguished the two was the fittingness, or appropriateness, of the returns made. In strong relationships the focus centred on understanding each other’s needs to balance the most appropriate (fitting) benefits. Consider the following from the marketing manager of a large FMCG:

But… this guy also had great relationships internally in his organisation so that was the way he worked, was to get everyone to understand each other’s point of view and work together rather than having them hidden behind a door somewhere. So… I think that helped me to understand where they were coming from too and understand the process and how, more importantly, how I could impact on the process. (F)

Contrasting this, in weak relationships, managers spoke of a general unhappiness with returns made. Whilst most did not question the balance of returns, it was an unwillingness to understand each other’s needs and thereby balance the most appropriate returns, which caused friction. The same manager spoke of the lack of activity designed to really get to know what was best for the relationship such that:

… there was a distinct lack of productivity that… it was kind of like ‘I’m on the end of the phone if you want to call me’ rather than… ‘look I’ve been looking at this and why is this being done like that?’ You know, there was no inquisitiveness or productivity associated with that, that actually, you know in that sense it wasn’t really a service that was being provided. It was a response (laughs) mechanism rather than a service. (F)

Reciprocity’s other dimension; responding to harm: an expectation that harm will be resisted passively and that reparation will be made for harm done, was also more clearly distinguished in strong relationships. Negative acts were more consistently resisted and, as expected, it was the manner in which this was done and the outcome achieved where differences were most evident. Strong relationships generally bore the weight of any problems, with concerns discussed openly. Retaliation was not a feature of these relationships. Here the marketing manager of a large steel company comments:

…at the end of the day, um, you only know how good a client is when something goes wrong and then do they immediately dump you, do they work with you through it, and we did have a problem probably half way through the relationship where a very large shipment of items arrived and part of it was not useable. Um, we worked through that very, very well. Nobody yelled at each other, there was no confrontation, nobody sued, the business continued and the business grew. And I think that’s the mark of a good business relationship. (F)

On occasion tempers did flair but there was no retaliation and the expectation of reparation was at the forefront when the problem was communicated. Consider the managing director of a small advertising agency discussing a significant problem which occurred in a long standing relationship. Whilst firm words were exchanged the matter was dealt with productively.
Umm, I have, I mean obviously when you’ve been in a relationship for that long, I have had problems. I had a campaign it must have been 12 months ago perhaps a bit more, and it...ummm I wasn’t checking the paper to see that the campaign was running and it wasn’t. Of course if they’re having a tender it’s a six-week tender and it’s a very definitive time frame. Well it took about three weeks to work out. He actually said, “I don’t think the ads running I haven’t seen it,” I went oh no. So I checked it and it hadn’t been running. He was &**^%$ off as hell...but, I immediately apologised and he sent me an email, which was very terse and told me to get my act together in no small way. (M)

Conversely, when responding about weak relationships a notable scepticism and intolerance was evident. Though no direct retaliation occurred, the relationships almost always suffered further instability and there was a general lack of optimism for the future. This was often born out from a belief that returns had not been optimised over the term of the relationship, and there was little expectation that where problems were encountered the response would be any better. For example, the marketing manager of a large educational institution illustrated here how intolerant he was of service failure:

...anything that’s substandard we send it back straight away or get them in and say this is not good enough, or redo it and come up with a better one. And that’s happened a couple of times so we are ready to... I think we’re in a position where we would want to review it. It’s not adding value other than the pure service that we could get anywhere else. (M)

In weak relationships, grievances communicated were seen as symptomatic of the problems in the relationship rather than important issues in need of resolution, as the following comment from the marketing manager of a large FMCG illustrates:

...usually you sort of see, you do see red first and so, um, I’d usually want to calm down first and be calm and rational to discuss it with them and then in the discussion you tend to each bend down into your own little beliefs. Um, it’s very easy to say well ‘this is what I thought should happen’ and for them to say ‘well this is what I thought should happen’ and then it’s hard to bridge the gap. So, um, you know, it sort of fulfils its own prophecy if you like...You know, inevitably there might be a resolution but it probably wasn’t necessarily a happy resolution or, you know, they’re thinking ‘yeah we’ve got the best result’. (F)

The marketing manager of a large education institution took a more hard nosed approach.

