

Exploring Organizational Conflict in Business-to-business Marketing

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Competitive paper

Abstract

The phenomenon of conflict exists between and within organizations in different levels. Conflict research in organizational study is enormously fruitful, such as helping identify the change of organizations, recognizing the relations of organizational actors, managing conflicts to achieve functional outcome, etc., which provides a more broader way of understanding interactions. Organizational conflict theory is conducive to understand of relationship between individuals' actions and between organization's actions. We adopt conflict perspective on business-to-business marketing research to explain the relationship and network, examine required practice and resources, through actors' involving the conflicts and interactions. This paper aims to understand conflict as a process and involves examining the resources and practices required in carrying out conflict to understand relationship change.

Keywords:

conflict, organizational conflict, compromise, resources, business relationship

1. Introduction

Conflict, as a social phenomenon, is under studied multidisciplinary (De Dreu, C. K. W., 2005) within and across many scientific disciplines, including philosophy, anthropology, psychology, sociology, politics, economics, and organizational studies. It is a kind of specific interaction exists within different levels of social entities (March and Simon, 1958) depending the actors involved, which deals with the relationships both in society and between humans (Mayo, 1960). Despite its importance, marketing in industrial sectors seems to be in the state of complexity. Companies are increasingly highly interdependent and interconnected within networks. Conflict working as an organizational concept, researchers get into and review relevant theories on organizational conflict and get ideas that conflict also has its own meanings and functions in industrial marketing research. Our investigation of markets on a conflict perspective starts from our research on industrial market business relationship and network, as well as relationship and network change. We adopt the perspective of conflict as a specific approach to understand industrial markets and the markets change. The phenomenon of conflict emerges in business relations and has its impact on business relations. Conflict is under researched in business-to-business markets. There are some evident but limited and fragmented. This paper focuses on how organizational conflict theory supports industrial marketing research and assesses the conflict between business actors. Conflict help to shape markets. Actors make conflicts purposely by positioning their roles and taking actions. We take a practice approach to indicate the role that conflict plays in constructing relationships and provoking changes.

There is no single clear meaning for 'conflict', but one thing in common, i.e. 'two or more parties or individuals intend to survive in the interdependence with each other based on the available resources'. Conflict is used to describe a situation of different expectations of parties. Ontologically, conflict is an interactive process existing in different levels of an organization. Actors locate events in space and time, and translate them meaningful and logical through participating activities (Patriotta, 2003). All activities are taken place in the purpose of achieving the goal of each party started by a relation of conflict and then followed by negotiating, bargaining, compromising, and etc. During the process, researchers concentrate on role and structure change with the change of the business relationships.

Conflict theory can be expressed in a language referring to business-to-business market research, both theoretically and empirically. Conflict management are concerned with enhancing organization effectiveness (Goodman and Pennings, 1977) by organizational learning (Argyris and Schön, 1996), defining roles of social entities, analyzing opposing interests between parties, assessing value and goal of each party so as to help place actors in the conflict and locating their positions in business network. Actors of each party in industrial markets are willing to participate in conflict positively

that produces satisfactory outcomes for both parties rather than a zero-sum conflict that only one party wins. Actors of different parties participate and construct a relation, which is multidimensional (Pinkley, 1990) and conflicting (Kjellberg and Helgesson, 2006) due to their own interests, values and expectations. Exchange happens when conflict is resolved through compromising and agreeing on resources. Actors mobilize resources as inputs in business activities (Finch, Wagner and Hynes, 2011) and make conflict. Resources are taken into account to find what factors influence conflict and help making conflict so that actors are benefit from positive conflict to gain collaboration purposely. From the perspective of practice and practices, we focus on the activities that actors do when making conflicts and the consequences of conflicts, which aim to find the way out for the conflicting parties.

2. Conflict is an ethnographic phenomenon in industrial markets

Business relationship starts with purpose of reaching goals of each party. There exist invisible conflicts behind the relationships. In our consideration of conflict theory, we start from the conflict perspective in both empirical and theoretical approaches. Empirically, we focus on how actors are positioned on either side of conflict and getting involved in conflict, which help constructing market exchanges and shaping markets. Theoretically, we examine conflict generating to business market research. We are trying to address conflict is a factor that conduces business relationship and network change by tying the resources in market activities. In order to identify the conflicts existing in industrial markets, we take ethnography and multi-sited ethnography approaches, and abstracting conflict from the business phenomenon.

Conklin (1968) defined ethnographic research as “a long period of intimate study and residence in a well-defined community employing a wide range of observational techniques including prolonged face-to-face contact with member of local groups, direct participation in some of the group’s activities, and a greater emphasis on intensive work with informants than on the use of documentary or survey data.” Ethnography is used to understand social life and makes use of the ‘site’ in which small groups of people shares a common culture rather than just a research method. It is empirically based upon participant-description and interpretation and focused more on culture and phenomenology. Researchers doing ethnography are concerned with the lives and activities of the people (actors in business) in the everyday context rather than the context created by the researcher. Their working habits and routines are studied. Routines can be regarded as the capacities or potentiality rather than behavior, relying on knowledge and memories, working within approved procedures or regulations (Cohen 1996), which is practice-based approach lying on the standpoint of pragmatism. In industrial market, the ethnography research is characterized by a much smaller scale of people rather than the large number in consumer market research. We are aiming to address the conflict and conflicting relations between and among chemical suppliers, chemical service companies, oil and gas companies, and regulators during the process

of developing, marketing and selling, using chemistry services under the directions of ecosystem services. We use ethnography method to study a group of actors in the context of buying and selling chemical products services across time and people and draw are big picture of business relationships, which can help us to find conflicts, how actors are positioned, and how actors make and get out of conflicts by watching what happens, listening what is said, asking questions through informal and formal interviews, and collecting documents.

