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# **Conceptualising the Role of Reciprocity in Relationship Marketing: An Examination of its Supporting Virtues**

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## **Abstract**

*One possible “kind” of marketing relationship occurs where a norm of reciprocity is upheld. The norm states that “we should return good for good, in proportion to what we receive; we should resist evil, but not do evil in return; we should make reparation for the harm we do;...furthermore that obligations should be felt in retrospect” (Becker, 1990, p.4). The appeal of this kind of exchange is that it provides the participants with traits that enable them to pursue excellence in moral behaviour. Making the assumption that societal goal is good moral citizenship; this could be the perfect relationship. It is therefore a good starting point toward examining other types. However, “Reciprocity, taken by itself is insufficient for its own purposes” (Becker, 1986, p.150). It relies on a number of supporting virtues. This paper builds on previous work that conceptualises the role of reciprocity in relationship marketing by examining these virtues. For the norm to effectively stabilize marketing relationships it relies on the presence of other virtues, these include, generosity, conviviality, empathy, and practical wisdom (Becker, 1986). These traits are explored within the context of reciprocity and supporting relationship marketing literature.*

Key words: Reciprocity, Relationship Marketing, Conceptual, Morality

## **Introduction**

Reciprocity, a norm of human (social) behaviour, holds that people owe one another duties because of their prior actions (Gouldner, 1960). It has long been held by philosophers, psychologists, and sociologists, as fundamental to social stability and as a driver of relational exchange (Malinowski, 1932; Becker, 1956; Homans, 1958; Thibaut and Kelley, 1959; Gouldner, 1960; Blau, 1964; Emerson, 1976). Alliance theorists suggest that reciprocal exchanges represent not only the foundation of the human social structure, but also the fundamental quality of the human mind (Kashlak, Chandran and Benedetto, 1998). In philosophy (Becker, 1986) and also marketing (Bagozzi, 1995) it has been discussed as a virtue, more important and with greater impact than any other virtues.

Few studies have examined reciprocity in a relationship marketing (RM) context (Bagozzi, 1995; Yau, Sin, Lee and Tse, 1998; Pervan and Johnson, 2003). However, it is gaining some prominence as calls increase for a better conceptual understanding of what a marketing relationship is (Duck, 1991; Bagozzi, 1995; Sheaves and Barnes, 1996; Day and Montgomery, 1999; Price and Arnould, 1999). Yau et al's (1998) research considered it as one aspect of a firm's relationship marketing orientation, defining it as the provision of favours, or the making of allowances for one's exchange partner, in return for similar favours or allowances to be received at a later date (Callaghan et al., 1995). However, a broader

definition is taken from the philosopher Lawrence Becker (1990) and brought to our attention in the marketing literature by Bagozzi (1995) is adapted here. A reciprocal marketing relationship endures:

*“We should return good for good, in proportion to what we receive; ...we should resist evil, but not do evil in return; ...we should make reparation for the harm we do; ...furthermore that obligations should be felt in retrospect” (Becker, 1990, p.4).*

Thus interpreted, reciprocity becomes a virtue, a trait necessary for a rational individual to have if they are to aspire to excellence in moral behaviour. This is because by upholding a norm of reciprocity certain primary goods, equilibrium, expectation and self-esteem are obtained. These goods enable the individual to act as an excellent moral citizen (Becker, 1986). Reciprocity's importance to relationship marketing is based on three assumptions. First, that marketing activities take place within a paradigm of exchange, as it is essentially an exchange mechanism. Second, that all individuals are fundamentally motivated by self-interest where without a norm of reciprocity no one would exchange. Third, that individuals desire to achieve excellence in moral behaviour and are therefore motivated to develop and maintain exchange where a norm of reciprocity is upheld (Pervan and Johnson, 2003).

Give the further assumption that the achievement of moral excellence is the ultimate goal in the collective eyes of society, a relationship where reciprocity is upheld may be seen as “perfect.” This view, although seldom explored in the RM literature, has some notable proponents (Bagozzi, 1995; Berry, 1995; Gummesson, 2000; and Sisodia and Wolfe, 2000). All have argued for its value in specifying the content of exchange. Bagozzi (1995), in direct reference to reciprocity as a virtue, saw moral development in RM as a mechanism for self-regulatory control over one's volitions and actions (p. 276). Berry (1991) stated that relationship marketers should be willing to ask not only, “Is it legal?” but also “Is it right?” (p.145). Similarly, Sisodia and Wolfe (2000) talked of the need for a central dialogue in RM where reciprocal trust develops, “through a belief that parties to the relationship will morally work to its benefit” (p.551). Finally, Gummesson (2000) commented that an ethical approach was required to create sustaining win-win relationships. That is not to say it is the only kind of marketing relationship. Its analysis, however, is a good starting point toward understanding the “kinds” of relationships which exist in a marketing context (Bagozzi, 1995).