If they complained about us well then I’d say to them we really need to be looking at what they are doing and review it. (M)

In summary, there was a clear demarcation in the interview data with the norm of reciprocity much more evident in strong relationships thus providing support for proposition one.
Proposition 2: The attainment of primary goods (equilibrium, expectation and self-esteem) is more evident in strong versus weak marketing relationships.

The upholding of the norm of reciprocity in strong relationships should correspond with the attainment of the primary goods of equilibrium, expectation and self-esteem.

**Equilibrium**

Managers spoke of the importance of equilibrium, highlighting the balance, equity and fairness of these relationships. As expected it was equity over the long term that was most important. Returns were not equivalent rather they were fitting given the context of the business. Further, a rough equivalence of exchange was deemed acceptable rather than a ledger like account of returns. For instance the key account manager of a large aviator comments that:

…in terms of straight dollars we probably got more out of them…but on the other hand they probably got a lot more local knowledge, they dealt with us on a regional basis but they also did some work at a local point of view…so they probably got some benefit from dealing with individual country managers… so they learnt more about the individual countries and probably got some contacts off that as well. (M)

**Expectation**

Expectation was also more evident in strong relationships. This was largely reflected in the ability of parties to understand one another’s requirements and to be able to consistently provide that. It was important to managers in strong relationships that they knew how the other party would respond to different scenarios. The marketing manager of multi national fruit and vegetable company highlights the benefits of understanding the process of business:

Yes, they’ve got a proven track record and also they know the procedures. I mean, what’s the point of saving say $50,000 over a scheme of things when it’s going to upset the routine, upset the production schedule? Ah, and you’ve got all sorts of problems in terms of delivery on time. Those things tend to outweigh the loss of production in terms of the savings that can be got from the raw material. And obviously, in my type of business, each time you change your raw material you need to change the whole procedure. (M)

Failure to live up to expectations had serious personal implications highlighting links to self esteem. This was as expected and can be explained where the norm of reciprocity is internalised with the inability to live up to expected behaviour, likely to be interpreted as a failure of one’s own sense of self. Take, for example, the marketing manager of a large FMCG who expressed dismay when considering potential problems:

…but I would have felt terrible it I’d done anything wrong by this person. I couldn’t have done it, I would have been apologising profusely (laughs), because…because it is about trust and building up that trust and as you do that you don’t want to do the wrong thing by that person... (F)
Self-esteem
The development of self-esteem was an important aspect of strong relationships. Issues such as competency and respect were highlighted as being very important. However, this was not evident in weak relationships where a lack of respect for the other’s business practices often led to a dismissive response. The key account manager of a large aviator comments on both kinds of relationships:

I think that the company (name withheld) relationship was more stable on that basis. You know it was quite a respectful relationship and I felt confident that they could do the work. There’s been others but that’s probably a good sign that that one stuck out…the other (name withheld) one was unstable because you don’t have the high self-esteem because you know any queries or qualms were just taken elsewhere so you just didn’t have any confidence in them. (M)

Strong relationships were often reflected on with considerable pride and warmth. Here, again, the managing director of a small advertising agency compares the two:

…I don’t have any out of office socialising with any of my clients really it’s not such a major strain when they leave. I mean if they leave they can leave, it’s not like they’re breaking a friendship…it’s like ok…“#&*” I’ll miss the money. With my strongest relationship (name withheld) I have a lot of pride in that because I’ve worked for them for that long…I’d miss that side of it. (M)

Similarly an account manager in the steel industry dwells on what it means personally to have a strong relationship with a client:

It’s lovely. I mean you spend all your time at work, you know, 10 hours a day or more, how pleasant it is to work with people that you like and you have a bit of a laugh and if things go wrong you sort it out. How much easier it is to do the work and how much more…what’s the word? How much more you get out of it, how much more satisfying it is, definitely. (F)

In summary, again there was a clear demarcation in the interview data with the achievement of primary goods much more evident in strong relationships thus providing support for proposition two.

