**Unravelling power asymmetry challenges for smaller enterprises that engage with larger players – a case of a small business brand and a much larger, international retailer**

1. **Abstract**

Objectives:

This paper addresses issues of power, symbiosis, mutuality and control in business-to-business relationships. The paper aims to illustrate the challenges that SMEs face and the benefits sought when it comes to getting a brand on to a major player’s list. The paper offers insight into potential mitigation when negotiating such challenges.

## Prior Work:

1. It is rarely, if at all, easy for SMEs to negotiate with larger players. The relationship the SME brand can have is seen as crucial to success. It is a common assumption that power asymmetry lies at the heart of the relationship between the SME and the larger player with concern for how the SME brand can be taken to a much wider and often international target market, a goal that might be seriously difficult if not impossible for many SMEs to achieve otherwise. This assumption, however, may be an erroneous one. The issue of power in business-to-business relationships from a customer relationship management (CRM) and relationship marketing (RM) perspective revolves around trust, (dyadic) symmetry and mutuality but other types of relationships can and do exist; a power-imbalanced relationship might be seen as just as important in understanding business exchange. An obvious example of this latter position can be seen in the food and drink sectors where power is in the hands of the large multiple retailers. Another way of viewing this position is through the use of transaction cost theory and the relationship between performance and (international) market entry mode, given the very different nature and modus operandi of small firms as opposed to large firms in terms of, for example, resources, assets and behavioural and environmental uncertainties. Power as a construct, however, lies at the heart of the RM paradigm, power being seen as alien to the effective working of exchange relationships where success stems from cooperation, trust and mutuality where power negates cooperation and power imbalances are detrimental to building and sustaining relationships and relationship quality. In this sense power is in opposition to trust and power is not used in the trust-commitment-loyalty RM models. An alternative way of seeing relationships is through opportunism that results in the achievement of sales and effective power imbalance management.
2. **Approach:**
3. The paper takes a theoretical approach to the use of CRM and RM, Transaction Cost and Research Dependency in the context of an SME wishing to enter into a relationship with a larger player in order to have international exposure for its brand. This is then applied in the context of an SME brand that had operated in the domestic (UK) market but now has the potential to ‘go international’ through the relationship developed with a global player in the women's and children's clothing market with 1400 stores in 74 different countries. The paper explores whether the relationship can be seen as a partnership where ‘fit’ is part of RM strategy within a CRM framework that is platform for further symbiosis between the two players or whether it is opportunism on one or both players’ part where the case might be better viewed through either a transaction cost or resource dependency lens.

**Results:**

The paper builds on the literature that suggests the types of challenges that SMEs face when entering into relationships with larger players such as agreement on returns by the customers, percentage level of margins, access to display areas, help with point of sale, web content, representation and staff training, sales staff incentives, advertising, merchandising and pricing. This then creates a situation whereby the SME has to deal with a number of different departments and personnel that have differing needs and requirements while the SME has the desire to have a single point of contact. The paper also highlights the usefulness of the success and heightened credibility of an SME brand that has a relationship with a large player that provides ‘strategic fit’ in what can be a symbiotic relationship but also the challenges an SME has in the face of resource dependency.

I**mplications:**

1. The paper discusses the challenges faced and benefits gained by the SME that engages with the larger player and underlines the importance of CRM and RM and of the ability to develop a brand through association and engagement with a larger player. The paper therefore explores the notions of symbiosis and mutuality as opposed to resource dependency and coercion as well as opportunism and control.

Value:

The paper is of value to those involved with the running of SMEs that are contemplating entering into a relationship with a larger player in terms of challenges and benefits of such an enterprise. The paper will also be of value to those involved in a teaching and learning context in terms of this and also SME brand building and development.

**Keywords:** International market entry; CRM and RM; power asymmetry; mutuality and symbiosis; transaction cost; resource dependency; opportunism.