Marketers are regarded as boundary spanner between buying and selling companies and the market boundaries and market exchanges turns out to be more multifaceted (Geiger and Finch, 2009). We also adopt multi-sited ethnography (Marcus, 1995) to track a subject across boundaries and follow the actors in different locations and relations, which discuss on the one hand the ethnographies involving more than one field-site, and on the other hand that the ethnographer in the role of moving through and between different field-sites and people, which is aiming at identifying and transcending the limits of existing theory (Vallas, 2003). It is used to study the change of business interactions and relationships in the context of location movement of actors. Multi-sited ethnography also provides us a lot of different perspectives on things (Hovland, 2005) and generates conflict theories in business-to-business market studies.

Marcus (1995) sets out six ways engaging with doing ethnographic research between and across field-sites, such as 'follow the people', 'follow the thing', 'follow the metaphor', 'follow the plot, story, or allegory', 'follow the life/ biography' and 'follow the conflict'.

We 'follow the people' in order to identify the roles of the actors and have actors positioning themselves in roles. We select a group of business people involving in particular cases dealing with chemical products and services in and after a relation of conflict, and new relationship forming. Because the movement involving in 'the thing' cannot talk for itself, we gain information by following people through conversation, discussion, and opinions, etc.

One of the 'things' that we will follow is the chemical product they buy and sell used in upstream oil and gas industry. Actors get involved in the conflict of problem issuing and problem solving process. Chemical product is used to solve oil and gas problems. Chemical problems, as conflict, in oil and gas industry linked actors and are usually caused by fouling, physical properties of the fluid, structure integrity of the facilities or environment. We follow the product from buyers (oil and gas company) issuing the problems they meet, move from the lab experimenting and finally to the selling department and after selling services. This process provides us a means by which the 'thing' is studied. It helps to understand the process of development of the product and service.

'Follow the metaphor' supports the ethnography by getting the discourse and modes of

thought. We will follow a particular form of discourse, which is practiced in different departments within the same chemical company. We will adopt this approach to analyze different forms of discourse of chemists and their oil and gas company customers' expectation, which they explain to different perspective of conflicting relations, which are between or among customers, colleagues, regulatory association and media, etc.

We 'follow the plot, story, or allegory' to develop narratives (Patriotta, 2003; Cunliffe, et, al., 2004) and document process (Van de ven and Poole, 2005). We read plot, gather and analyze participants' narratives.

'The conflict' forms multi-sites of ethnography. 'Follow the conflict' of different parties in a setting can provide us different perspectives of a same phenomenon. We will follow the conflict event between the regulators and chemical service company to regulate or update the information of policy changing and find out the impact of the regulation to the chemical service company and how the company response or adjust under the ecosystem services, then finally find a compromising way of resolve conflicts.

The empirical approach to conflict regards market actors positively participate in exchanges and conflicting relations based on their own or organization's values. The general concept of a market is any form of structure in the purpose of exchanging goods, services or information. Callon (1998a) defines 'market exchange as a process of defining the price at which exchange can take place given two parties with divergent interests'. Motivations of actors are addressed by the conflict approach. Market exchanges show the conflicting relationship of products and value. Marketing has an important performative role in shaping markets and explain how things are exchanged. Individuals and organizations are engaged in social and economic exchanges with other people and organizations purposefully. The exchange is to meet and satisfy human needs, which is a conjunction of meaning with action and reaction or a kind of conflicting interaction. Utilitarian is the main character of market exchanges (Rechard, 1975). The market exchange theory roots from economic sociology and sociology of science (Callon, 1998b; Callon and Muniesa, 2005) and has great impact on market theory and marketing practices. Exchange is the basic human activities in their social lives and the centrality concept in marketing. Hodgson (1988) addresses market exchanges match the exchange of property right to the exchanges between products and money.

Kjellberg and Helgesson (2006) propose that different actors help shape markets. Indeed, market studies should be combined with complex and conflicting set of practices (Araujo, Kjellberg and Spencer, 2008). Marketers do not simple markets against the passive backdrop of a market, but cannot help and change the market by progressing by dealing conflicting relations. Actors are positioned on either side of a

conflict, multiply connecting and constituting a network. Market is shaped by reconciling conflicting versions co-existing within itself.

Theoretically, we are aiming to explain the process of how conflict develops and how it generates in industrial market research. It focuses on the business activities that actors take during the process of making and getting out of conflict. Araujo (2007) applies market exchange is formalised and abstracted from social relations. Conflicts exist in different levels of market from individual to society. More attention is paid to the process of conflict rather than the outcome of it. We explain the actors' activities involving in relationship of conflict and how the conflict develops to make economic exchanges functionally. We focus on the resources that induce and resolve conflicts. Actors are benefit from organizational learning (Argyris and Schön, 1996) of making conflict functional and forming routines for future business activities. Relationship changes according to conflict development over time. Actors may compromise, collaborate or confront in different stages of conflict-resolving process, which provoke the change of relationship, hence conducting market changes.

