

# TOWARDS A SUSTAINABILITY FRAMEWORK FOR RELATIONSHIP MARKETING. AN INSIGHT INTO EUROPEAN STEEL PIPE BUSINESSES

Nicolescu Luminița<sup>1</sup>, Vătămănescu Elena-Mădălina<sup>2</sup>, Andrei Andreia Gabriela<sup>3</sup> and Pînzaru Florina<sup>4</sup>

<sup>1)2)</sup> *Bucharest University of Economic Studies, Romania*

<sup>3)</sup> *Alexandru Ioan Cuza University, Iasi, Romania*

<sup>4)</sup> *National University of Political Studies and Public Administration, Bucharest, Romania*

E-mail: luminicolescu@yahoo.com;

E-mail: madalina.vatamanescu@yahoo.com;

E-mail: andrei.andreia@gmail.com;

E-mail: florina.pinzaru@facultateademanagement.ro

---

## Abstract

To date, the influence and relevance of relationship marketing in supporting international partnerships has been mainly approached within unidimensional constructs. Concepts as psychic distance, trust, commitment, loyalty, intercultural learning, sustainability were discussed from a leading standpoint, derived from the research interests and objectives of focused studies. In this respect, the imperative for developing an integrative outlook has become of the essence, and, as a result, the present paper advances a prospective framework based on interdisciplinary and multidimensional considerations. Mainly conceptual in its incipient form, the framework comprises five key dimensions which account for sustainable international business partnerships in specialized markets. Further, tests were run in the context of European steel pipe businesses, the sample comprising 107 managers from 13 countries. As the findings pointed out, business profitability and internationalization depend on integrative relationship marketing strategies to a great extent, convergence, commonality, compatibility, credibility and connectivity standing for main drivers in establishing and maintaining tenable international partnerships.

**Keywords:** sustainability, relationship marketing, international business partnerships, steel pipe industry

**JEL Classification:** M31, Q56

---

## Introduction

Relationships and interactions stand for a landmark of human society being an inherent part of any business practice since the onset of economic flows. As many organizations acknowledge that long-term competitiveness is highly dependent on a proper relationship management with key partners, integrative enterprises are carried out in order to

---

<sup>2</sup> Corresponding author, Vătămănescu Elena-Mădălina, madalina.vatamanescu@yahoo.com.

consolidate relationships at all levels (Pop, Roman, Săniuță and Petrișoia, 2012; Chirica, 2013). In this front, relationship marketing (RM) becomes topical as its primary focus lies on the “identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for organization by a series of relational exchanges that both have a history in the future” (Kanagal, 2009, p. 1).

From a sustainability standpoint, relationship marketing brings about the emergence and development of long-term relationships between the organization and its stakeholders with a view to create leverages for all those engaged in the co-creation of mutual value (Pop, Roman, Săniuță and Petrișoia, 2012). Here, theorists and researchers have concluded that supporting long-term relationships with the most important stakeholders should be seen as a key strategy for preserving competitive advantages in today’s business arena (Gronroos, 2007; Palmatier, 2008; Brito, 2011).

Focusing on relationship marketing and internationalization, Khojastehpour and Jones (2014) have concluded that “a unified theoretical framework is lacking” and that a correlation between the two processes is yet to be accounted for. In this respect, internationalization refers to a progressive involvement in foreign markets insofar as this endeavor gives way to value creation by accessing new resources, new organizations, new opportunities and new stakeholders (Lin, 2012; Khojastehpour and Jones, 2014). From this angle, relationship marketing brings about new variables which should be considered and explored as relationships surpass national boundaries and prospective partners may be located anywhere in the world. Moreover, the challenges of internationalization involve a far higher degree of social-cultural environment diversity and altering the primary cues in addressing other parties (Leonidou, et al., 2011).

It is in this particular line that the present study adds to the extant literature. Firstly, it advances a theoretical framework able to integrate multiple facets of relationship marketing within the international business framework. Five primary dimensions are under scrutiny, namely convergence, commonality, compatibility, credibility and connectivity, all of them responding to the capitalization of sustainable and multivalent relationships. They are deemed both as key components and stages of relationship building, reflecting the conditions, contexts, catalysts, consequences and connections of international partnerships. Secondly, the research is meant to investigate the reliability of the five dimensions and their influence on two main outcomes (i.e. the estimated business profitability achieved through international partnerships and the number of international partners), based on the European steel pipe SMEs managers’ standpoints regarding the importance and pertinence of capitalizing relationship marketing in international businesses.

