

# Relationships Between Food Producers And Retailers<sup>1</sup>

Competitive paper

Hans Skytte

*Department of Marketing and Statistics,  
Aarhus School of Business, Aarhus University  
Haslegaardsvej 10, DK-8210 Aarhus V, Denmark  
sky@asb.dk*

## **Abstract**

In this paper many of the ideas from the original IMP project are pursued, among these are the idea that the focus is on relationships between buying and selling organizations rather than on isolated events; the idea that both organizations in an interaction are active; and the point of view that organizations are not identical – they are distinct (Håkansson, 1982). Since 1982 many contributions have been made to further develop the original ideas of the IMP researchers, and more recently researchers have taken the “linguistic turn” to further develop the approach, among others Alvesson and Kärreman (2000) and Lowe, Ellis and Purchase (2008).

The purpose of this paper can be seen as providing a new and further contribution to the IMP approach seen from the constructivist and the linguistic point of view. More specifically the purpose of this paper is to explore ‘organization making’ and to present a model of relationships between food producers and retailers. The research question is how an organization constructs its reality and how it achieves, sustains and changes its patterns of organization and inter-organizational relations.

The model is built on the constructivist paradigm, conceptual frameworks and an analysis of a number of organizations. The methodology used in the project is the constructivist approach to grounded theory. Two conceptual frameworks are developed in this paper: one concerns the organizing of an organization and another concerns relationships between organizations. These frameworks are used for the analysis of food producers and retailers, and for the relationships between them.

The results show how the food producers and the retailers construct meaning of the words and concepts used to analyze them (their identity, context, image etc.). The analyses also show how the individual companies develop and change through more or less coherent recursive patterns. Finally, it is shown that there is room for improvement regarding inter-organizational relationships between food producers and retailers.

The main contribution is that an organization and its inter-organizational relationships can be viewed as a number of recursive processes.

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The paper begins with a short introduction to the constructivist paradigm. Secondly, there is an overview of the conceptual framework used for the analysis of organizations. Thirdly, there is an overview of the conceptual framework used in the analysis of relationships between companies. Fourthly, an overview of the methodology is given. Fifthly, some of the preliminary findings are presented. The paper concludes with managerial recommendations for food producers.

Keywords: Food producers, retailers, inter-organizational relationships, recursive processes

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## OBJECTIVE AND RESEARCH QUESTION

The overall objective of this study is to explore 'organization making' (Smircich & Stubbart, 1985, p. 724) including the development of inter-organizational relations. More specifically, the research question is how an organization constructs its reality and how it achieves, sustains and changes its patterns of organization and inter-organizational relations. This means that the focus of the study is not on investigating cause-and-effect relationships but on how recursive patterns of organizational life is constructed in marketing channels consisting of food producers and retailers.

The generation of data takes its starting point in two conceptual frameworks. One concerns the organizing of an organization and another concerns relationships between organizations. These frameworks are used for the analysis of food producers and retailers as well as for the relationships between them. In the frameworks the main concepts used to study the companies are: identity, image and desired image, organizational field, local rationality, strategy, structure, artifacts, and buying/selling and projection.

In the study, 44 interviews were conducted. One of the main findings is that the concepts used to analyze the companies are linked in recursive patterns, i.e. the meanings that companies construct of concepts are linked in recursive patterns. This means that a company's development takes place in recursive patterns including the development of relations between words, concepts, meanings, actions, internalization, and then words, concepts, ... ad infinitum.

## PARADIGMATIC ASSUMPTIONS

The study is based on ontological, epistemological and methodological assumptions in accordance with the constructivist paradigm (Wittgenstein, 1953; Berger & Luckmann, 1966; Gergen, 1994; von Glasersfeld, 1995; Charmaz, 2006).

Concerning the constructivist ontology, it is important to realize that '... constructivism deals with *knowing* not with *being*' (von Glasersfeld, 1991, p. 17; italics in the original text). According to the constructivist paradigm, it is thus stressed that ontology is a social construction; in other words ontology consists of socially constructed meanings - not of a physical world. It could be added that 'social constructionism does not commence with the external world as its fundamental concern (as in the exogenic case) or with the individual mind (as endogenecists would have it), but with language' (Gergen, 1995, p. 23). This means that it is the language of individuals and organizations and their constructed reality, i.e. meanings constructed via language and communication, that are in focus when the talk is about ontology; an ontology that is also referred to as being 'social' and 'linguistic' (Gergen, 1994). This understanding of ontology also means that it 'involves a critical revision in our ontological commitment from an ontology of *being* to an ontology of *becoming*' (Chia, 1995, p. 594: italics in original text).

Regarding epistemology, constructivism breaks with the traditional understanding; Gergen (1995, p. 37) thus states: 'Traditionally, the terms of our language have gained their meaning by their links to specific, real-world referents. However, for the constructionist, this view of language as a picture is abandoned'. This means that epistemology and truth cannot be a matter of correspondence with real-world referents. Instead the focus is on language as an outcome of social interchange. This means that what is vital is that language – the words, the concepts, the meanings – are chosen,

developed and used, not by the person alone but through social interaction. It is thus stressed that the social element is crucial for the constructivist epistemology.

Moreover, the understanding of the constructivist epistemology is that there is no relation between a person and an object but that the meaning of an object is constructed via language games, i.e. constructed by persons through conversation, negotiation, agreement, etc. (Wittgenstein, 1953; Gergen, 1999). When using constructivist epistemology, the focus is not on subject-object relations but on subject-subject relations. This understanding of constructivist epistemology is also expressed by Mintzberg, Ahlstrand and Lampel (1998, p. 165; *italics in the original text*) who state that: 'The mind ...*imposes* some interpretation *on* the environment – it constructs its world'. At the same time these constructed and imposed meanings form 'the truth' – and the ontology (Morgan, 1980).

