

A Transactional - Relationship Marketing Management Approach

Introduction

Higher education institutions are embracing closer relationships with local communities and industry (Kalar and Antoncic, 2015, Johnson and Fosci, 2016) to enrich and improve education and research, as well as ensuring that students graduating are 'fit for purpose' (Lantos, 1994). Despite the growing interest in such collaborations for mutual benefits there is limited understanding as to which relationship marketing management model works best for Knowledge Exchange and Commercialisation/Business Development (KEC/BD) professionals appointed by universities to manage such partnerships. The relationship between universities and industry is well documented and the mutual connection between the two parties has become 'a global trend' (Arvanitis et al., 2008 and Ambos et al., 2008). Many governments are also actively encouraging such collaborations (Leydesdorff and Etzkowitz, 2003), with funding schemes which stipulate industry and academic partners must work together. In the UK, dedicated government funding was introduced towards the end of the 1990's to incentivise and encourage what is referred to as university-industry links (UILs) (Acworth, 2008; Day and Fenandez, 2015).

Relationship marketing management approach is well known and regarded as an accepted management model for university-business collaborations (Frasquet et al., 2012). Indeed, Marzo-Navarro et al., (2009) suggested that using a relational marketing approach adapted to suit universities and business partnerships can create a sustainable competitive advantage for universities. On the contrary, Weckowska's (2015) found that transactional and relationship marketing approaches may co-existed in managing these relationships. It is important to note that beyond the co-existence model a marketing strategy continuum was also proposed by Gronroos (1991), with the relationship marketing approach at one end of the spectrum opposite the transactional marketing approach on the other end.

Another important dimension of the discourse has been the rationale behind the failure of some relationship management approaches in the past. Researchers such as (Palmatier et al., 2007, Beverland and Lindgreen, 2004) have queried the effectiveness and value of using relationship marketing techniques and whether the additional expenses incurred reflects in financial returns. According to Ashley et al., (2011) customers (for example, business sector partners) not 'participating' in a collaborative relationship is a frequent reason for why relationship marketing programmes fail. Ashley et al., (2011) emphasised that knowing the specific factors that influence a partners/customer/collaborator's readiness to engage in relationship marketing programmes is critical for institutions.

While we draw on insights from these studies, none has focus on the role that expected level of engagement on the part of the business sector partners play in relationship management approach selection for higher education – business sector collaboration. We thus extend the body of knowledge in this area by developing a model for understanding the dynamics of higher education and business sector relationship management approaches by highlighting the key role of expected level of engagement of the business sector partner. The model developed based on the study results depicts a transactional - relational management

approach underpinned by the depth of engagement. We also map the nature of interaction and management of business relationships by universities and the role of KEC/BD professionals as well as inhibitors to university-business sector collaborative progress.

The paper is structured as follows: We begin by presenting a review of the literature on the application of relationship management approaches to University/Business relations and the role of KEC/BDs in the University/Business Relationship. The next section covers the research methods, case selection and data analysis. This is followed by the discussion that dovetails into the model development and presentation. The final section presents the conclusions, implications of the study to stakeholders.

Relationship management approaches to University/Business Relations

Marzo-Navarro et al., (2009) suggested that using a relational marketing approach adapted to suit universities and businesses can bring direct benefits and create sustainable competitive advantage for both parties. Marzo-Navarro et al., (2009) further found that the relational marketing concepts of satisfaction and commitment are key factors to achieving the two-way relationship that brings about greater benefits. The study also argued that it is important for University Managers to understand what gives a business a feeling of 'satisfaction' so that they can create beneficial long-term relationships. They opined that businesses would 'continually participate in the activities of university institutions' to ensure that universities are delivering what businesses specifically want (Marzo-Navarro et al., 2009, p.127). Furthermore, they found many businesses did not see it as their role to engage with universities, rather they expected universities to come to them.

While there are limited studies in how KEC/BD support business/industry relationships there are many studies which have focused on what supports academic interactions with businesses. Craig Boardman and Ponomariov's (2009) argue that informal interactions play a key role in creating tangible outcomes between academic institutions and private companies. They further indicate that funding makers should not focus their time on supporting formal institutions to make these interactions but rather to support individuals in making informal interactions. Similarly, Martinelli et al., (2008, p.260) express how informal interactions can become 'the seed-bed for more 'contractual' and 'formalized' knowledge exchange and transfer'.