## **1. Review of the scientific literature**

As previously mentioned, the theoretical foundation of a new integrative framework should account for the conditions, contexts, catalysts, consequences and connections of international relationships building. Consistent with the interaction and network approaches supported by the IMP (Industrial Marketing and Purchasing) group, relationships are seen as inter-organizationally-oriented, happening at a dyadic level in a network context, highly reciprocal and interdependent, traversing a series of phases defined by mutual learning and

adaptation (Fernandes and Proença, 2005; Samaha, Beck and Palmatier, 2014). The basic principles for assuming a relationship in its own right imply that the relationship is reciprocally perceived to exist and is acknowledged as such by both parties and that it stands for more than occasional contact and is recognized as having some special status. Likewise, businessmen (managers, entrepreneurs) are defined as parties irrespective of their status in the transaction: buyer or seller, vendor or customer, supplier or stockist etc. They are approached as “Relationship Managers” who engage in dyadic (interpersonal and inter-firm) relationships with a view to achieve personal, professional and organizational objectives (Kanagal, 2009).

The first dimension of the theoretical framework regards *convergence* as a condition for the relationship establishment. The basic assumption is that human relationships derive from conducting “subjective cost-benefit analyses that attempt to maximize benefits and minimize costs, which may be more applicable in B2B contexts” (Palmatier, 2008, p. 25). Similarly, Kotler and Keller (2006) posit that the aim of relationship marketing is to build and develop relationships at multiple levels - economic, social and technical – which are mutually satisfactory and have a long run in terms of profitability. In this vein, business competitiveness represents an incentive for partners’ convergence – the exigency of staying in the game, of preserving or achieving a competitive advantage is a catalyst for conjoint interests and collaboration. Focusing of small and medium enterprises (SMEs), the competitiveness imperative entails proper strategies and measures, the expansion to international markets emerging as an adaptive endeavour for progress or even survival (Sandberg, 2014). The solution is finding opportunities out of the domestic business realms as a means of creating value for the organization, of accruing its profitability and sustainability on a specialized market through market selection, adjustments of goods and policies, dynamic operational flows, management contingencies, resorting to B2B, B2C, collaborations, international joint ventures, distribution agencies, franchises, networks (Hampton and Rowell, 2013).

Next, *commonality* (the context of relationship building) – describes the fact that international relationship marketing can only unfold within well-defined contexts which provide a definite array of alternatives. As researchers underscore (Möller and Halinen, 2000; Fernandes and Proença, 2005), marketing is context-driven and, thus, the emergence of genuine relationships is very much dependent on the context variables. In this front, relationship managers observe the new international context, gathering information about its characteristics and possible outcomes by joining international thematic events, conferences, fairs, exhibitions, seminars and workshops. Before sounding out relationships between antipodes, relationship managers explore the nearer national and organizational actors with whom they have cogent things in common. Although nowadays the “born global” manager is no longer tied by physical distances, a progressive venture into sustainable partnerships formation is still desirable (Sandberg, 2014). At this level, Etemat and Ala-Mukta (2009) believe that after gaining knowledge on similar markets and relationship patterns, managers may step to the next level and address majorly differently cultures and partners. It is now when personal, social and informational exchanges support building familiarity in the selected market and when the level of uncertainty progressively decreases (Freeman, et al., 2012).

As far as *compatibility* is concerned, the focus is on the catalyst of relationship building in international contexts as it often plays the role of a mutual adaptation indicator. In

opposition to the domestic environment, acting in the international business arena is directly influenced by the psychic distance – “the higher the level of psychic distance, the greater the time and effort required to develop successful business relationships”, and the adage goes – the greater the effort to deploy the proper relationship marketing strategy (Conway and Swift, 2000, p. 1392). As Shaladi (2012, p. 78) asserts “in the initial interaction stage, the psychic distance is likely to be high because the differences between the two parties are highlighted rather than the similarities”. Important factors as linguistic variations, cultural, political and religious particularities and country-dependent beliefs, social norms and values bring about structural barriers between prospective partners (Khojastehpour and Johns, 2014). In other words, psychic and cultural distance set themselves up as solid constraints in relationship building while social and relational exchanges are consistently altered by varied backgrounds, systems of values, relationship expectations, emotional and social relationship engagement, information encoding across countries and cultures and so on (Shaladi, 2012; Samaha, Beck and Palmatier, 2014). All resources are liable to be deployed to this end due to the fact that compatibility acquisition is crucial for the future of the relationship – “if the relationship breaks down, it is usually during initial interaction” (Shalladi, 2012, p. 78).