The constructivist approach to grounded theory, is employed as the methodology or research strategy for this project (Charmaz, 2000; 2006). Applying this research strategy stresses that the study concentrates on *how* and *with whom* a person or an organization constructs its reality rather than *why* a particular reality is constructed.

About the constructivist approach to grounded theory it is said that it 'assumes the relativism of multiple social realities, recognizes the mutual creation of knowledge by the viewer and the viewed, and aims toward interpretive understanding of subjects' meanings' (Charmaz, 2000, p. 510). As can be seen here, the research strategy used focuses on the respondents' meanings and on how these meanings are constructed. According to Charmaz (2001), the constructivist grounded theory consists of methodological strategic guidelines that aid the researcher study social processes or social systems, to direct data generation and to manage data analysis.

## A MODEL OF ORGANIZATIONS

This section reviews the most important concepts used to analyze the companies investigated in the project. These concepts are identity, image, context, strategy, structure, artifacts/assortment and projection, and selling/buying.

It is important to stress that the model developed is used for the analysis of both food producers and retailers since this will permit integration of the findings.

### A company's identity

When management talks about their company, they often do so based on its self-reflective identity (Albert & Whetten, 1985) tempered by image constructions of actors in its context. Seeing a company's identity as a self-reflection, it must be emphasized that a company's identity can at the same time be seen as developed in the light of the managers' constructed understanding of the stakeholder groups perceived as central to the company (Scott & Lane, 2000). Identity thus becomes the collective construction and understanding of the company.

An organization's identity as a concept may in general be expressed in three necessary and sufficient dimensions (Albert & Whetten, 1985). These three dimensions comprise what the management

- claims to be the central characteristics of the organization
- claims distinguishes the organization from other comparable organizations
- claims to be the enduring features which have characterized the organization until now and will continue to do so in future.

The characteristics expressed as being an organization's identity are perceived as expressed in meanings that the managers have achieved some degree of consensus about by means of language games. In connection with the tripartition of the concept of identity, it must be stressed that an organization's identity is seen as constructed through a continuous process in which the management constantly compares its own organization with selected other organizations.

The characteristics that the management claims to be the company's identity express what the company 'is' and not what it 'has' (Smircich, 1983). The organization's identity may therefore be seen as an answer to the question: 'Who *are* we?' or more precisely 'Who *are* we as a company?'

It should be underlined that in the process of identity construction management places its company in larger social systems or contexts of meaning (Fiol, Hatch & Golden-Biddle, 1998). This means that a company's identity is the management's understanding of what the organization 'is' in relation to its constructed context or major social systems.

It is important to a company's development that its identity is under constant change. Such a change is an essential element in a company's construction of its context, and at the same time it is a key factor for interaction with the constructed context actors (Fiol, 2001). Finally, it should be pointed out that a company's identity is perceived as being the starting point for its other meaning constructions and for its recursive patterns. Thus, identity is also the starting point for the company's development including its ability to create a favourable competitive position in its context.

#### A company's image, desired image and reputation

A distinction is made between reputation and image. It could be said that a company's *reputation* is external individuals' and companies' constructed understanding and assessment of the company and its products. A company's *image* is, however, the management's constructed understanding of external individuals' and companies' understanding and assessment of the company and its products. More precisely, it may be said that a company's image is understood as how the management believes actors in the context (customers, suppliers, financial institutions, etc.) understand and assess the company and its products (to retailers, assortment is as important as the individual products) (Dutton & Dukerich, 1991). Both reputation and image are, in this paper, constructed meanings.

A well-established reputation among the actors in the company's context can help attract resources; thus, it constitutes an important aspect of the company's development (Rindova & Fombrun, 1999). Such resources may come from customers or financial institutions, or they may come through labour.

Several studies show that a company's change and development depends, among other things, on the extent of conformity between its identity, its image and its reputation. Coherence between these three concepts – identity, reputation and image – is a crucial issue in connection with the

management and development of a company, such as getting actors in the company's context to understand the company and its products (or assortment) in the same way as the management itself does.

The concept of image gives rise to the concept of 'desired future image' or simply 'desired image'. A company's *desired image* is here seen as being constructed via comparison with other organizations. The desired image is not indicative of an internal psychological condition, but a desire created via socially constructed meanings; it is expressed in words and phrases (Bruner, 1990). Gioia and Thomas (1996) argue that a 'desired image' helps set the standard for interpretation of issues in connection with organizational development. The desired image is an expression of how a company's management would like external actors, such as customers, suppliers, etc., to perceive and assess the company and its products (or assortment) in the future in order to achieve the possibility of doing desired business and transactions with them.

### Context

This paper dissociates itself from the perception that there is an objective or a subjective environment which the company must adapt to.

Instead, an approach is used about which von Foerster (1984) states that the *context* as understood by the company is its own 'invention' or construction. The important point here is that a company's context is composed of constructed meanings of the objects and actors it distinguishes in its environment.

It should be added that the company's context changes following the company's construction of new meanings of objects and/or actors. In this respect it should be underlined that a company's construction of its context is considered to be crucial for its development (Pondy & Mitroff, 1979).

More specifically this paper uses DiMaggio and Powell's (1983) organizational field concept in connection with the perception of a company's context, i.e. a company's context consists of key suppliers, customers, regulatory agencies, competitors, trade organizations, etc. which the organization constructs meaning of. It should be emphasized that this paper perceives the organization's identity as the guiding concept when it comes to including companies and organizations in a particular company's context, that is to say when a company's identity is developed and changed, its context also changes.