To date there are no empirical studies of reciprocity, as defined here, in a marketing context. This is in part because much of the current analysis is still focused on conceptualising its role in stabilizing relational exchange (Bagozzi, 1995; Pervan and Johnson, 2003). The purpose of this research is to further conceptualise its role by examining aspects of its nomological network. This is important because reciprocity relies on a number of supporting virtues to operate effectively. These are: generosity; conviviality; empathy and practical wisdom (Becker, 1986). This study discusses these virtues in order to highlight the breadth of consideration necessary when empirically testing reciprocity's impact on key relationship variables.

## **Generosity**

Generosity is a readiness to proffer goods to others (Becker, 1986). Where parties possess resources each desire from the other, reciprocity can act as a starting mechanism (Gouldner, 1960). Rarely do we encounter the schoolyard scenario of each party holding onto their resource until the other is in hand. This is because we expect to receive good in return, if we

have provided good. However, reciprocity as a starting mechanism only facilitates the completion of a process; it does not initiate a process (Becker, 1986). A generalisable norm of initiation is impossible given that, if everyone initiated there would be no one to respond. However, a disposition to initiate, given right of way rules, is appropriate to fostering reciprocity (Becker 1986). Right of way rules refer to any implicit or explicit procedural issues. For example, an advertising agency may be expected to initiate exchange with ancillary services such as market research firms, media buyers or production houses, or the CEO may begin proceedings at a company meeting.

Generosity is also openhandedness (Becker, 1986). This means parties are not disposed to exact accounts. Parties may often differ slightly on exact benefits received and cost incurred. Generosity reduces the unproductive tensions and conflict which may result from over attention to the details of exchange. Reciprocity only requires a rough equivalence of returned benefits (Malinowski, 1932; Thurnwald, 1932; Simmel, 1950; Homans, 1958) This has been mentioned in many studies, as a feature of exchange in strong marketing relationships (see Pfeffer and Salancik, 1978; Dwyer, Schurr and Oh, 1987; Anderson and Weitz, 1989; Heide and John, 1990; Bejou and Palmer, 1998).

Generosity also reflects magnanimity in so much as it is a willingness to lay aside resentment and forgive harm done (Becker, 1986). Upholding a norm of reciprocity requires that reparation is made for harm done. This relies on the party, to whom restitution is provided, being able to forgive the offender and return to productive exchange. Magnanimity helps to restore balance quickly where reparation alone cannot entirely atone for the harm done. For example, the advertising agency that forgets to buy media for an ad campaign cannot entirely atone for the mistake because time does not wait. However, a magnanimous client may accept reparation through reduced fees or a gift. Past research has shown that where conflict occurs in established marketing relationships, there is a greater likelihood that it will be functional, meaning that issues will be discussed openly and constructive responses to problems provided (Dwyer, Schurr and Oh, 1987; Anderson and Weitz, 1990; Morgan and Hunt, 1994; Hibbard, Kumar and Stern, 2001).

### **Conviviality**

Conviviality is a disposition to participate in and take pleasure in social life (Becker, 1986). Reciprocity as an avenue to primary goods may be achieved via arms length exchanges with the bare minimum of social interaction. However, parties who gain pleasure from social interaction with others, and not just out of a desire to gain particular goals, reinforce reciprocity's role as a stabilising agent in relationships (Bagozzi, 1995; Price and Arnould, 1999). Furthermore, conviviality reduces the cost of reciprocity because the enjoyment of its expression mitigates any perceived costs of contributing. Price and Arnould (1999) describe commercial friendships as one important type of marketing relationship. They found that a service provider's (hairdresser) friendliness contributed to the formation of commercial friendships with clients. Bagozzi (1995) comments that the process of exchange itself and the pride or joy of fulfilling any demands in the transaction can introduce complex layers of emotional reinforcement (p.276).

### **Empathy**

Empathy is a form of vicarious experience that allows a party some insight into another's psychological state (Becker, 1986). It can be useful to reciprocity in that it allows the

examination of a good or evil from a number of points of view. This may improve the effectiveness of exchange through clearly targeted returns and reparations. Evidence in the marketing and management literature suggests that as relationships strengthen they are characterised by a higher degree of interfirm adaptation, asset specificity, and instinctive reactions to one another, which could in part reflect a growing empathy between parties (Hallen, Johanson and Seyed-Mohamed, 1991; Anderson and Weitz, 1992; Ring and Ven, 1994; Gundlach, Achrol and Mentzer, 1995). Further, empathy is thought to play a major role in Chinese business relationships (Yau et al. 2000, p.1113). Being able to sense what another is trying to achieve with returns or restitution can reinforce the disposition to reciprocate and quicken the return to productive social exchange. For example sensing a party's forgiveness where restitution is offered, or repentance for negative acts (Becker, 1986).