After establishing the compatibility frames, relationships managers are prone to engage in investing *credibility* into personal, social and organizational ties. If the relationship has not failed in the previous stage, parties are evolving to the next level; inherently, the degree of psychic distance decreases. Relationship managers begin cultivating in depth mutual understanding and a consolidated sense of empathy and loyalty (Filip and Anghel, 2009). Interactive social exchanges unfold, each positive interaction and shared experience enhancing the relationship through commitment and trust (Conway and Swift, 1999; Samaha, Beck and Palmatier, 2014). Although approached in a contiguous manner by the extant literature, there are several key concepts embodied by the credibility dimension, some of them already mentioned. In this vein, Khojastehpour and Johns (2014) lay emphasis on trust (confidence in the other party, uncertainty and risk limitation), fulfilled promises (engagement in long-term collaboration), satisfaction (mutual welfare in the relationship) and loyalty (reciprocal benefits awareness and reinforcement). Here, the sustainability of the partnership is mainly based on communication, a decisive catalyst for trust and commitment, experience and satisfaction.

The fifth dimension – *connectivity* – stresses on the importance of staying always in touch with the most important partners and on reifying relationships within a network structure. The approach is rooted in Gummesson’s assertion, that is “relationship marketing is interaction in networks of relationships” (2008, p. 5) and in IMP group’s findings that successful businesses evolve and are consolidated through dyadic relationships in a network context (Johanson and Vahlne, 2009). The aforementioned situation is indicative of industrial organizations acting in business arenas which gather a limited number of prospective partners (suppliers, buyers, stockists, competitors) (Håkansson and Snehota, 2006; Shaladi, 2012). Fernandes and Proença (2005) suggest that industrial networks can be defined as “complex aggregations of relationships, hard to plan, predict or manage”, while the process of aggregation is far from being simple or additive. The networks’ configuration enables an intricate dynamics, each entity readjusting and enhancing its position in the nets to make the achievement of their business goals possible. Against this backdrop, social exchange through international business networks stands for a prerequisite of the growth strategies of organizations. In order to achieve competitive advantages, the relationship

managers should be open both to its internal resources and to the network's resources and to act accordingly. Creating a capital of trust and support will reinforce the position of the business within the network framework and generates incentives for the system development and sustainability (Cannone and Ughetto, 2014).

Against this backdrop, the research relies on the investigation of a conceptual framework and on the importance and relevance attached to each of its dimensions by managers from European steel pipe SMEs. The study is focused simultaneously on facts and attitudes, taking into consideration the subjects' approach towards achieving business performance through sustainable relationship marketing strategies. Based on the theoretical framework, we hypothesized that business profitability is driven by a set of five dimensions of relationships building, namely: convergence, commonality, compatibility, credibility, connectivity.

## **2. Research methodology**

A questionnaire-based survey about facts and attitudes associated with business internationalization and partnering strategies was conducted in the summer of 2014 with managers of European steel pipe SMEs (N=107, 35-60 years old) from 13 countries (Austria, Bulgaria, Croatia, Czech Republic, Germany, Italy, Poland, Romania, Slovenia, Spain, The Netherlands, Turkey, Ukraine). The questionnaire was developed by the authors, based on the relationship marketing literature and the insights previously gained from in-depth interviews conducted with 6 managers from European steel pipe SMEs. It comprised 20 items, rated on a 1 (not at all) to 5 (very much) Likert scale and a final section for personal information such as: age, nationality, education level and domain, years of experience in the business field and the origin country of the firm. The 20 items collected data regarding the outcomes of relationship building on one hand (i.e. the items Q19. *Estimated business profitability achieved through international partnerships* and Q20. *Number of international partners*) and the potential factors liable to influence the reported outcomes, on the other hand. The 18 items (Q1 to Q18 – detailed in a following section) were part of the 5-factor framework, that is *convergence, commonality, compatibility, credibility, connectivity*.

## **3. Results and discussion**

For a better understanding of the influences that managers' approaches (Q1 to Q18) exert on the measured outcomes (Q19 and Q20), we used regression analysis. As resulted from the first regression analysis that used Q19 (*Estimated business profitability achieved through international partnerships*) as dependent variable, the 5-dimension framework significantly predicts the profitability achieved through international strategic collaborations ( $F = 22.81, p < .05$ ) and explains 78.7% of the variability of the outcome, according with the value of the Adjusted R Square. The second regression analysis that used Q20 (*Number of international partners*) as dependent variable, revealed that the advanced framework significantly predicts the actual number of international partners ( $F = 5.88, p < .05$ ), explaining 45.3% of the results variability.