DiMaggio and Powell (1983) state that an organizational field only consists of organizations. Consumers are not included in the definition as, according to DiMaggio and Powell (1983), they as individuals have limited influence on a company. In this paper consumers will be included in an organization's context to the extent and in the way that the individual company constructs meanings of them or share meanings with them. This means that consumers are often included in a company's context but not in its organizational field. That is to say that a company's organizational field is a subset of its context.

According to DiMaggio and Powell (1983) it is companies' mutual awareness, their communication and interaction as well as their mutual agreements that institutionalize and delimit a company's organizational field. Subsequently, it should be mentioned that it is crucial that the actors in an organizational field are not abstract entities, but concrete companies and organizations (Uzzi, 1996). On the basis of the organizational field approach, a market, an industry or a competitive situation therefore is not assessed based on the number of companies in its field – where, earlier, concepts

such as pure competition, oligopoly or similar terms were used together with anonymous market forces such as supply and demand – but only on concrete companies, companies' meaning constructions, their interactions and their actions.

### The strategy of a company

The reason for including the concept of strategy in this paper is that strategy is considered a significant link between a company's understanding of itself, i.e. its identity, and its understanding of its context, which means that a company's strategy has decisive influence on its construction of meanings, actions and its change.

The starting point for a company's strategy is the management's construction of the company's identity, image and desired image. Previous studies state that the management's comparison of the constructed meanings of these three concepts provides the company's strategic direction (Dutton & Dukerich, 1991; Dutton & Penner, 1993; Gioia & Thomas, 1996). The constructed meanings of these three concepts may therefore significantly influence which issues a company's management finds relevant for its strategy and future development.

Altogether, it can be said that besides the constructed strategy's outset in its identity, image and desired image, an organization's strategy is the company's continuous recursive processes in connection with its context, structure, products (or assortment), as well as its projection and other actions.

### The structure of a company

In connection with the analysis of a company's structure or rather its structuration, focus is on the extent to which the company's identity, its image and its desired image are externalized as structure. In addition, attention is directed toward the extent to which the company's constructed context and its constructed understanding of the context actors are externalised as structure; and finally it is examined to what extent the company's constructed understandings of its products (or assortment), projection, purchase and sales activities have an impact on its structuration.

All in all, it can be said that a company's structuration is a question of to what degree a company's meaning constructions and actions (the continuous recursive processes included in the strategy concept) are linked as recursive patterns. This means that a company's structure may be seen as a collection of more or less coherent recursive patterns.

### Artifact development

In an analysis of a company's artifact development (or assortment building if it is a retailer), attention is directed toward the extent to which the organization's constructed identity, image and desired image exert influence on the organization's artifact development. Furthermore, the extent to which the company's constructed context and meanings of the context actors are externalised as artifacts is analyzed (Garud & Rappa, 1994). Finally, it is examined to what extent the company's constructed understanding of its structure, projection and purchase and buying/selling activities have an impact on its artifact development.

By linking the analysis of a company's construction of its identity with its artifact development, an analytical relation has been created between the entire company's change and its development of artifacts.



### The projection of a company

The functionalist or traditional approach assumes that what a company communicates to its environment is information about attributes inherent in its products or the company itself. The focus in the above approach is on companies having to adapt communication and projection to receivers' senses. And furthermore, according to the functionalist approach, the overall purpose of projection is to create positive *attitudes* towards the company and its products from actors in its environment so that they provide the company with sufficient resources.

Whereas, according to the constructivist approach, language consists of words and concepts which only have meaning when forming part of a linguistic context. This approach also implies that no attributes are considered inherent in relation neither to the company nor the products in focus. On the other hand, it may be said that: 'When we communicate, we are not talking *about* the world or reality, instead we actually *create* the social world or reality' (Pearce, 1994). This underlines that language *is* reality, but language is neither the thing nor the object. According to constructivism, the purpose of a company's projection is not to create positive *attitudes* among actors in its context, but rather to construct *shared meanings* with them – so that they provide the company with sufficient resources.

### Selling/buying

The last concept used to analyse each individual company is personal selling/buying (the concept of selling concerns producers and buying retailers) (Meyer, Boli & Thomas, 1994; Tsoukas & Vladimirou, 2001). Employing the above-mentioned concepts, the focus was on the companies' management, but the paper follows Brown (1978, p. 376) who states: 'This is not to say that power to define the [company's] paradigm is held exclusively by those at the top of the hierarchy...', people at lower levels in the organization can also – through negotiation with management and through their daily work with customers and suppliers – influence the company's construction of reality.

When looking at selling/buying i.e. interactions and relations between companies at a personal level, it is important to stress that '... the actions taken in the name of organizations are driven by individuals and therefore draw for some of their explanation on individual motivations... [and] values' (Child, 1997, p. 60-61). As mentioned by Child (1997) it is thus significant that interaction between companies is dependent on the individuals' – i.e. sellers and buyers – characteristics when they interact with other companies for their own company. But instead of focusing on personal motives and values, this framework uses other concepts; these are the individual person's constructed identity (Fine, 1996) and his constructed understanding of his company's identity (Ashforth & Meal, 1996); his constructed image and desired image (McCall, 1977; Berzonsky, 1988); his constructed understanding of the shared knowledge in his company (Tsoukas & Vladimirou, 2001); his constructed and used occupational rhetoric (Fine, 1996); his constructed understanding of his company's strategy (Ashforth & Meal, 1996); his constructed understanding of his company's structure (Nohria & Gulati, 1994); his 'significant others' (Berger & Luckmann, 1966); his use of personal impression management (Goffman, 1959; Chatman, Bell & Staw, 1986); his constructed meanings of the negotiating partner's words and concepts (McCall & Warrington, 1989); and his reputation with each individual from the negotiating partner. To sum up, the individual agent's (seller or buyer) actions (including language) are assumed to be dependent on the concepts and meanings mentioned here.