2.1 Conflict and organizational conflict

As a social phenomenon, conflict is stem from main disciplines, especially organization studies, which provides a historical background for issues of concern to industrial market studies. The classical philosophy approaches see conflict as roots of the society existing between classes (Marx and Engels, 2009) to reduce violence and force society development by building up a social relationship system and set up regulations. In sociology, conflict is studied as a fundamental factor for social participants to combine together and construct the society. Human relations and their behaviors within conflicts are also researched. Conflicts are studies across different levels of society. To narrow down the conflict from a social phenomenon to a group, a department, or an organization (March and Simon, 1958), the term 'conflict' is a concept of describing a state of inter-organizational or interpersonal disagreement due to the dissimilarities of each party. Conflict exists under the precondition of interdependence of each party and their opposed tasks (Jehn, 2011). Scholars and practitioners analysis and study conflict in order to help find a way out to achieve the realization of organizations' goal. Conflict is used to describe (1) a normality of hostile relations based on event existing within or between organizations; (2) a dynamic factor to provoke change; (3) an inevitable role in an organization; (4) an outcome of seeking values under different expectations. Actors should coordinate conflicts rather than only deny them. Organizations involve in the activities to resolving problems they encounter by increasing and decreasing conflict and construct a new form of relationship.

2.2 Role, position, party

Individual plays a unique role in an organization. Role is a kind of behavior

associated with a position physically and with one's expectation (others or oneself) of values psychologically. Actor, role and personality (Getzels and Guba, 1954) are three concepts to indicate the basic sources of conflict. Actor behaves to meet his expectation function of different role and personality constructs the multiplicity of roles. The reason why a role has functions in an organization is due to the positions linked with roles. Positions construct the structure formation of an organization. Not so much actors concern about the expectation of a role, it would be better to say they care more about the position hidden behind the role. The duties and obligations of positions force actors achieve their values and have to participate into and get out of conflicts.

Roles are functionally positioned into both sides of a conflict, i.e. parties of a conflict. A conflict exists when actors behind parties believe they have contrary goals and values. Parties come into existence resulting from the position and competing for scarce resource and sometimes lead to disagreement. Parties can be either human individuals or business units. They are interdependent positioning on both sides of the conflict and participating in making conflicting events.

Role conflict is the phenomenon of intrapersonal conflict because of misunderstandings of individuals' role expectation and group goal achievement within an organization. Four types of role conflicts are identified as intrasender, intersender, interrole and intrarole conflicts. Both the position and expectation of value change may cause role conflict (Getzels and Guba, 1954). Individuals are responsible for the tasks and goals that allocated by organization. Individuals may feel job dissatisfied, distrust, lower commitment, and anxiety when role conflict happens. Diagnosis and intervention are two common used methods to resolve interpersonal conflict. Role conflict, existing within individual, leads behaviors feeling unsatisfied with their position and decreases the effectiveness of an organization (Rizzo, House and Lirtzman, 1970). Organizations also involve in role conflict as each organization has its own role expectation. There are two results of role conflict. One is that actors cannot adapt the change, ended with confrontation and abandon the position; the other is that they compromise and adjust to fit. Business actors' ability to benefit from conflict is an essential standard to evaluate the condition of an organization. In business markets, conflicts are constructed because of the role of business actors and market context.

2.3 Conflict of different levels

Conflict exists across multilevels of the society, i.e. group, or individual. Conflicts are classified as intra- (within) and inter- (between) conflict, as intrapersonal, interpersonal, intra-organizational and inter-organizational based on their levels. Within an organization, interpersonal conflict happens due to the disagreements (Galtung, 1996), incompatibility (Jehn and Mannix, 2001), negative emotion (Barsade et al, 2000) or interference (Pondy, 1967) between individuals. Interaction and

interdependent is the precondition of interpersonal conflict. Unlike the intrapersonal conflict, interpersonal conflict is an interactive process that occurs between two or more interdependent parties in purpose of reaching their goals (Henri and Jon Hartwick, 2004). Parties involved in conflict take interests into account rather than positions. Interpersonal conflict in an organization can be expected functional. It indicates a sign of change to set up new relationships and a process of problem-solving (Amason, 1996) to help the organization perform effectively.

Conflict does not only exist within or between individuals, but also happens in organizational level within a certain context. Relationships both within and between organizations are under researched in organizational conflict studies. Conflict shapes as each party of both sides relation-interactive and task-interdependent. The expected outcome of resolving both internal and external conflict is leading it from conflict to collaboration, as Tuite et al. (1972) stated 'It might be fair to say that one objective of a theory of optimal inter-organizational decision making is to move from conflict-cooperation to conditions of pure cooperation.'