1. **Introduction**
2. This paper is about power (symmetry or asymmetry), symbiosis, mutuality, dependency and control in business-to-business relationships and the difficulties small firms can have in their dealings with much larger players, particularly if this involves a small firm’s consumer brand with the company wishing to take advantage of a relationship with a large, international retailer. Whether the power of the larger player is part of a natural hegemony that causes a relationship to be asymmetrical in power terms or whether there is a possibility of some form of symbiosis through the application of Customer Relationship Management (CRM) and the practice of Relationship Marketing (RM) is a key issue that is at the heart of this paper.
3. **Background**
4. It is rarely, if at all, easy for SMEs to negotiate with larger players. The relationship the SME brand can have is seen as crucial to success through reduced cost, improved quality and access to markets (Perez and Cambra-Fierro, 2015). It is a common assumption that power asymmetry lies at the heart of the relationship between the SME and the larger player with concern for how the SME brand can be taken to a much wider and often international target market, a goal that might be seriously difficult if not impossible for many SMEs to achieve otherwise, especially where external resource access can be had by partnering with larger firms. A key difficulty with this kind of arrangement is the sharing of value and the influence of power on respective share of the value ‘pie’ (Perez and Cambra-Fierro, 2015). This assumption that an SME might accept this kind of arrangement as ‘par for the course’, however, may be an erroneous one. The issue of power in business-to-business relationships from a CRM and RM perspective revolves around trust, (dyadic) symmetry and mutuality but other types of relationships can and do exist; a power-imbalanced relationship might be seen as just as important in understanding business exchange. An obvious example of this latter position can be seen in the food and drink sectors where power is in the hands of the large multiple retailers (Chicksand, 2015).
5. Another way of viewing this position is through the use of transaction cost theory and the relationship between performance and (international) market entry mode, given the very different nature and modus operandi of small firms as opposed to large firms in terms of, for example, resources, assets and behavioural and environmental uncertainties (Brouthers and Nakos (2004). Power as a construct, however, lies at the heart of the RM paradigm, power being seen as alien to the effective working of exchange relationships where success stems from cooperation, trust and mutuality, where power negates cooperation and where power imbalances are detrimental to building and sustaining relationships and relationship quality. In this sense power is in opposition to trust so that it is no surprise that power is not used in the trust-commitment-loyalty RM models (Hingley, 2005a). Alternative ways of seeing relationships is through opportunism that results in the achievement of sales and effective power imbalance management as viewed through the lens of Resource Dependency Theory (Chicksand, 2015).
6. This paper addresses issues of power, symbiosis, mutuality and control in business-to-business relationships. The paper illustrates the challenges that SMEs face and the benefits sought when it comes to getting a brand on to a major player’s list. The paper offers insight into potential mitigation when negotiating such challenges. The application of this to the partnering of an SME brand of children’s outdoor clothing with a large multinational clothing retailer and the resultant case illustrates how a relationship can be formed but also dissolved because of the challenges both actors (but especially the SME) face in managing such a relationship.

**Literature review**

The literature around power and power asymmetry is made up from work constructed from a variety of research approaches. There is, therefore, a paradigmatic diversity of approach to research within the context of small business and relational marketing with an eclectic mix of studies and therefore different lenses to choose from as a way of seeing a particular case. This is evident from the variety of sources of reference discussed below.

Power as a construct

The importance of power as a construct is linked to the RM paradigm that deals with exchange rather than transaction. Exchange suggests a particular closeness rather than dealing at ‘arm’s length’ as with the transaction approach to doing business and marketing. It has long been assumed that cooperation allows SMEs commercial opportunities they might not otherwise have, thus alongside their flexibility and local knowledge such cooperation allows for the survival and even growth of SMEs when competing against bigger players. The level of power in the supply chain is a product of degree of concentration and product standardisation with related costs and price implications (Masurel and Janszen, 1998). The theoretical relationship between market concentration and what Masurel and Janszen call commercial SME cooperation was tested and supported as a positive correlation in the retail sector of the Netherlands. However these authors recognised that there were differing sub-samples of types of retail, the strongest relationship being found in food. This led to the conclusion that SME cooperation in this context could be product-dependent.

The role of power in business-to-business relationships may be overlooked or merely seen as a side issue but the absence or avoidance of conflict through deliberate conflict management (Shaw and Ennis, 2000) or the resolution of conflict through effective use of the communications process suggests that power and conflict are ever-present whether power is observable or not and even when actors try not to use it (Morrissey and Pittaway, 2006). SME owner-managers tend to take the lead on many issues of management (and wear ‘many hats’ in the process). They tend to be more price driven in relationships rather than moving toward collaboration yet try to use social factors to build trust that helps manage a relationship and in this sense tend to be less formal than larger firms in their approach (Morrissey and Pittaway, 2006).

Power symmetry, asymmetry and imbalance

Power asymmetry in many situations is a reality. Kalatarides and Vassilev (2008) link power asymmetry to robust performance rather than the more negative aspects of dependence on resources that are controlled by a larger firm over the smaller firm in a relationship. They point toward the development of trust, informal relations and the possibilities of mutuality in relationships that contain foreseen power asymmetry.