Despite the popularity of relationship marketing management approaches in HEI-Business Sector partnerships, academic studies have queried the effectiveness and value of using relationship marketing techniques (Palmatier et al., 2007, Berry, 1995, Beverland and Lindgreen, 2004, Šonková and Grabowska, 2015). Ashley et al., (2011, 749) states that: 'understanding the factors that affect a partner's/customer's willingness to engage in relationship marketing programmes is vital for organisations. Interestingly, Weckowska's (2015) research into 'learning-in-practice' in university Technology Transfer Offices (TTOs) reported that transactional and relationship marketing approaches may co-existed under different contexts. The study suggests that future research could examine whether the 'prevalence of transaction-focused commercialisation practice' hinders or promotes science-based innovation.

The sentiment of understanding industry partners, their needs, expectations and their behaviour if one wants to achieve the best outcomes is crucial to not wasting time and resources (Lapierre, 2000 and Anderson et al., 1994). Reviews of the issues around

relationship marketing and why it does not always work indicate that a business may incur not only additional expenses, but the approach may be counterproductive and disappointing (Cram, 1994). In their study, Beverland and Lindgreen (2004), sought to find the ideal environment and circumstantial conditions that moderate the use of relationship marketing by highlighting what they referred to as ‘customer-driven value change’. This is the situation whereby the decision of customers to change this relationship is key (Beverland & Lindgreen, 2004). Based on the conflicting finding and the potential of partner expectations we suggest that the expected depth of engagement envisaged by an industry may be critical to the choice of relationship management approach.

Methodology

The study examines relationship management approaches in higher education–business sector collaboration from the perspective of KEC/BD professionals and their business sector partners. A mixed method approach consisting of an online survey for quantitative data and interviews for qualitative data, were used in this study to create a more robust and rounded view of contributing factors to the relationship and the choice of pathways. We gathered both qualitative and quantitative data from KEC/BD staffs based within UK universities and UK businesses who have engaged with the HEI sector. The quantitative data sets were gathered with two online surveys. The first survey was launched and distributed to KEC professional group, PraxisUnico (www.praxisunico.org.uk) - a world-leading national professional association for public sector knowledge exchange and commercialisation practitioners. The second quantitative data set targeted businesses who have engaged with UK universities. This survey was distributed via LinkedIn, both the LinkedIn groups for the London Chamber of Commerce and Hertfordshire Chamber of Commerce, in the University of Manchester Alumni LinkedIn group and via email from the partnering UK Universities to their entire business contacts database. The qualitative data set for businesses was generated from interviews with selected key staff of four businesses who have engaged with the same UK based university. Three of the businesses had worked with multiple universities and had been engaged with the HEI sector for many years on multiple projects.

Method of analysis

The first analytical step involved a descriptive summary of the two online survey data from business partners and KEC/BD professionals respectively. The second analytical step was to delineate the key elements in the interview for a Critical Discourse Analysis (CDA). CDA is one of the most popular methodologies for the analysis of language and texts in management and organization studies (Leitch and Palmer, 2010). As an interpretive work CDA use logic and credibility of arguments with quotes from the texts that substantiates them to very textual analysis (Lincoln & Guba, 1985). The merits of employing semi-structured interviews in this study enabled the use of open-ended questions that provided the opportunity for follow-up questions to that assisted the researcher to obtain in-depth, personalised data (Mason, 2002 and Cohen and Manion (1994). The results of the descriptive summaries on the two surveys and the CDA are presented in the next section.

Results: Descriptive Summaries from Business partner and KEC/BD survey results

Regarding the types of engagement with the University, the results show businesses hold diverse understanding of what constitutes ‘working/engaging with’ HEIs. The responses show that businesses communicate/engage with the university through on-going correspondence, via specific collaborative project activity representatives, or with a specific academic/business development team member or a combination of contacts from the

university. On the question of the type of relationship management model business partners seek, 28% stated they seek a more transactional approach and would look to approach the university only when they need to. Sixty-one (61%) preferred a relational approach and 11% percent do not have a preferred preference.