### An organization's local rationality/recursive pattern

As a consequence of the approach adopted in this paper, an organization's decisions are not perceived as being rational, and neither is it implied that the individual organization takes its point of departure in a specific problem, collects information and then chooses the best alternative to achieve a specific goal.

In this paper, decisions are rather seen as being elements of recursive patterns through which the individual organization constructs its reality. Furthermore, the focus is on how an organization reaches various alternatives than on the alternatives themselves. Consequently, focus is on an individual organization's construction of meanings, and this in turn means that an organization does not make decisions based on collected and interpreted information about an environment independent of the organization, but that they actually construct and create their reality through their 'decisions' or what here - in relation to organizations - is termed its 'local rationality' (Chia, 1994).

More specifically, a decision-making process, i.e. a recursive process, fundamentally consists of five linked elements or concepts, viz. words, concepts, meanings, actions and internalization. The process is seen as taking place in a spiral. The choices of words and concepts as well as the construction of meanings, the actions and the internalizations are all conducted by one or more meaning-constructing units. A meaning-constructing unit can – for an organization – be a group of persons – from one or more organizations – who participate in the same language game. According to Wittgenstein (1953), a language game is a subset or fragments of a group's actual linguistic practice. In a language game the participants may agree (on what is true or false) 'in the *language* they use' (Wittgenstein §241; italics in the original text). What they may agree on and eventually act on is their constructed social reality.

The relationships between producers and retailers are seen as taking place in recursive patterns including the development of relations between the actors' words, concepts, meanings, actions (buying/selling), and internalizations, and then over again words, concepts, ... ad infinitum.

In recursive patterns a *word* is not a mirror, a reflection or a map of the physical reality, i.e. a word does not stand for a particular object; rather, a word is a label of a person's speech sound, i.e. a term which is constructed inter-individually in relation to particular persons' forms of life and their speech communication (Wittgenstein, 1953; Bakhtin, 1986).

A *concept* is a particular word used by a particular social group when they communicate about a particular issue, e.g. 'quality', 'fresh' or 'fast'. A concept can also be a compound e.g. 'language game', 'resource dependence', or 'inter-organizational relation'. The importance of the choice of concepts in a particular situation is stressed by Wittgenstein (1953, § 570) when he states that 'Concepts lead us to make investigations; are the expression of our interest, and direct our interest'. In this paper Wittgenstein's concept 'interest' is connected with the analyzed social units' identities.

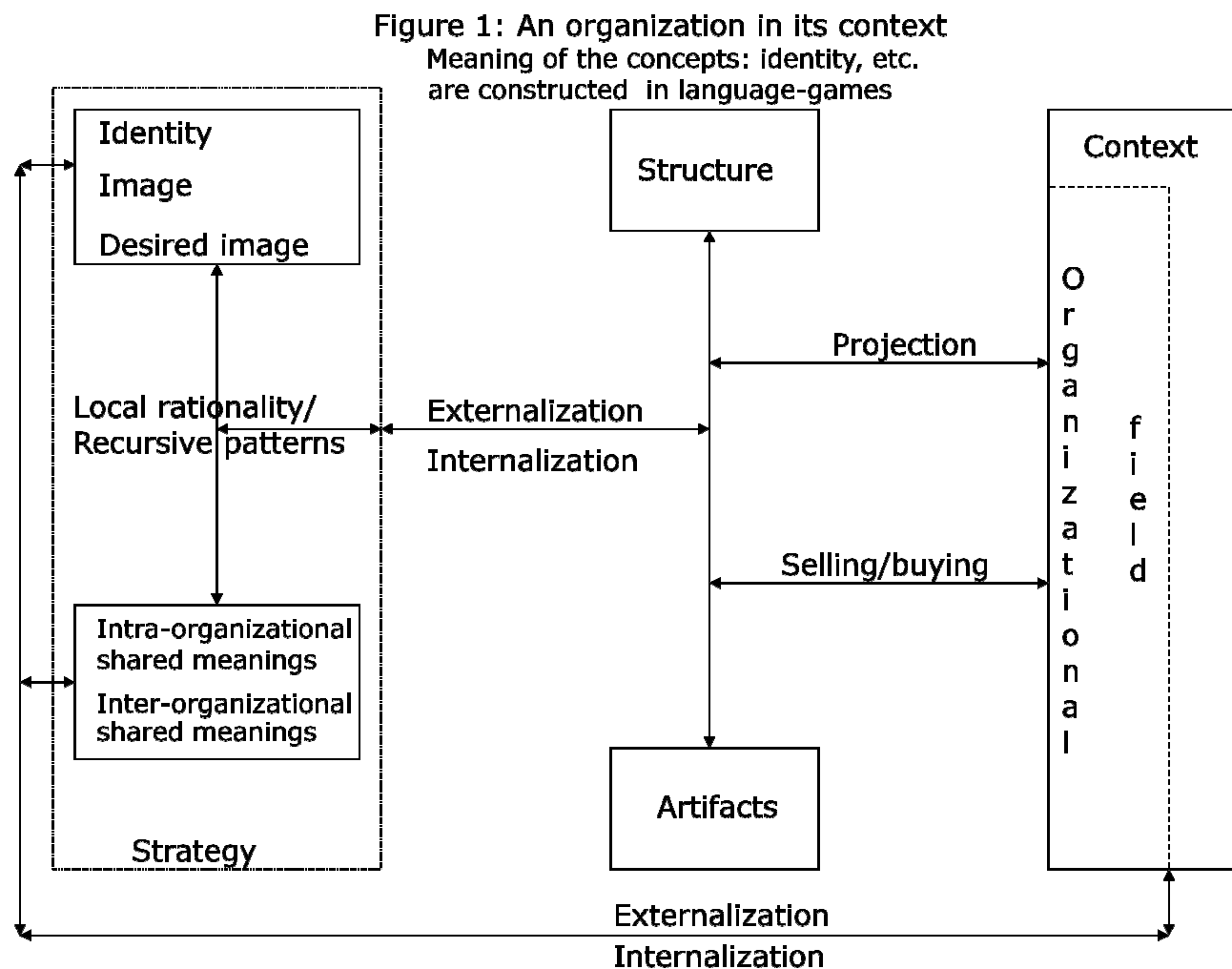
The *meaning* of a word and concept is defined by: 'The meaning of a word [and a concept] is its use in the language' (Wittgenstein, § 43). To this definition it should be added that meanings are born of co-ordinations among persons, that is, agreements, negotiations, and affirmations (Gergen, 1999). It is thus clear that word and concept meanings are seen as being social constructions.