Itinerant power asymmetry in relationships can be controlled through its institutionalisation via intervention, enforcement and sanction practices, what Rindt and Mousas (2015) call private rules. It has also been argued that power dynamics shape partnerships which are more likely to succeed where there are equal power resources or at least interdependence between collaborating parties (Chicksand, 2015). However it is also argued that the effects of power leading to collaboration is questionable from an SME perspective where relationships are adversarial and the SME can still be successful in a power-imbalanced relationship. An additional factor is that SMEs are not homogenous and some SMEs may have assets that off-set this imbalance such as unique brands or (technological) know-how (Morrissey and Pittaway, 2006). Chicksand (2015) discusses and advocates the application of resource dependency theory (RDT) as a lens to analyse partnership dynamics rather than the use of either RM or transaction cost economics (TCE) as theoretical analytical lenses. The argument in favour of the use of RDT is that other perspectives on dealing with partnerships “fail to adequately capture their fluid and complex nature and how sustainable competitive advantage can be achieved” (Chicksand, 2015: 121).

The argument in this paper is that power is central and not an aside to the success of a partnership between an SME and a much larger player where resources are of the essence and where coercion and reward might play decisive roles as the partnership plays out with the actors involved. To this end three theoretical lenses are considered as potential tools of analysis in the case of the chosen SME and large multinational retailer that is the focus of application of this paper. The three lenses are:

1. Relationship Marketing (RM)

The notions of trust, mutuality and dyadic symmetry stems from a RM perspective which is questioned by, for example, Hingley (2005a) in terms of other alternative relationship forms such as those based on selfishness. Hingley argues that in order to understand business exchange, it should be recognised that power imbalanced and power-dependent relationships are important. Power asymmetry and imbalance are therefore central to this piece. Czakron (2009) argues that power asymmetry is the main reason for the formation of a relationship whereas flexibility is correlated with the development of it. There are, therefore, two sides to this particular coin. On the first power and imbalance are often assumed to be detrimental to business and marketing relationships. Certainly the RM paradigm suggests this (for example Gummerson, 1999, Naude and Buttle, 2000). In a straightforward manner this orientation suggests that power in relationships is inevitably negative and not helpful in relationship building and is the antithesis of trust that is at the centre of Morgan and Hunt’s (1994) oft quoted piece on trust and commitment. CRM with a RM focus has a strong following and position in management. For example an IBM study of CEOs that suggests that getting closer to customers is a top priority of CEOs because of a need to deliver experiences that provide tangible value if they want successful customer relationships as part of CRM (Baird and Parasnis, 2011). This is a fluid situation in marketing terms. Key changes in technology and communication have meant radical and far-reaching changes in the ways all organisations behave. For example many customers are now virtual customers and social media has had a massive impact in many spheres with the opportunity to create a new concept of SCRM, social customer relationship management, (Strategic Direction, 2012) which is driving the conversation (Copley, McLean and Baker, 2012). According to Strategic Direction (2012), senior management have wholeheartedly embraced social media on a global stage.

1. Transactional exchange

On the second side of the coin there is a challenge to the RM paradigm and the idea of cooperation, even within networks and networking. Networking has been seen as a central tenent of SME marketing for at least the last two decades (for example Gilmore and Carson, 1999). In the alternative view SMEs are often seen as fief-like entities or fiefdoms (for example Napoli, 2012) that are used to asymmetrical relationships where asymmetry means less stability and more conflict. A dominant player may be seen as being up against others where punitive actions can be levied without reciprocation. This can be viewed as Darwinian natural selection as opposed to mutual benefit (Hingley, 2005a) i.e. not all relationships are based on trust, simply because they do not need to be. Trust alone as a basis for a business relationship potentially ignores issues such as sales, personal charisma, business opportunism and a degree of self-interest (Hingley, 2005a). In this way of seeing the RM orientation is not a normal state where the management of power imbalance is a continual balancing act without stability. There is, therefore, the existence of a toleration of imbalance for various, other reasons (Hingley, 2005a). In this view the idea that relationships are stable is of course untenable. Change will always be a factor, occurring for many reasons during the course of a relationship between two players. For example until alternatives appear a supplier may have the upper hand but eventually countervailing power may restore equilibrium or dominance. There is an argument for the notion of myth of balance i.e. organisations seek dominance in relationships, through imbalance (Hingley, 2005a) not parity.