2.4 Functional and dysfunctional conflict

Conflict helps identify how different levels of entities construct the society and how human relations change either to functional direction (Parsons, 1966) to preserve the social stability, reach mutual objectives (Cosier and Rose, 1977), encourage innovating, or to dysfunctional (Parsons, 1966) direction to cause distrust and poor decisions. In this section, researchers mainly look into a particular type of conflict, i.e., organizational conflict. From the classic view of organization theorists, Fayol (1987) addressed organizational conflict as negative terms (Wall and Callister, 1995), which needs to be reduced and resolved to gain the efficiency of organization performance (De Dreu and Weingart, 2003). Conflict seems as disharmony caused by the differentiation of goals, interests, value, and communication exists in parties or individuals. Modern view of organizational conflict does not consider disharmony as the only passive and uncontrolled outcome of conflicts, but an interactive process to identify how an organization relation construct and work. Conflict is inevitable, but an organization's goal is to develop an effective system to identify and manage the uncontrolled conflict and find out resolution to solve problems. Organizations make conflict as an instrument to improve the performance and form a well-balanced structure of an organization by creating evolution to compromise and collaborate.

Compared with dysfunctional conflict, functional conflict is goal oriented (McGrath, 1984) and concentrates more on the shared objectives rather than personal inconsistency; functional conflict relates healthy and positive outcome rather than negative consequences; functional conflict concerns more on the continuance of relations rather than relationship ending; functional conflict promote organizations better distribute resources rather than misallocating them; functional conflict in business relations is as a resource and tool to adjust and improve rather than cause problems. Researchers examine conflicts and try to make conflict in business relations

functional in order to constitute relations, position actors and gain collaborations.

3 Conflict is an interactive process

Process is event-based. Rescher (1996) defines a process as 'a coordinated group of changes in the complexion of reality, an organized family of occurrences that are systematically linked to one another, either causally or functionally'. Process deals with change and the concept of how events happen in certain context. Process data is collected in real organizational contexts. Conflict is interactive between parties and followed by actions and events. The research of conflict as process enables see how every human action constitutes in the process of temporal structuring (Orlikowski and Yates, 2002). Langley (1999) points out process data have the following characteristics: dealing with sequence of events; involving multiple levels and units of analysis; embeddedness varies from precision, duration and relevant; and eclectic. Process research is used to involve change and unfold what happens over time. We study people's engagement in business conflict, which is undertaken by developing research narratives (Pentland and Feldman, 2007). Narratives address how knowledge in organizations is gathered to cope with the world and emphasize the nature of knowing and organizing (Patriotta, 2003). Researchers follow people involved in and getting out of conflicts, developing research empirically and with reference to narratives, coping with different stages of conflict process.

Conflict rooting in the historical relationship between parties develops through interactions. Industrial market actors also involve in a kind of conflict by participating market exchange interaction. Organizations or individuals engage into interaction to achieve their incompatible interests. The interactive relationship conflict (Jehn and Mannix, 2001) is constructed as each stage of a process with a series of meshing conflict episodes, i.e. latent conflict, perceived conflict, felt conflict, manifest conflict and conflict aftermath (Pondy, 1967).

Latent conflict shows the underlying sources of conflict, which are under three conditions. (1) Parties on both sides of conflict compete for achieving scarce resources. Resource ties connect products or services, which are regarded as resources. Actor bonds play a role of connecting actors, which help locating actors in relation with others. Industrial market actors participate in market exchange to get themselves satisfied; (2) parties drive for autonomy. Market actors attain the initiative so as to enhance their advantages; (3) parties have a divergence of goals. Market actors may compromise to get conflict resolved and reach collaboration.

When the conditions of latent conflict are not tenable, parties may not perceive the conflict in the relationship with the latent conflict still exists. Perceiving conflict results from the misunderstanding of each other's true position. Parties of conflict promote better communication to resolve perceiving conflict. Suppression mechanism and

attention-focus mechanism are used to limit perception of conflict. Marketers concentrate more on the organization's goal rather than personal value. They suppress conflict to make exchanges happen.

The personalization of conflict may cause the anxieties if individuals feel pressures and risks outside the organization dysfunctionally. Felt conflict leads to frustration and hostility. Marketers involving in market relations devote to representing the companies. They need to reduce the anxieties so as to achieve the target.

Manifest conflict is overt behaviors with a sign of open hostility. This stage of conflict means the parties do not value the relationship. Once taking place, manifest conflict is followed by a third party assistant, legal assistant, and desirability of resolution.

Final stage of conflict is 'conflict aftermath' which depends on series of the previous episodes. Conflict resolution comes from organizational learning. Markets may detect and correct errors by resolving conflict. Therefore, the relationship could be either solidified through compromising and further collaborating, or end relations due to confrontations resulting from manifest conflict.