As regards *actions* it should be stated that an organization's construction of reality are crucial for which world it sees as the one it is acting in, and in this way the constructed reality is significant for

the actions performed. This means that an organization's actions are dependent on its words, concepts and meanings; or in other words – a social unit's actions are driven by its words, concepts and constructed meanings. In this paper whose focus is on relationships between food producers and retailers, the actions (an action can in a way be seen as being the output of a recursive process) in focus are selling and buying. A buyer (a retailer) may reach 'action' (buying) without any construction of shared meanings together with a seller (a food producer). Or a buyer may reach action after construction of shared meanings in a language game (Wittgenstein, 1953, §7) together with a seller. Furthermore, 'actions' can also be viewed as being an organization's identity, image, strategy, structure, new products, etc.

*Internalization* by a seller/buyer is the question of constructing an understanding of another social unit's utterances and other actions including reactions to the focal organization's actions. It should also be said that for a buyer or a seller to internalize an understanding of another's actions and utterances is to construct meanings of their utterances and other actions. Such meanings are dependent on which words and concepts the buyer and the seller use to 'see', recognize and internalize the others actions.

The concepts mentioned above appear in figure 1 below.



## KEY CONCEPTS OF RELATIONSHIPS BETWEEN ORGANIZATIONS

As a starting point for the inter-organizational analyses, all organizations were first analyzed on the basis of the concepts employed for the analysis of one organization. This means that in connection with the individual organization, attention was devoted to its identity, image, desired image, context, strategy, structure, artifacts/assortment, and projection as well as buying/selling. Such an analysis of the individual organization (producers and retailers) makes it possible subsequently to review to what extent producers and retailers have constructed a reality which furthers or inhibits cooperation, or which makes cooperation possible or impossible.

The specific comparable fields can be outlined in the following questions:

To what extent is there:

- (a) complementarity between a producer's and a retailer's constructed identity?
- (b) compatibility between a producer's and a retailer's constructed context?
- (c) conformity between a producer's and a retailer's constructed image and desired image?
- (d) compatibility between a producer's and a retailer's constructed strategy and structure?
- (e) compatibility between a producer's constructed artifacts and a retailer's assortment?
- (f) compatibility between a producer's and a retailer's projection and their selling/buying?

An organization's constructed identity is the starting point for the delimitation of the context in which the organization's management sees the organization as an actor. This means that the individual producer's identity exerts significant influence on which retailers it constructs as potential cooperation partners, and that each retailer's identity has a decisive influence on which producers are constructed as potential cooperation partners.

Re. (a)

When the management constructs the company's identity, they will stress 'who they *are* as a company' and they will usually delineate what functions the company undertakes (Whetten & Godfrey, 1998), as well as which resources they are prepared to invest in (Rindova & Fombrun, 1999). Based on this understanding of a company's identity, it could be said that for any cooperation between two companies to work, their identities must be complementary. Accordingly, prior to any possible cooperation a company must acknowledge that what a potential partner engages in must be relevant – to some extent. In other words, the dyad must agree on the division of functions and tasks.

Re. (b)

Only to the extent that a producer's and a retailer's constructed contexts (DiMaggio & Powell, 1983) contain the same actors, i.e. their contexts are compatible, is it possible to construct inter-

organizational shared meanings of these actors, and only if this is the case, will cooperation be possible.

Re. (c)

It is assumed that interaction and inter-organizational cooperation require – more or less – that there is conformity between the image and desired image (Gioia & Thomas, 1996), which a producer and a retailer has or strive to acquire at the product level. This means that there must be some degree of agreement on which images and desired images are significant in relation to certain context members. There must also be some degree of agreement on what dimensions the various images should contain. It should be added that a producer may well have products at various image levels (including no-name products, branded and private labels) that match retailers with different images and desired images.

Re. (d)

It is assumed that interaction and inter-organizational cooperation, to a certain degree, require compatibility between a producer's and a retailer's strategy and structure. Concerning strategy (Dutton & Dukerich, 1999; Rindova & Fombrun, 1999) compatibility is assumed to be a matter of the producer's and the retailer's recursive processes in connection with their identity, image and desired image as well as their context, structure, products (or assortment), projection and other actions for cooperation to be possible.

Concerning structure (Jepperson, 1991) compatibility involves that the structures of two companies, to a certain degree, must complement each others' recursive processes; this is assumed to be a prerequisite for cooperation.

Re. (e)

It is assumed – to a smaller or greater extent – that interaction and inter-organizational cooperation require compatibility between a producer's products and a retailer's assortment (Skytte & Blunch, 2001) meaning that the producer's products must fit into the retailer's assortment.

Re. (f)

It is assumed that the interaction and inter-organizational cooperation more or less require compatibility between a producer's and a retailer's projection and selling/buying activities. As regards projection, the question is to what extent the producer's and retailer's projections – in relation to joint context members – may supplement or complement one another. Regarding selling/buying activities, it is relevant to consider whether the producer's sales practices are compatible with the purchasing behaviour of the retailer (Skytte & Blunch, 2001).