Conclusion and future research
These findings provide preliminary support to the notion that the desire to achieve social well-being is a goal more achievable in strong marketing relationships than weak marketing relationships. This is evidenced by a norm of reciprocity in strong marketing relationships that does not exist to the same extent in weak relationships. The exchange of good was much more evident in strong relationships. Whilst parties were always looking for balance or equity in their exchanges, differences were evident in terms of the quality of the benefits exchanged. In stronger relationships returns were optimised as respect and trust led to an opening of the channels of communication leading to a greater understanding of each other’s needs. This allowed exchanges to be more fitting given the context.
The response to harm expectation was also more evident in strong relationships. Following a service failure there was an expectation of resolution, which drove a constructive approach to communicating the problem. These episodes and the responses to them were often seen as a mark of the strength of the relationship. Although problems were also typically communicated in weak relationships, there was generally no expectation for reparation and these episodes were seen as destabilising rather than as an opportunity to strengthen the relationship.

Managerially, a better understanding of the importance of the goal of social well-being and the means of achieving it, could provide managers with a mechanism for motivating, monitoring and developing new and existing relationships. At the early stages of exchange a manager may review the current reciprocal exchange behaviour to determine the likelihood of relational properties developing and to plan any subsequent resource allocation. Investing in an exchange scenario where one party is not consistently behaving reciprocally may prove fruitless if the aim is to develop a long term mutually rewarding relationship.

Similarly in the developmental and maintenance stages, reviewing acts of reciprocity may be a key monitoring process. For example, sales managers may have their team periodically review the exchanges they have had with clients over regular time periods. Were wrongs put right? Were the client’s positive advances met with fitting and proportional returns? Further, managers could impart an ethos of reciprocity at all levels of the organisation to better prepare it for the potentiality of relational exchange.

Academically the findings suggest the need to further examine the means by which the universal goal of social well-being can be achieved in relationship marketing. For example, would an examination of friendships (see Price and Arnould, 1999) provide a better explanation of the path to social well-being than reciprocal behaviour? Also, what role do other behavioural norms play such as flexibility, information exchange and solidarity (Heide and John, 1992; Macneil, 1980)? Others have suggested the need to examine social exchange, social influence, interpersonal emotions (Bagozzi, 1995) and communal exchange (Sheaves and Barnes, 1996). In addition it would be interesting to examine the other instrumental goal of social well-being proposed by the theory of SPF: namely affection. Affection includes love, friendship and social support (Ormel et al. 1997) and there is much evidence of this being provided in commercial relationships (Price and Arnould, 1999).

Notwithstanding the argued association between reciprocity, strong relationships and social well-being it would be useful to investigate whether such an association exists for physical well-being. Physical well-being is derived from activities that produce stimulation, internal comfort and external comfort (Ormel et al. 1997). Given the lack of retaliation and desire for reparation of harm done that is associated with the norm of reciprocity, it is plausible that reciprocity would contribute to external comfort, namely working in an environment that is safe and pleasant.
Well-being must also be examined in terms of the interaction patterns by which it is achieved, as well as the contexts in which it is set, for example cultural, group (organisational) and individual (Sirgy et al. 1982). For instance, at the individual level, reciprocity may be an important instrumental goal. We do not know though if economic goals at the organisational level become non-compensatory and override or contribute to well-being at a certain point. For that matter, whether other individual level goals such as friendship and social exchange will affect the well-being equation.

Well-being has been empirically linked to important business outcomes such as customer loyalty, productivity, and profit. We have shown that social well-being is a universal goal which may be achievable within strong commercial relationships. A better understanding of the kinds of goals which can help to develop well-being, and how they can be managed will potentially benefit both individuals and organisations.

References


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