4 Conflicts provoke industrial relationship change

Both parties involved in conflict have the aspiration to reach an acceptable resolution rather than intensifying to manifest conflict. The perspective of conflict emphasizes the importance of interactions and relationships and their changes between sellers and buyers. Conflicting parties are willing to construct a stable environment for the future after organizational learning of conflict resolution. In industrial markets, sellers and buyers are parties on both sides of conflict actively deal with the interactions. For the beginning, they get involved and make conflict through participating in making commitment of market exchanges, values, and build up relations. Holmlund and Törnroos (1997) define relationship as 'an interdependent process of continuous interaction and exchange between at least two actors in a business network context'. Industrial buying process (Håkansson, 1982) helps construct a conflicting relation between focusing organizations. Conflict exists due to sellers and buyers both varying in types, sizes and needs. Companies have to find suitable customers or suppliers in order satisfy their own requirements. Parties on both sides of the conflict (buyers and sellers) on one hand expect get assess and mobilize resources (Finch, et al., 2011) in order to resolve conflict, on the other hand they desire to maintain the relationship between them because the cost of searching for proper partner is high. It is paradoxical that business relationships are conflicting because of the purpose of the market exchange. It also co-operative because of the interdependence on others and they need to develop the offerings to satisfy their customers' (Håkansson and Ford 2002) expectations. Companies also need to deal with their conflict with the governor, such as government or some other regulators. The functional conflict outcome of such industrial relations is maintaining a long-term nature of relationship between supplier

and customer rather than just ‘shopping around’. Interaction is a kind of extension of business exchange. Actors involve in interactive conflict in the purpose of obtain goals by exchanging information, skills, goods, services, money, technology, etc. Interaction (Håkansson, 1982) is the main factor influencing the outcome of conflict, which exists in the relationships between companies, which helps to connect each stage of conflicts in order to uncover the business behaviors of buying and selling companies in industrial markets. Business interaction explains both parties act and react to make conflict and resolve conflict.

In my PhD project, which is about the collaboration between chemical companies and oil companies under the regulation influences, we will examine how chemical companies, oil companies, regulators and others acquire and represent the marine ecosystem’s services in the North Sea as they go about developing, marketing, exchanging, and using chemical and chemistry services to enhance oil and gas production. The study is conducted on industrial marketing between chemical companies, chemical service companies and oil companies under the regulation of chemicals used in North Sea under the direction of OSPAR or REACH, etc. Conflicts are spontaneously constructed due to the different roles of actors involved. These conflicts significantly exist in inter-organizational level. We examine market relations and networks from a perspective of conflict.

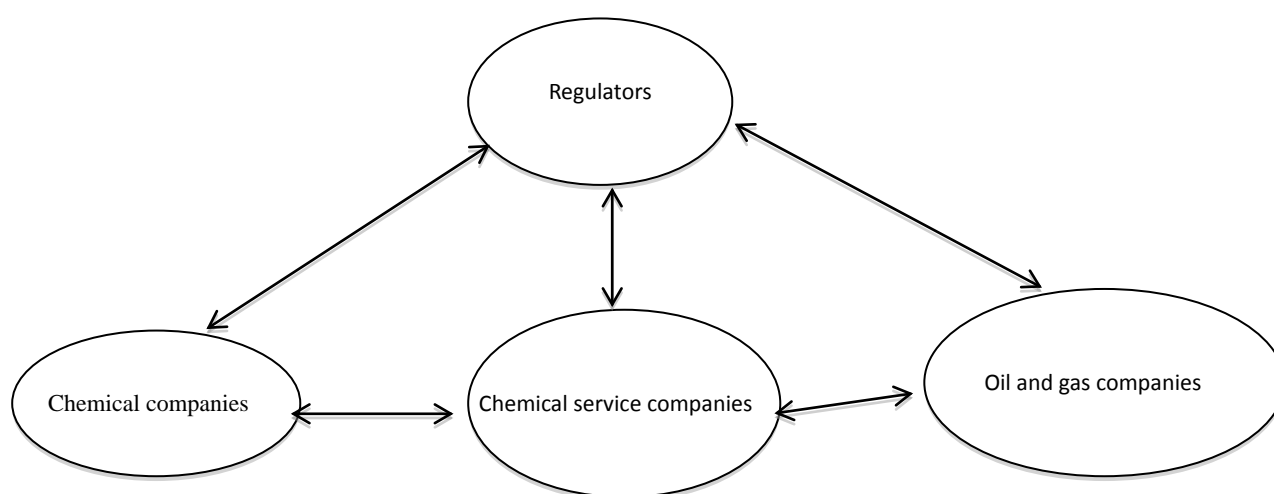


Fig.1 conflict position the actors’ role in green chemical markets

With the development of chemical industry, chemical companies, chemical service companies and oil companies should be responsible for ecosystem problems caused by the spills-overs of chemical products. Organizations like OSPAR or REACH is to improve the protection of the environment through identifying the intrinsic properties of chemical products. On one hand these organizations try to encourage the

innovation and competitiveness of the chemistry industry, on the other hand they set regulations to help managing the risks from chemical and providing information for the chemical companies. Role conflicts emerge from their own duties, goals, needs and preferences of each actor, such as regulators and business actors' demands, supplier value and buyer attractiveness (Ramsay and Wagner, 2009), which influences the behaviors of each party. Chemical companies, oil companies, and regulators are positioned on different sides as parties of conflict and network of conflicts, shaping the business markets.

The development and delivery of chemical product is a process of interaction construct conflicts. Chemical companies participate in the conflict of offering problem solutions demanded by oil companies. Conflicts also exist between regulators and business actors. Technology innovation is highly demanded because the chemical products have to be 'green' by driving down toxicity and environmental impact due to the conflict with environment regulators. The resolution of such conflict is that actors get involved in REACH registration. REACH requires the first date of registration is on December 1st, 2010, which is on the highest volume substances used. Chemical suppliers, chemical service companies should first evaluate whether the substance subject to the requirements of REACH. If yes, they should have them pre-registered or registered. Then make sure the REACH registration number included in Harmonized offshore Chemical Notification Format (HOCNF) or registration data been used to complete HOCNF and provide the addition data. Finally, they supplement required data and submit HOCNF.