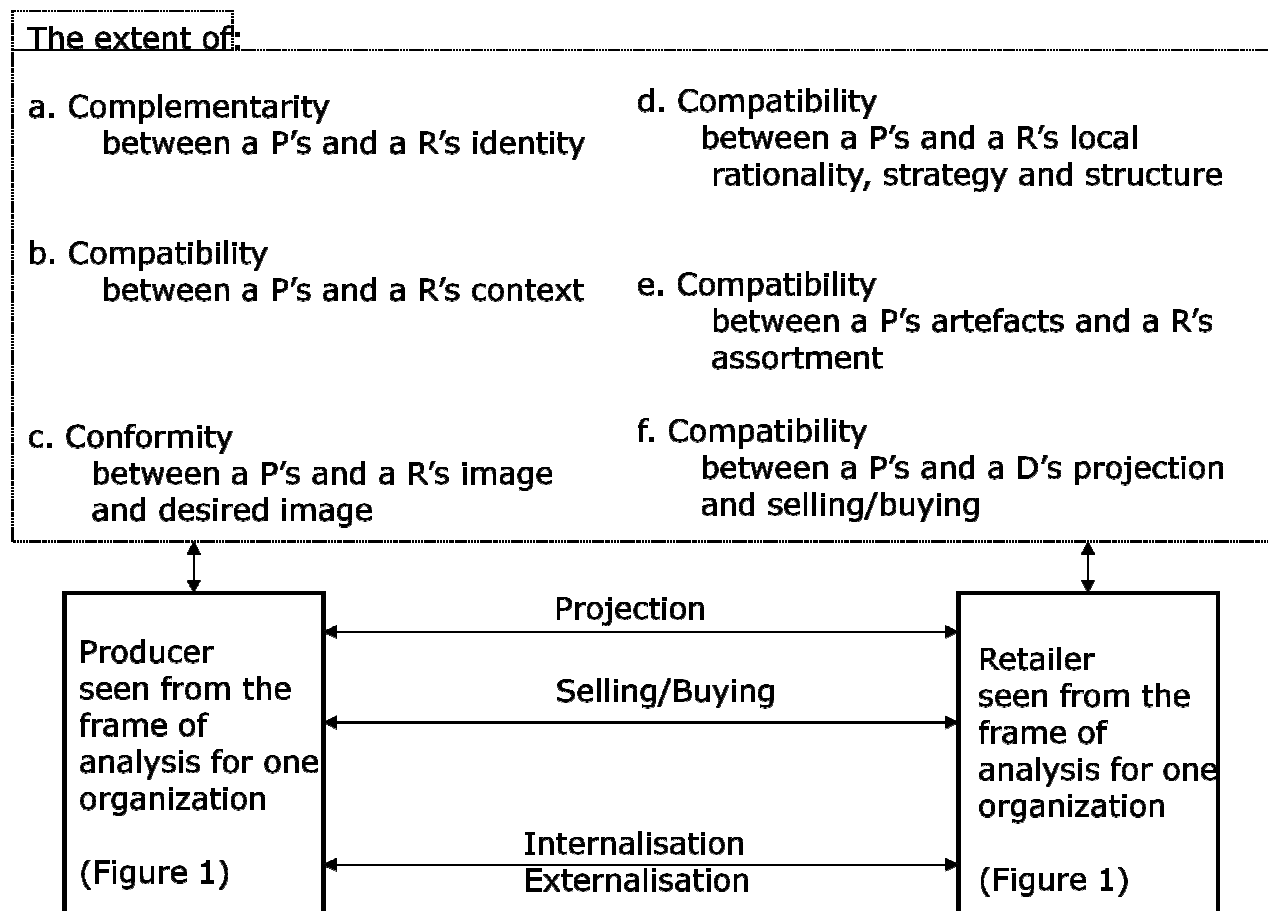
Further comments on the analysis of inter-organizational interactions and relationships

The above-mentioned model of relationships between organizations can be used to evaluate the actual and a potential relationship between two organizations. A specific relationship between two organizations can be expressed as meanings regarding each organization's own identity, image,

desired image, context, understanding of context members, strategy, structure, artifacts (assortment), projection and selling/buying activities.

Following the analysis of the individual companies, each individual dyad can be analyzed and explained by the extent to which there is complementarity, compatibility and conformity according to the figure below:

**Figure 2: Frame of analysis for a dyad in a distribution channel**  
(For example a producer [P] and a retail chain [R]))



Furthermore - inspired by Dwyer, Schurr and Oh (1987) - a relationship, in particular the trade between a producer and a retailer, may be analysed and evaluated on the basis of volume, duration and consistency. The volume of trade can be analysed and evaluated based on how large a share of a retailer's or a producer's defined type of product is included in the transaction from one company to the other. Duration can be analysed and evaluated based on the length of the relationship; and

consistency is the question of whether there is a constant flow of trade or whether interruptions occur, or whether the trade is marked by fluctuations.

## METHODOLOGY

The concepts reviewed above were used as a starting point for the analysis of food companies in the Danish slaughterhouse sector and for the analysis of retail chains in Denmark, Sweden, the UK and Germany. The slaughterhouses and meat processing companies that participate in the project were chosen based on recommendations from and discussions with the project sponsor. The sponsor furthermore suggested that retail chains in Denmark, Sweden, Germany and Great Britain be added to the project as they are the major buyers of Danish pork. In this study, 44 interviews were conducted; 15 on the production side and 29 on the retail side.