Exchange can be seen in the light of the polar opposites of power and cooperation yet power can be a mechanism to achieve cooperation whether this is coercive or non-coercive i.e. power and cooperation can co-exist and be integral to one another. Partnerships can be built between unequals where power can be used to maximise value (Hingley, 2005a) so that each player in a relationship may try to use power to enhance their own position. Hingley uses the food context to illustrate this where the main gateway to the consumer is the retailer who is also a gatekeeper. This is about quasi integration rather than integration where there are a ‘reasonable few’ multiples locked in to a vertical channel. The aforementioned self-interest suggests each actor is out to get as much as is possible out of a relationship. This means that any surplus value will be reluctantly shared between the parties i.e. there will be continual manoeuvring (contra the RM paradigm that suggests pooling or sharing to gain and sustain competitive advantage) in the buyer/seller relationship. This reluctance exists despite the joint effort that seeks to create and enhance surplus value (Hingley, 2005a).

The Transaction Cost perspective with a focus on market entry mode for SMEs is an alternative way of seeing in the SME context. The Transaction Cost perspective (as opposed to that of the RM perspective) is, for Brouthers and Nakos (2004) especially relevant to market entry mode of choice for SMEs. The SME literature is replete with references to the notion that SMEs are different to much larger organisations in many ways but not least in terms of how they market themselves and behave in relationships (for example Coviello and McAuley, 1999). Brouthers and Nakos (2004), however, advocate the Transaction Cost model as a superior way to deal with market entry mode choice and critical strategic decision-making because of asset specificity (for example technological know-how) and behavioural and environmental uncertainties (for example experience, political and legal environments) in order to control cost. For these authors there are two main costs; market transaction costs and control costs. Given the investment required, high environmental risk and lack of proper internal controls as with many SMEs it is not surprising that many relationships are formed following this model.

1. Resource Dependency Theory (RDT)

Chicksand (2015) refers to ‘power regimes’ in relation to ‘power relationships’ (Foucault, 1992) and the degree of resource dependency in relation to resources and superiority in terms of capital, other tangible and intangible assets, distinctive capabilities, intellectual property and know-how (Cox, 2007). Power-imbalanced arrangements “can deliver an enhanced return to suppliers” albeit in the context where “the structures remain resolutely backwardly vertically controlled” (Hingley, Lindgreen and Grant, 2015: 82). There are clearly benefits to be had through partnering but as Chicksand (2015) points out, power can prevent true partnering, especially where surplus value is not equally distributed and where power might mean dominance rather than interdependence in a relationship i.e. power differentials might affect exchange and relationships may well be inherently adversarial and confrontational. Each partner may attempt to use the other for its own goals (Perez and Cambra-Fierro, 2015). This does not mean that partnerships cannot be formed but might mean any semblance of mutuality may be absent and goals may well be incompatible in the RDT perspective which for Chicksand (2015) is a more balanced and commercially realistic view. Cowan, Paswan and Van Steenburg (2015) suggest that equitable sharing of benefits and the use of non-coercive strategies are not the norm in interfirm relationships and view power-benefit interaction and power asymmetry realities as a way of reconciling tolerable relationships i.e. the acceptance of coercive behaviour in exchange for benefits gained as long as such benefits are satisfactory, this being a position somewhere between the ideal and the exploitative. This position would need the more powerful firm to be a benevolent rather than tyrannical one but could be possible given the constantly changing nature of relationships where nothing is static. In the case of a much weaker SME in a partnership with a much stronger multinational the expectation is that the former would accept the terms imposed by the latter with potentially low returns and enjoyment of a disproportionate share of value that is created by the partnering (Perez and Cambra-Fierro, 2015). This might be off-set by the existence and attractiveness of other assets i.e. factors other than price (Tanskannen and Aminoff, 2015).

**The context of application for this paper – Baggers Originals and Monsoon**

Baggers Originals ([www.baggersoriginals.com](http://www.baggersoriginals.com)) is the re-launch of a children's clothing company Baggers and Company that was set up in the early 1990's by Angela Mclean with little more than £10, the kitchen table and a sewing machine. The company then experienced rapid growth achieving sales of over 10,000 units a month of an innovative rainwear product to achieve a turnover of over £1,500,000 in three years.

The rapid growth brought a plethora of challenges and the company became a victim of its own success. The then lack of management skills, under capitalization from the start and the move of manufacturing from the UK to China/Malta with early payment terms, compounded by late payments by retailers contributed to the business running out of cash. This meant forced liquidation five years after launch.

The brand had achieved strong brand loyalty however and four years ago the family decided to re-launch with daughter Jessica joining Angela. The mother and daughter team researched the concept and business model, learning from past experiences and utilising skills and knowledge Jessica had gained with her own clothing company. The strategy was to set up an online clothing company.