Socially, chemical companies provide solutions to their oil company customers rather than problems. The public concerns more about the conflict of human life and environmental impact of chemical product. Organization, like REACH concerns about the safety use of chemicals and set up a system of 'Registration, Evaluation, Authorization and Restriction of Chemicals'. Public health and safety has to be taken into account due to the balance of a long-term development, which drives the development of green chemicals to satisfy the public. 'Green' refers to sustainable and includes concepts of developing chemical products sustainably, which on one help satisfy needs of society, on the other hand meet the requirements of ecosystems. The chemical companies, their oil company customers and regulators of chemistry services have devised a system of labeling and licensing products given some criteria of limited harm to the marine ecosystem. Labeling has clear commercial consequences in that producers have become developers of green chemistry, often in collaboration with their user counterparts. Companies get involved conflict with regulators, like REACH, and are responsible for their activities, such as classifying, labeling and packaging. Chemical companies make compromises on regulators and public to help promote a sustainable development.

Economically, business is profit driven. Business interactions are complex, hardly to 'make things the same' (MacKenzie, 2009). However, Chemical markets are complex

and specialized, which we can draw upon in explaining any observation of stability (Geiger and Finch, 2009). Chemical companies have been moving their product offshore and extending the lives of their production in selling solutions and value added services rather than just ingredient of chemicals, taking into account partially its actors' uses of the services of the marine ecosystem among other more conventional business services. Exchanges of products and services happen between chemical companies and oil companies. They participate in conflict of exchanges based on their own roles of value and construct the market, so as to benefit from the final long-time-established relationship.

Technologically, actors work in different roles within a network, such as scientists, chemists, sales personnel, regulators and users, representing ecosystem services. Green chemicals producing draw attention of actors due to the conflicts between any two of chemical companies, oil companies and regulators. Scientific and technological activities have organized their uses of ecosystem services and contested the ways in which they and others are held to account for their uses. Actors are driven to develop technology innovation to design product of low impact in use and services for recycle and re-use.

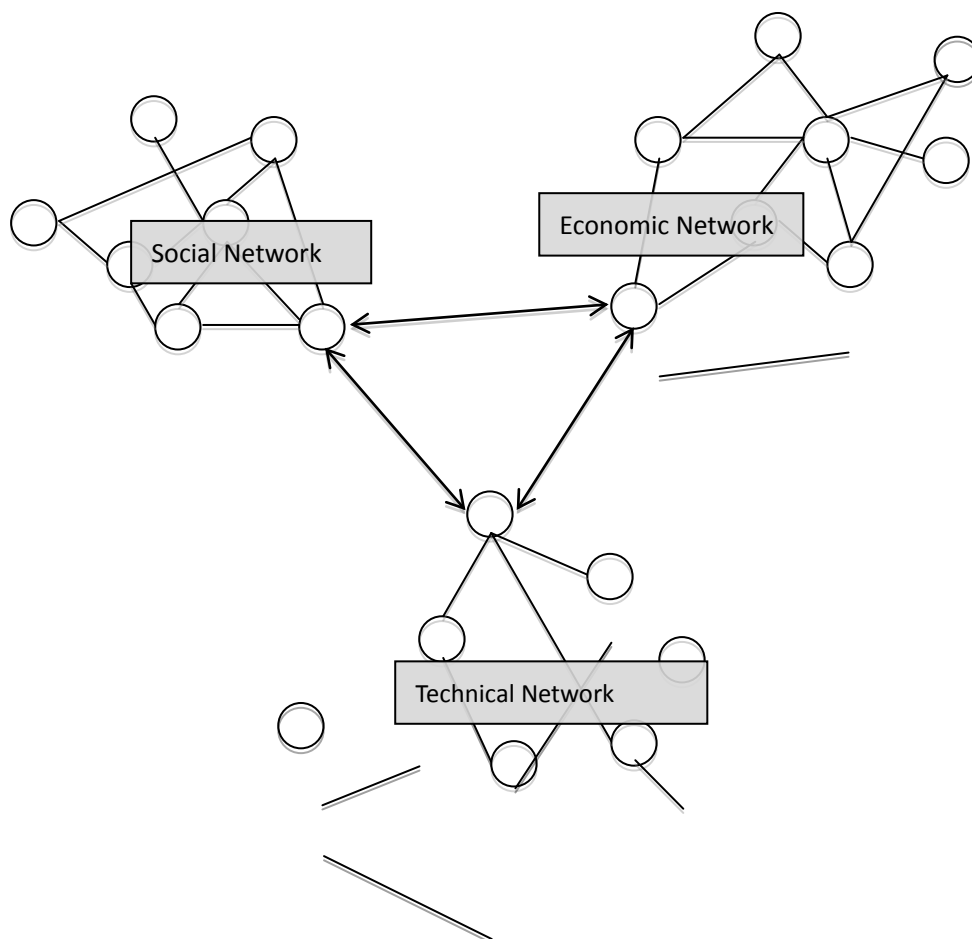


Fig.2 Socio-technical-economic network conflict

Chemical markets are socio-technical-economic organizing, in which all the three aspects are conflicted, overlapped and interacted. Actors make conflict to get contacted. Business actors are benefit from the help of chemists or scientists on better understanding the activities' impacts on ecosystems. They create and co-create value as well as take the activities of improving environment and influencing regulators. Conflict exists all the time and actors may not realize them. Co-creation can be a situation of conflict that compromises the service because of the value and benefit

They resolve conflict and make conflict functional to establish market exchanges and socio-technical-economic system, even find new business opportunities, by which process a new relationship is built and chemical product and services are produced, exchanged, and used.