In relation to the generated data it should be mentioned that the selection of companies for the project follows Alasuutari's (1996, p. 375-376; quotation marks and italics in the original text) directions: 'In this kind of qualitative inquiry, one does not conceive of the particular objects of study within the "sample logic" of surveys... Instead, the particular objects ... are considered as closely analyzed *examples* of different discourses within which cultural groups conceive of their living conditions and organize their lives'. This is, more or less, similar to Weick's viewpoint (1995, p. 173) when he states 'Settings are chosen more for access to the phenomenon than for their representativeness'.

The project participants from the production companies all have senior positions (managerial level) as they must be able to discuss their company's identity and its constructed sector. Besides, their activities must have a decisive impact on their organization's construction of reality (Berger & Luckmann, 1966). Furthermore, it is a prerequisite that their activities revolve around retail chains. The requirements set up for the retail participants are similar, only their daily work must include relationships to suppliers of meat and meat products. The interviews conducted lasted from 60 to 150 minutes.

The methodology used in the project is the constructivist approach to grounded theory (Charmaz, 2001; 2006). About the constructed data, it can be said that 'Data reflects the researcher's *and* the research participants' *mutual* constructions' (Charmaz, 2001, p. 678; italics added). This means that the research participants' utterances or meanings are not understood as facts but as constructed meanings in a context; and that the researcher constructs his own meanings from an application of the concepts in the analytical framework.

About data analysis using a constructivist approach to grounded theory Charmaz (2001, p. 677) says that 'Constructivists ... view data analysis as a construction that not only locates the data in time, place, culture, and context, but also reflects the researcher's thinking'. In the analysis of the companies, focus was on developing an understanding of the individual organization's constructions of meanings and of their actions, i.e. focus was on creating an understanding of how and with whom in its context an organization constructs meaning of the words and concepts used. Accordingly, focus was on the individual organization's reality construction.

Moreover, attention was directed to the individual organization's consistency in their words, concepts, meanings and actions. Also attention was directed to the extent to which the individual organization manages and develops the organization through recursive patterns. Finally, focus was on the degree to which new words and concepts are adopted in order to develop the organization.

## PRELIMINARY FINDINGS

### Constructed meanings of the words and concepts

Over the last 10-15 years the food producers' constructed identity has changed. Earlier they saw themselves as slaughterhouses almost exclusively interested in slaughtering, efficiency, the demand for meat, and meat prices, but now they see themselves as international food producers who are very interested in developing new products and in food processing.

When analysing the Danish food producers' identity constructions, we found seven dimensions. The producers say: a. we are the slaughterhouses for the co-operative pig producers' b. we are producers who produce cuts and processed meat products, c. we supply uniform quality, d. we meet our delivery agreements, e. we are producers with a high level of food safety, f. we are an international food company g. we add value through increased processing. Of course, there are small differences across the companies, but the dimensions mentioned here are the main results of our analyses.

Concerning the retailers, we took the Danish retail chains' constructed identity as an example for this paper. The identities of the Swedish, German and British retailers or retail chains are slightly different. For example, the Swedish retailers very much see themselves as the Swedish food producers' auxiliary arm; the German retailers see themselves as constantly differentiating themselves from other retailers, i.e. their competitors; and the British retailers see themselves as being occupied with the consumers, as well as the quality and traceability of products. It is important to stress that the individual retailer – like each producer – has its own unique identity, but in this paper we look at the retailers' constructed identity at the country level.

The identity of Danish retailers includes seven dimensions. These are: a. we see ourselves as trading companies, b. we are retailers with a specific positioning strategy (departments, assortment and price level), c. we are assortment builders, d. we are organizations who interpret market trends, e. we are retailers with an assortment which is different from that of our competitors, f. we are innovative, g. we are retailers with a high standard of food safety.

This description of the producers' and the retail retailers' identities shows that the companies stress distinct issues and subjects as being their central characteristics, i.e. their identity. One example is that the food producers stress their involvement in the production process, and the retail chains stress that they are traders. Another example is that both company types stress that they are concerned about food safety – the producers focus on food safety in the production process, and the retailers focus on food safety in the rest of the value chain and all the way to the consumers. All in all, this shows that there is complementarity between the constructed identity of producers and retailers.

Analysing Danish retailers' context constructions show that they are concerned about: a. consumer trends, b. their competitors, c. their current and potential suppliers.

Comparing the constructed contexts of the producers and that of the retailers the results show that the producers take their starting point at the farmers when they construct their meanings, and the retailers begin with their constructed understanding of consumer trends. Therefore it must be stressed that only to the extent that two companies' (a producer and a retailer) constructed contexts overlap it is possible to develop inter-organizational shared meanings and to improve cooperation.



When turning to the analyses concerning image, the results show that the producers have constructed the following (desired) images: a. we think the pig producers see us as yielding a high residual payment, b. we think the retailers see us as being: 1. a professional supplier, 2. a supplier of uniform quality, and 3. a supplier with a high level of food safety, and 4. a supplier who must be more innovative, c. we think the consumers see us as a supplier of fine Danish pork.

The analyses concerning the Danish retailers' (desired) images show that: a. we think the consumers see us as being: 1. a retailer with very fresh meat products, 2. an innovative retailer, 3. a retailer with reasonable prices, 4. a retailer that provides something special compared to other retailers, 5. a retailer where you get value for money, 6. a retailer that has high food safety standards.

As can be seen from the results, there is no direct inconsistency between producers' and the retailers' images, but the retailers are more concerned about the consumers and have constructed far more images of them than the producers. Furthermore, the producers think the retailers want them to be more innovative. Altogether, it can be said that there is a certain degree of conformity between the producers' and the retailers' constructed image and desired image.