Most of the KEC/BD respondents worked in teams of 10 people or less. The results showed that commercial research (82%) and consultancy (86%) are the two largest areas being supported by KEC/BD staff. On the question of how the university they worked for stayed in touch with clients, 29% stated that their university does not actively try to maintain contact with clients. When asked whether their university uses Customer Relationship Management (CRM) software, 43% stated their university does not use any and 57% stated that their university does use a CRM to record and manage client details. KEC/BD respondents were unanimous about adopting relational management approach right from the beginning of the partnership. To them using a relationship marketing approach could engender trust, satisfaction and commitment and the university will benefit from repeat business. They however, indicated that the size/value of a project influences how quick they move, and the amount of time and resources applied to foster the relationship.

Critical Discourse Analysis (CDA) Results

The critical discourse analysis revealed that business sector participants collectively felt relationships management on the part of their University partners is not satisfactory. There was consensus that the university 'doesn't stay in touch' and that receiving an occasional general invitation to an 'open' business engagement event is not viewed as 'staying in touch'. They all confirmed that although 'there is on-going communication' when businesses are involved in a project there is no consistent communication with the university as an institution when they are not. The analysis based on the interview results indicated business partners were evenly split on the need for engagement beyond specific business transaction(s) to a long-term relationship with the University. A section of businesses expected exclusively project-based relationships whereas others expected engagement that goes beyond 'business transactions'. As such they regarded the type of approach adopted by the University towards managing the relationship as a major factor that influence their commitment and trust to the relationship. All interviewees wanted to have face to face meetings, either in person or using IT resources such as 'skype', as this was seen to add 'more value'. In sum, a relationship with the university as an institution was seen to be 'valuable only if its working or serving a purpose'.

CDA on the interviews with the KEC/BD Teams revealed among other findings that there was no specific university-wide strategy for managing relationships with external businesses who had or were engaged with the university. The analysis revealed that KEC/BD Team members acknowledged that their behaviour towards the client is dependent on the value of the client and the assumption as to whether there would be repeat business. Although creating and establishing a long-term relationship with a business was KEC/BD Team's default desirable position. However, financial targets had to be met ultimately and so there was a feeling amongst the KEC/BD team members that they had to keep moving projects along. The KEC/BD team collectively felt short term measures that assess the team's work did not help encourage building long-term relationships. KEC/BD Team members further suggested that the university community need to engage and participate in the engagement process with external businesses to really make the most of what could become broad long-term collaborative relationships.

Discussion

The findings from the critical discourse analysis based on the KEC/BD survey and interviews indicate that although universities do want long-term relationships between themselves and businesses, they are not actively initiating, managing and maintaining these relationships in a strategic, holistic and cohesive manner. Despite the good intention to pursue a long-term relationship and hence taken a relational approach, a significant proportion of the business sector partners (about 50%) expect to have a project-based transactional relationship instead. As the findings show, not all business partners want to engage in long-term relationships and studies have shown that many companies approach a university/industry relationship with a short-term goal in mind looking for tangible results for an immediate problem (Santoro and Chakrabarti, 2001). Earlier studies have highlighted the customer's role (Beverland and Lindgreen, 2004; Marzo-Navarro et al., 2009) in deciding whether they want to engage in a relationship and this study provides further evidence that not all business sector partners want to engage in relationship marketing style approaches from the onset of their collaboration with the University. The findings do not indicate that Universities use any strategic differentiation based on how business clients want to be treated. The dynamics within higher education and business sector relationship management revealed through the results of the study is presented as Figure 1 below - a model of higher education and business sector relationship management approaches in the UK.

Figure 1: A Model of Higher Education and Business Sector Marketing Relationship Management Approaches in the UK