Factor analysis also indicated a 5-factor solution (for the criterion of Eigenvalues greater than 1) and reliability analysis provided also supportive results for the 5 dimensions, as follows: convergence ( $\alpha = .728$ ; items: *Building international partnerships is fundamental*

*for my firm's long-term performance; I engage in international partnerships whenever the financial outcomes provide competitive advantages; Going international is part of my firm's sustainability strategies); commonality ( $\alpha=.745$ ; items: I prefer to establish international partnerships with businessmen from similar or proximate markets; I'd rather attend regional fairs, exhibitions, workshops, etc. than faraway events; I approach venturing into new markets as a step by step enterprise; I go international only after acquiring reasonable knowledge about the targeted market; When meeting prospective partners, I often place personal and social preferences above business interests); compatibility ( $\alpha=.777$ ; items: I consider intercultural learning and respect as an important factor for developing future partnerships; I select my international partners in accordance with my social and organizational values; I find intercultural similarity as mandatory in order to settle sustainable partnerships); credibility ( $\alpha=.706$ ; items: I engage in sustainable international partnerships only if trust and commitment are mutually proved; I develop international partnerships only if they rely on fulfilled promises; I'd rather collaborate with long-term loyal partners than with short-term - profitable partners); connectivity ( $\alpha=.733$ ; items: Creating and joining business networks are important for the firm development in a dynamic environment; I find social exchange in business networks as a catalyst of sustainable international partnerships; Having access to the informational and experiential resources of business and professional networks provides us important competitive advantages; Maintaining interconnectivity – through multiple and varied channels and connections (virtual professional communities, e-mailing, online forums etc.) – is decisive for keeping up with the new trends on the market).*

Yet, the Scree plot allure generated by Factorial Analysis and the results from the additional Parallel Analysis - computed to compare the eigenvalues resulted from Factor Analysis with statistics from Monte Carlo Simulation Method - suggest that a 4-factor framework might describe our data more rigorously. Parallel Analysis suggested that a framework with 4 factors would be more accurate than a 5-factor framework since the eigenvalue of the 5th component (1.123) from our sample (N=107) had a smaller value than its correspondent (1.376) generated by the parallel analysis derived from a random sample (N=1000).

With a view to support a thorough argumentation in favor of a 5-factor framework (supported by the reliability coefficients, regression statistics and factor analysis) or a 4-factor framework (suggested by Parallel Analysis results) further tests are yet to be conducted. Since the value of KMO Measure of Sampling Adequacy (.530) indicated a poor (although acceptable) sample size for running a Factor Analysis, we might suppose that size sample might have induced an appearance of only 4 factors instead of offering a full confirmation of the 5 factor framework that we initially depicted from theoretical and exploratory investigation. Thus, the replication of the present study on larger samples would be usefull to conclude on a 4 or a 5-factor model. Further testing of a prospective factor aggregation would be a suitable endeavour in the light of an extended sample.

#### **4. Conclusions**

The advanced framework aims to propose a multidimensional and multidisciplinary approach on the dynamics of relationship marketing in building international partnerships. Its theoretical grounds stem from the extant literature which have addressed different conceptual frameworks, indicative of the relationship marketing strategies used in international markets and of businesses internationalization.

The findings pointed out a good reliability for each of the five dimensions (convergence -  $\alpha = .728$ ; commonality -  $\alpha = .745$ ; compatibility -  $\alpha = .777$ ; credibility -  $\alpha = .706$ ; connectivity -  $\alpha = .733$ ). Additionally, the model has a significant predictive power on business performance (in terms of profitability, Adjusted R Square=78.7%) and on building international partnerships (in terms of actual partners, Adjusted R Square=45.3%). Hereby, the validation of the two advanced hypotheses supports the pertinence of the framework and its applicability to the European steel pipe businesses.

At a broader level, the results brought to the fore an overarching aspect. The exigency of being or becoming competitive is mandatory and management has to deal promptly and professionally with the new market conditions. Most of the times, opportunities come and go and a late managerial reaction may generate high business losses. In this respect, managers are prone to deploy all the relationship marketing strategies required by sustainable partnerships, starting with the venture into new markets (as reflected by convergence), continuing with the openness to meeting and interacting with businessmen with subsidiary or common interests (as reflected by commonality), and ending with filtering out prospective partnerships on qualitative criteria (as reflected by compatibility, credibility and connectivity).

Still, despite the framework's multidimensionality, the present investigation has several limits. The first one refers to the convenience sample which only comprised managers from the European steel pipe industry. Although the sample is quite large in relation to the extant number of European steel pipe SMEs, the results cannot be generalized to the entire population at a global scale. Also, the selected subjects are exclusively from European organizations, implicitly reflecting European attitudes and approaches on international partnerships building.