Concerning the food producers, product development takes its starting point in their identity. Together with the change in their constructed identity – from being a slaughterhouse to becoming an international food producer – much more focus has been put on artifact or product development, and their range of products has been broadened. In the process of developing a new product, they construct meanings of the various members in their constructed field, including the retailers from the country which the product is being developed for. In that way, they try to come up with products which are complementary to the retailers' stock of meat products. They also construct meanings of the consumers in the country in question and they construct understandings of how they can differentiate the new products from their competitors' products. Having concluded their meaning constructions, they externalize the meanings as new products.

During the process of developing a new product, the food producers often use focus groups consisting of consumers; but the most important evaluation routine used by the food producers is the sale of the new product through selected retailers in the particular country to the consumers. If the sales are not satisfactory after about three months, the product is modified or delisted. Altogether, it can be said that there is a certain degree of compatibility between the producers' new products and the retailers' assortment. Also the food producers' strategy, structure, projection and buying and selling activities are compatible to a certain extent – but there is room for improvements.

### Recursive patterns

As shown in the figure 1, the concepts reviewed in this paper are linked in recursive patterns. Initially, more concepts were included in the analysis, but they were deleted as the analyzed companies did not construct meanings of them. The model shows how a company is developed through construction of meanings of words and concepts used in the company and also how meanings are externalised as actions. The individual company's understandings of the results of its actions are subsequently internalized contributing to the ongoing construction of meanings.

The analyses also show how the individual companies develop and change through more or less coherent recursive patterns. These patterns take their starting points in the individual company's constructed identity and its constructed context. In other words, based on its constructed identity

and its constructed context the individual organization constructs parts of or full recursive patterns, and in this way it constructs the reality in which it operates.

When taking a closer look at the various patterns, very fine and coherent recursive patterns are sometimes found. This applies, among other things, to the companies' identity development; their construction and reconstruction of image and context; their formulation of strategy; and their construction of artifacts. In other cases there are only fragments of processes and unconnected concepts and actions. This has implications, among other things, for the companies' projection.

## MANAGERIAL RECOMMENDATIONS FOR FOOD PRODUCERS

To produce usable recommendations for food producers based on the results from the project, a number of authors are drawn on; among these are Czarniawska, (2001, p. 264) who talks about '...coaching practitioners into reflecting over their logic of practice'; others are Smircich and Stubbart (1985, p. 727) who propose that organizations must remain critical and constructive regarding '... the processes of knowing'; furthermore the concept of 'generative theory' is used (Gergen, 1994) to explain to food producers how they can develop their relationships with retailers by using new words and concepts and construct meaning of them together with the retailers.

Very briefly it might be worth mentioning that the investigations reveal that the food producers are not particularly aware of the construction of their context, nor have they outlined their construction of meaning to understand field members in any great detail. It is thus recommended that food producers use a larger number of words and concepts in connection with the construction of their context.

Furthermore, it is recommended that the food producers increase their awareness of how they externalize their constructed meanings of the context members as strategy, structure, artifacts and other actions. It is also suggested that producers should strive to learn more from their own structuring, product sales and their own actions to obtain a more coherent pattern in their development. Here the individual producer must be more aware of what words and concepts are employed when seeking to understand the results (internalization) of their own strategies, structures and actions.

Additionally, it is recommended that food producers give more attention to what context the individual retailer constructs, and the meanings the retailer constructs of the actors they consider significant.

Based on the models developed above, it can be said that management of organizational change and the development of relationships involves three topics:

1. Management of words and concept application
2. Management of meaning construction
3. Management of recursive patterns

The basic perception of *management of words and concept application* is that only by using words and concepts can you make distinctions – using your senses is not enough; and only the words and concepts you construct meaning of – in language games - can lead to action (Gergen, 1994; von Glasersfeld, 1995). This means that: 'The more refined our language, the finer our distinctions' (Tsoukas & Vladimirou, 2001, p. 977).

Use of multiple words, concepts and meanings therefore provides an opportunity to launch more faceted assessments and more actions. Therefore, companies are recommended to expand the number of words and concepts in their language to gain an opportunity to construct and implement multiple meanings and carry out more actions.

It is often better for organizations to look for new words and concepts (Løwendahl & Revang, 1998) they can construct meanings of and in this way adapt their existing reality and development patterns rather than for them to apply cut-and-dry theories and models which are rarely suited for the individual organization's current context and development pattern.

Therefore it is suggested that an organization import new words and concepts into their language. To do this the organization should:

- be more aware of its current context actors' use of words and concepts,
- reconstruct its context and start collaborating with new actors,
- collaborate with researchers within fields which may be of importance to the company's development,
- collaborate with consultants within fields which may be of importance to the company's development,
- recruit staff with education, experience, and therefore language, different from that of present employees.

Regarding *management of meaning construction*, it must be stressed that this is the same as management of the company's construction of reality. What matters here is who is involved when the management constructs meaning of words and concepts used in various situations. The focal issue is which internal persons – with which language – are part of the meaning constructing processes in terms of intra-organizational shared meanings, and which actors (internal and external to the organization) – with which language – are part of the meaning construction processes when aiming at inter-organizational shared meanings.

Regarding *management of recursive patterns*, it must be stressed that it is not sufficient to construct meanings of words and concepts. The management must also make sure that the present words, concepts and meanings and new words, concepts and meanings are used throughout the recursive processes or patterns; i.e. throughout the spiral: words – concepts – meanings – actions – internalizations – words – concepts – etc. Otherwise the organization and its relationships will not be developed. Said differently, the development of the organization is a result of the words and concepts used, the meanings constructed, as well as its externalizations and the actions carried out, and subsequently the internalizations of the results of the actions.

All in all, the results show that there is room for improvement in the way food producers and retailers work together in the marketing channel. The main reason why their coordination leaves something to be desired is their unawareness of the possibilities – they do not employ the necessary words and concepts for constructing shared meanings and therefore they fail to fully coordinate their actions.

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