To identify the structure of green chemical markets in oil and gas industry, we have collected empirical data from drawn relevant documents, observations and interviews of people working or had been working in the industry or regulatory organizations.

Empirically, We recall one of the fieldwork interviews and observation to explain the actors participate in making conflict, how commitments are made and interacting in order to gain a relationship of collaboration. The interview was conducted to Champion

Technologies (a specialty chemical company offering innovative and environmentally acceptable solutions to oil & gas production problems):

The fieldwork trip to Aberdeen on January 14, 2011 was to do an orientation observation and interview. The interview was held among the interviewers of John (Professor and supervisor of the project), Rachel (Post-doc research assistant on this project), Shiming (PhD student on this project), and the interviewees of Ian (Product Stewardship Manager of Champion Technologies) and Graham (Executive Secretary of European Offshore Speciality Chemical Producers Association). The interview was focusing on the two main research domains: (1) the one is a high level of regulation level, how does technical regulation work? What are the impacts of OSPAR convention to the chemical companies? (2) The other is the company level about the chemical product development, information exchanging to users, as well as the chemical company's response to the regulations. Behind the interaction of regulator and the company, there is conflict of each party, i.e. regulators concerns about effects of chemical products on environment and ecosystems, while the companies concerns more about their business activities and economic benefits.

The interview was conducted in the office of Ian lasted for 120 minutes, and started with the introduction of REACH (European Community Regulation on chemical, deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances.) regulation and it's impact on chemical companies. We got information about the REACH's influence chemical companies and the companies' reaction to the regulations and agreements. Conflict exists between REACH and chemical companies. Each party of the conflict has the baseline. They interact and influence each other, making commitment and compromise. REACH regulation came out in 2006. It sets registration based on people' attention, pre-register intention through registration and create a regulatory system for dealing with new and existing chemical substances. A certain registration deeds are regarded as a milestone was November 30, 2010. These are all the high volume in the substance that had to be registered. They share the annual data. Every company who does chemical business needs to get registered. From general chemical industry, the direct impact on the oil and gas companies has not been agreed for that simple reason that a lot of chemical will be used until 2013. All the main chemical products have to be registered before 2013. For the smaller production volumes, the requirement will

happen in 2013. All the substances will be registered in 2018. Besides REACH, EOSCA also has great influences to the chemical companies for last twenty years by addressing issues with the chemical regulations proved. The EU is also a member as contractive in ORSPA. EU has to attend the ORSPA meeting to make sure ORSPA come accordance with EU regulations. That will be a direct impact on Champion Technologies. There are two substances they have to register for 2010. For 2013 they get fifteen substances registered. For the whole chemical industry, a lot of the substances are very high concerned as get identified affecting the end users. That requires restriction for chemical companies to use. The reaction of the chemical companies will be adjusting and not making it anymore or replacing them. REACH provides guidance to chemical industry. One of the concerns with the whole REACH registration process is that chemical companies registered under the same substance competing each other.

Inter-organizational conflict between industrial companies functionally constitutes the relationship. Conflict is has an important role in constructing the relationship of market actors, lay their positions in each side of exchanges and help shape markets (Araujo, 2007). Companies establish business and get benefits by reducing the cost of market development. Companies can be more efficient in doing marketing exchanges within relationships. Companies evaluate the costs, the benefits and advantages before establishing business (Blois, 1972). Companies get involved in the relations of conflict, hoping the relations of conflict develop functionally. Once the business relationship sets up, benefits can be obtained through tailoring resources to dealing with specific actors. Conflict resolution provides a change of relationship that either two conflicting parties compromise to meet commitment, and collaborate for long term relationship (Latent conflict), or they come to confrontation (Manifest conflict) and end the relationship with disaccord.

There are many factors that influence the parties on both sides of the conflict, such as activities in the past, what each of the two parties learned in its relationships, and companies expectations, and the relationships and the indirect relationship existing within networks (Håkansson and Ford 2002). Conflict is discussed (Anderson, Håkansson and Johanson, 1994) to show a specific relation, which give specific faces of the environment of companies. Conflicts are examined to emphasize the business activities between parties and help to recognize the their business context.

Conflicts also exist across a network. Business networks are considered as structures because of the interdependence of the companies, which can be seen as the result of history (Håkansson and Johanson, 1993). Ford et al. (2006) identify three types of network as supplier network, distribution networks and product development networks. Actors compete within networks in order to gain their own goals, profits,

innovation, and resources sharing. 'Network picture' (Ford et al., 2003) is used to investigate the interconnection between a company and the environment, in which interactions provide an important analytical instrument for both researchers and market actors (Ford and Redwood, 2005). Business network constructs from a focal company and its partner in a focal relation that is connected with other relationships (Anderson, Håkansson and Johanson, 1994). Companies intend to functionally maintain stable within their networks and conflicts, but the networks change (Håkansson and Snehota, 1995) with the conflicts developing.