Consequently, in this point, the 5-factor framework stands for a pilot, mainly exploratory, endeavor to coagulate the multiple facets of international business relationships building and it remains open to pertinent adjustments and completions. Its modular character welcomes new perspectives and new dimensions to be included for a better understanding and unfolding of the international partnerships challenges and outcomes. Also, its extrapolation to the study of transnational corporate actors would become a valuable asset both for the scholarly literature and for the managerial practice.

## References

- Brito, C., 2011. Relationship marketing: old wine in a new bottle?. *Innovative Marketing*, 7(1), pp. 66-77.
- Cannone, G. and Ughetto, E., 2014. Born globals: A cross-country survey on high-tech start-ups. *International Business Review*, 23, pp. 272-283.
- Chirica, C. (2013). Relationship Marketing - Best Practice in the Banking Sector. *Amfiteatru Economic*, XV(33), 288-300.
- Conway, T. and Swift, J.S., 1999. International relationship marketing: The importance of psychic distance. *European Journal of Marketing*, 34(11/12), pp. 1391-1413.

- Etemat, H. and Ala-Mukta, J., 2009. *Growth and Internationalization Strategies of Rapidly Growing and Internationalizing Enterprises from Canada and Finland*. Niagara Falls, Ontario: ASAC.
- Fernandes, T.M. and Proença, J.F., 2005. Relationships and Relationship Marketing: An Interdisciplinary Perspective. In: F. Wynstra, K. Dittrich and F. Jaspers, eds. 2005. *Dealing with Dualities, Proceedings of the 21th IMP Group Annual Conference*. Rotterdam, RSM Erasmus University, Netherlands.
- Filip, A. and Anghel, L.-D. (2009). Customer Loyalty and Its Determinants in a Banking Services Environment. *Amfiteatru Economic*, XI(26), pp. 288-297.
- Freeman, S., Giroud, A., Kalfadellis, P. and Ghauri, P., 2012. Psychic distance and environment: impact on increased. *European Business Review*, 24(4), pp. 351-373.
- Grönroos, C., 2007. *Service Management and Marketing: Customer Management in Service Competition*. 3rd edition. Chichester: John Wiley & Sons.
- Håkansson, H. and Snehota, I., 2006. No Business is an Island: The Network Concept of Business Strategy, *Scandinavian Journal of Management*, 22(3), pp. 256-270.
- Hampton, A. and Rowell, J., 2013. An Evolution in Research Practice for Investigating International Business Relationships. *Management Dynamics in the Knowledge Economy*, 1(2), pp. 161-178.
- Johanson, J. and Vahlne, J.-E., 2009. The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40, pp. 1411–1431.
- Kanagal, N., 2009. Role of relationship marketing in competitive marketing strategy. *Journal of Management and Marketing Research*, 2(May), pp. 1-17.
- Khojastehpour, M. and Johns, R., 2014. Internationalization and relationship marketing: an introduction. *European Business Review*, 26(3), pp. 238 – 253.
- Kotler, P. and Keller, K.L., 2006. *Marketing Management*, 12th Edition. Upper Saddle River, New Jersey: Pearson Prentice Hall.
- Leonidou, L.C., Palihawadana, D., Chari, S. and Leonidou, C.N., 2011. Drivers and outcomes of importer adaptation in international buyer– seller Relationships. *Journal of World Business*, 46, pp. 527–543.
- Möller, K. and Halinen, A., 2000. Relationship Marketing theory: its roots and direction. *Journal of Marketing Management*, 16(1), pp. 29-54.
- Palmatier, R.W., 2008. *Relationship Marketing*. Cambridge, Massachusetts: Marketing Science Institute.
- Pop, N.A., Roman, M., Săniuță, A. and Petrișoiaia, C. (2012). Relationship Marketing, Engine of Sustainable Development and Organisational Change in the Romanian Business Environment. *Amfiteatru Economic*, XIV(32), pp. 349-364.
- Samaha, S.A., Beck, J.T. and Palmatier, R.W., 2014. The Role of Culture in International Relationship Marketing. *Journal of Marketing*, 78(September 2014), pp. 78 –98.
- Sandberg, S., 2014. Experiential knowledge antecedents of the SME network node configuration in emerging market business networks. *International Business Review*, 23, pp. 20–29.
- Shaladi, B., 2012. Business relationship development and the influence of psychic distance. *Innovative Marketing*, 8(3), pp. 73-80.
- Sousa, C.M.P. and Novello, S., 2014. The influence of distributor support and price adaptation on the export performance of small and medium-sized enterprises. *International Small Business Journal*, 32(4), pp. 359-385.