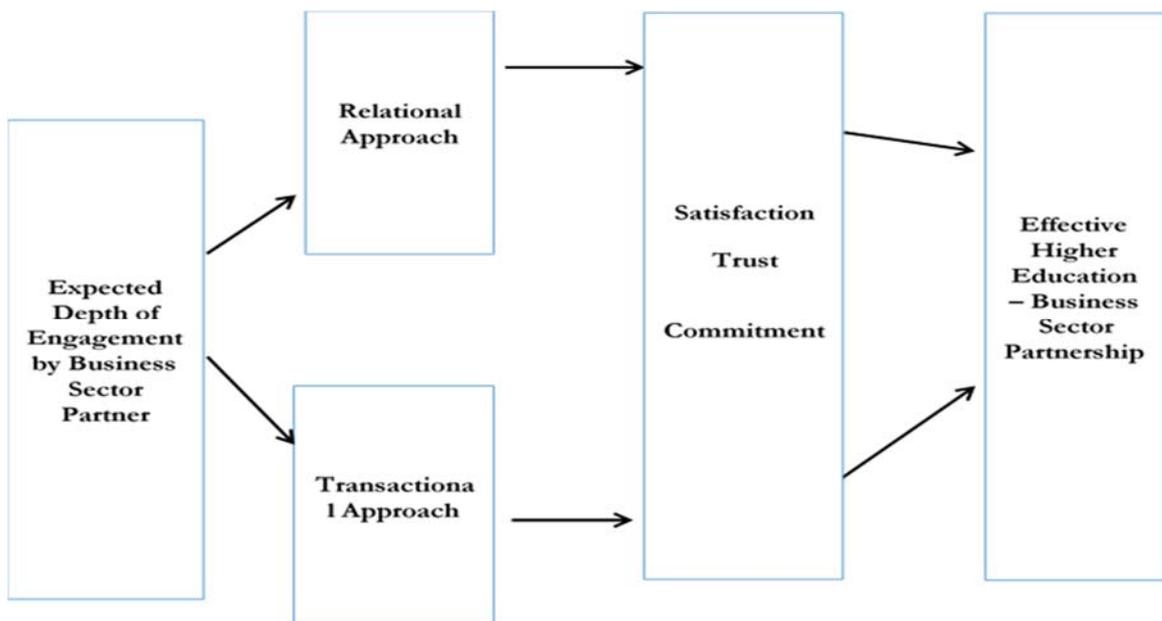


Figure 1 shows that the expected depth of engagement by the given business sector partner is a key determinant of management approach, to pursue either relational or transactional approach by a higher education institution. Thus, a convergence between expected depth of engagement and the appropriate management approach will determine the degree of

commitment and trust and subsequently influence the effectiveness of higher education – business sector partnerships. Hence, the current approach where KEC/BD team apply the relationship marketing approach as the default position will not engender commitment and trust of all business sector partners, particularly those that seek single transactions. The evidence suggests that universities, like other businesses, do “not sufficiently acknowledge the role of the business sector partner as a customer, nor the relationship to them as a resource” (Storbacka and Nenonen, 2009: p.361).

Both the quantitative and qualitative findings confirm that KEC/BD professionals are committed to long-term relationship marketing management approach. As earlier reported by Segarra-Moliner et al. (2013), the findings show that the relationship quality between the KEC/BD team and the business does influence the quality of the long-term relationship. However, it does not appear to influence the business partner’s opinions of satisfaction or trust in the institutions in any positive way. While personal relationships were seen as valuable by businesses, they did not automatically lead to high level of trust, satisfaction and commitment to the delivery institution. What the personal relationships did offer, which reinforces the point of view of Biggemann and Buttle (2012), is that it serves a ‘buffer’ that could be exploited in challenging times when formal institutional level communication has broken down.

Conclusion

Universities have expanded remit that includes reaching out to build HEI/business relations (Sharifi, 2014 and House of Commons, 2017). Many factors contribute to the success of university and industry relationships but the management approach adopted for the collaboration impacts greatly on its success. The results of the study from the mixed methods research design show that whilst business sector partners expect either transactional and marketing relationship management approach, KEC/BD team adopts relational approach which is not fully carried through. Thus, both categories of business sector partners become frustrated and hence lose trust that affects collaborative performance negatively. The model presented in Figure 1 revealed that a transactional approach to relationship marketing management will suit partnerships in which businesses are not looking for an immediate higher depth of engagement. However, for those businesses willing and looking to enter a more engendered long-term relationship with a university, a relationship marketing management approach could create a competitive edge in an increasingly international and challenging environment.

The result of the study has implications for HEI-Business partnerships as the expectation gap between business sector partners and higher education institutions continue to influence the success or failure of their collaborative partnerships. Thus, the prospects of higher education and business sector relationship management to deliver helpful collaboration will depend on the convergence between expected service and its corresponding management approach. KEC/BD team therefore require a new orientation to appreciate the different needs of business sector partners to enable them adopt the appropriate management strategy and acquire the requisite resources needed to deliver effectively. It is however important for stakeholders to be cautious in generalising the findings of this study as it is based on limited number of university and business sector participants in the qualitative phase of the study.

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