### **Practical Wisdom**

Practical wisdom refers to a set of traits that help to translate intentions into effective conduct (Becker, 1986). Its relevance to reciprocity is as an instrumental virtue, which operates on four levels, (1) being able to assess people agendas, (2) being alert to possibilities, (3) timing and tuning, and (4) coordination.

The ability to assess people's agendas improves the efficiency of reciprocity. For example, a business person who receives a free lunch or sample gift from a prospective supplier organisation could return with a gift or a free lunch of their own. However, through practical wisdom (an understanding of the motive or agenda of the supplier organisation) a more appropriate return would be the setting up of a meeting with a senior purchasing officer.

Being alert to possibilities minimises wasted returns. The more that is known about what needs to be done to achieve desired outcomes, the more productive reciprocity is likely to be. For example an experienced sales representative may follow quite a different procedure towards closing a sale, to an inexperienced colleague.

Timing and tuning refers to an understanding of how the possibilities for action are related to one's purposes (Becker, 1986). With regard to timing, the self-restraint to delay gratification may be needed where rushing in is not appropriate. For example, it may be that there is seasonal demand for a supplier's product that dictates when negotiation must take place. Further, self control may be needed to facilitate exchange in the face of uncertainty, fatigue or disinclination. For example, the sales representative that attends to a client's question, because he/she hopes to close a sale in the near future, even though it is a Friday afternoon and talk in the office is about the night's entertainment. Tuning involves understanding the most appropriate response to give, all things considered, in any given situation. For example, the account manager who makes a personal visit, when responding to a valued client's enquiry, in preference to a phone call, Email or fax.

Coordination involves being able to make choices, all things considered, about the appropriate mix of exchange to meet one's short and long-term goals. This means having the self-control to not engage in some satisfying acts because they do not serve the overall purpose in any given social system. For example, a consulting firm may not rush to table a report for a client so that they can move on to the next one even though, on face value, this makes sense. Practical wisdom may dictate however, that they work on adding value to the current relationship through involvement with the implementation of the report. This may in turn involve working on fewer projects such that smaller jobs may have to be refused. This is

consistent with much of the literature on RM, which suggests the need to prioritise customers (Berry, 1995; Bendapudi and Berry, 1997), as well as develop economies of scope (Sisodia and Wolfe, 2000).

### **Discussion and Conclusion**

The conceptualisation of reciprocity, as defined here, and discussed in an RM context, sees it ready for empirical analysis. This is, however, problematic from a quantitative perspective due to a lack of a measure for the construct. Though attempts have been made to measure reciprocity in marketing, its conceptualisation has largely been restricted to a notion of reciprocated or “tit for tat” returns outputs. This has typically been measured as balance in what is given and what is received (see Buvik 2000; Frazier and Rody 1991; Jacobs et al. 2001; Joshi and Stump 1999; Joy 2001; Lagace 1991). Further, most studies have measured the reciprocation of some other construct rather than reciprocity itself. For example, the reciprocation of coercive and non coercive influence strategies between dealers and suppliers (Frazier and Summers, 1986; Frazier, Gill and Kale, 1989; Frazier and Rody, 1991), trust between salesperson and sales manager (Lagace, 1991), specific asset investments between manufacturers and suppliers (Joshi and Stump, 1999; Buvik, 2000), and the duration and intimacy of social and task specific disclosures between customer and salesperson (Jacobs, Evans, III and Landry, 2001).

There are just two studies that have attempted to measure reciprocity independent of some other construct. Dawson (1988) developed a scale to measure a reciprocity motive for giving charitable donations to medical research. This was later applied by Grande and Vavra (1999) for hospital fundraising. Yau et al. (1998, 2000) measured relationship marketing orientation (RMO) in an industrial context, including reciprocity as one of four dimensions of the RMO Scale. We feel that neither operationalisation represents an adequate measure of reciprocity as the items used reflect only a feeling of indebtedness to the organisation.

As research progresses in this area, it is important to appreciate that “Reciprocity, taken by itself is insufficient for its own purposes” (Becker, 1986, p.150). It must be considered within an interpretive framework containing the virtues discussed in the study. This has implications for the assessment of construct and nomological validity, should a scale be developed, as well as for modelling and analysing reciprocity’s role in marketing relationships.

Our neglect of efforts to conceptualise what a marketing relationship is a glaring omission in the relationship marketing literature (Bagozzi, 1995, p.275). A number of other areas have been suggested as worthy of examination. These include behavioural norms such as opportunism (Williamson, 1975), flexibility, information exchange, solidarity (Macneil, 1980; Heide and John, 1992), economic/utilitarian exchange, social exchange, social influence, interpersonal emotions, social construction of reality (Bagozzi, 1995), communal exchange (Sheaves and Barnes, 1996), and friendships (Price and Arnould, 1999).

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