5 Resources in conflict resolution

From the perspective of IMP, actors interdependently possess mutual resources. Resources are used and combined within a network of actors, which reflect the values of actors. Barney (1991) defined firm resources as 'strengths that firms can use to conceive of and implement their strategies'. In the strategy process research, companies monopolize, control or combine resources for the purpose of enhancing their advantages. Three types of resources are considered as physical capital resources, human capital resources, and organizational capital resources (Barney, 1991). The process of resolving conflicts is that actors compete for the three types of resources both between and within organizations. They possess physical capital resources by improving their technology, developing their equipment, testing and inventing. In order to get human capital resources advantage, actors devote themselves into training, building up relationships, and getting organizational learning (Argyris and Schon, 1996). Organizational structure, management system, and operational environment are improved so that actors benefit from possessing organizational capital resources. Actors combine and possess resources in order to create their own values and encourage innovation. Actors possess resources to chase after the overall goals of each party of a conflict. Resources help actors resolve conflict by bonding up actors in a contract and construct business relationship.

Håkansson and Johanson (1992) propose Activity-Resource-Actor (ARA) model to identify the interaction process between companies. This model suggests the relations of resources constellation, activities patterns and actors' networks. Resource ties connect various resource elements as products or services. Activities links connect business activities of the companies together (Ford and Mouzas, 2010). The ARA model uncovers three layers (activity, resource, and actor) relations and the specific role that resource plays in business context. The competence of possessing resources represents the development of a company.

Resources are tied by conflict and also used to help make conflicts. The resources dimension explains how they help actors resolve conflict and built up new relationships. From the conflict perspective, actors are more equal on either side of conflict in mobilizing resources. Customers are no longer 'passive audiences' but become 'active players' (Prahalad and Ramaswamy 2000). 'Players' participate in markets and get

involved in the exchanges, integrate resources, and offer service so that a relationship of co-creation can be formed (Vargo and Lusch, 2011). Vargo and Lusch (2008) propose that operand resources are tangible, which require action to make valuable, but operant resources are intangible, dynamic, which are capable to co-create value. Value is co-created through the process of 'value in use'. The customer value is defined as 'an interactive relativistic preference experience' (Holbrook, 1996). Actors mobilize resources in business settings (Finch, et al., 2011) rather than just exchange them (Håkansson, 1987) by participating in conflict both social and economic. Actors mobilize resources in order to co-create values for their partners. The mobilizing of resources is the power for actors to maintain a long-term business relationship.

6. Practice-based approach to marketson conflict perspective

We address that markets are shaped and exchanges happens by conflicting roles of actors based a pragmatism and practice approach (Araujo, 2007; Kjellberg and Helgesson, 2007b). *Laws of Markets* (Callon, 1998) has become the most influential practice approach to markets and the practice-based approach to marketing have been developed in recent years (Araujo, 2007; Kjellberg and Helgesson, 2007).

We are more aware of actors' accountability in performance. The performativity approach in marketing has been adapted and further developed on the continuous construction of markets (Araujo, 2007). Practices differ from routines in that they are often fragmented, require assembling in contexts and can be augmented. We explain market studies that emphasize performance and performativity ahead of practice, implying that actors seek to recruit practices in the actions that actors get positions on either side of conflict and make it.

Practice to marketing is frequently used to indicate the kind of activities and behaviors actors do when performing conflicts and forming relationships. Practice is a more general reflection to performativity that is specifically put a theory into practice. Organizational conflict influence market performance (Cosier and Rose, 1977).Practice approaches to conflict research have been located mainly within organizations. Conflict plays positive role on relationship establishing and changing, mostly purposely. From the perspective of IMP, we seek to extend the organizing process of conflict resolution to include interactions among companies, so including markets as well as organizations as spaces and places in which actors organize business activities. Actors participate in conflict and aim to find the way out of it. Actors learn from conflicts and activities of dealing with conflict. Conflict is an interactive process promoting organizational constructive change, which can also be a device that enhance or weaken relationship, either ending a relationship due to confrontation or eliminating the conflict by compromising and establishing a new relationship of collaboration.

7. Conclusions and future research

We take the interest in studying industrial market relationship from the perspective of

conflicts interdisciplinarily. Conflict, working as a phenomenon, is adopted and translated into industrial market research to help understand business relationship and also a key resource to provoke relationship and network change. Conflict works as a device to help shape and reshape market. We concern more on the process that actors make and deal with conflict rather than the consequences of a conflict. Conflict is an interactive process, which positions actors, causes change to enable exchanges, and exchange reshape to fit in markets.

As a starting point, the future research will examine the value and value creation hidden behind of conflict parities when conflict resolution takes place, which could be more focus on different expectations and responses of actors. More empirical research is used to explain how conflict cause market relationship and the network change. We also propose to narrative the phases and connections between each stages of conflict resolution process and actors resolve conflict through organization learning.

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