The primary unique selling point of Baggers Originals as the name suggests is that the articles of clothing push into an attached pocket to form a bag for children/parents to carry the clothing. The clothing range comprises of rainwear for children aged 1-8 years, recently launched swimwear for 1-12 year olds and towels. The aim of Baggers Originals is to provide products in a bag that are fun, fashionable and a practical product that appeals to both adults and children in the ABC1 market. The company aims to be relaxed, informal and approachable, delivering fantastic customer service, whilst encouraging healthy lifestyles.

Although the brand was initially launched as an online business to maximise on margins it was soon realised that it was still important, at least initially, to sell into retail to create brand awareness with the consumer. Two years ago the Baggers Originals team began working with retailer Monsoon, a global player in the women's and children's clothing market with 1400 stores in 74 different countries, to produce a collaborative range manufactured with one of Monsoons heritage prints - Caravan Rose - featuring on the products. The initial contact with Monsoon was through the extensive networks of the Baggers Originals’ Directors. Baggers Originals viewed this as an opportunity to create brand awareness in both the UK and export markets. Monsoon felt that there was a fit with the Directors in terms of their individuality and the Baggers products and that the relationship would support Monsoon's CSR policy in terms of supporting a young Entrepreneur in the launch of a new business. The rainwear range was dual branded as ‘Baggers at Monsoon’ and the retailer gained exclusivity with the Caravan Rose print.

In the early stages of the relationship meetings were set up with Baggers Management and the children’s purchasing department of Monsoon. Discussions and negotiations centred initially on the final design and focused on the purchasing price of the products to Monsoon. Due to the small size and newness to the market Baggers Originals were in the early stages of negotiations with their manufacturing sub-contractor in China and had little time to build up a strong relationship with the Chinese. Monsoon were initially discussing large volumes of around 50,000 units but wanted to test the market with a small order of 1,000 units. This posed problems for the factory in China who would only reduce the cost to Baggers Originals if the volume from 1,000 units was significantly increased. It was overwhelming at times as the SME was sandwiched between two giants trying to manage the relationship on either side and not only achieve the price point that both the manufacturer and Monsoon were agreed upon but simultaneously maintaining a profit for themselves.

Monsoon’s Caravan Rose print is a complicated design with an 18 shade colour range. Numerous samples were produced by the manufacturing unit in China to achieve the correct colours and the quality of a waterproof garment (which was rigorously tested by a third party). Factory visits were arranged in China by Monsoon and the order could not proceed until all Monsoon’s internal ethical trading standards were met. The process was long, arduous and demanding for the newly launched business as more challenges were presented by Monsoon in what seemed to be a fast paced and ever changing time-scale to reach the seasonal launch. Meetings were time consuming and difficult to arrange with Monsoon and all their varying in-house departments involved in bringing a new product to market. Monsoon were used to working in-house only and no doubt had to face their own internal challenges working with such a small, nascent external business. The order was an important one for Baggers Originals who at that time were negotiating the first £100,000 investment into the business – however the order was a minuscule part of the children’s range for Monsoon who had their own departmental sales figures to achieve.

**Methodology**

Theory to practice

1. The paper takes a theoretical approach to the use of CRM and RM, Transaction Cost and Research Dependency in the context of an SME wishing to enter into a relationship with a larger player in order to have international exposure for its brand. This is then applied in a case study context of an SME brand (Baggers Originals) that had operated in the domestic (UK) market but now has the potential to ‘go international’ through the relationship developed initially with a global player (Monsoon) that is in the women's and children's clothing market with 1400 stores in 74 different countries. The paper explores whether the relationship can be seen as a partnership where ‘fit’ is part of RM strategy within a CRM framework that is platform for further symbiosis between the two players or whether it is opportunism on one or both players’ part where the case might be better viewed through either a Transaction Cost or Resource Dependency lens. Events during the writing of the paper changed this perspective somewhat as discussed in the findings.

The case study as a method

The case study can be one of three types; Intrinsic - the case in hand, Instrumental - as an instance that tells us something about other, similar, instances, and Collective - where a kind of representation is achieved by collecting more than one case (Cousin, 2006). This case study is not of the latter type but can be seen as both intrinsic and instrumental and is used to emphasise the detail of certain events and relationships as a form of qualitative research that, of course, does not make claims on any form of generalizability of the findings to any population. Here the case study is used to craft a study rooted in real-life with particular issues and problems. As such, the situation described is complex, applied as it is to real-life, human situations that relate directly to common, everyday experience. In this sense the case study as used here facilitates an understanding of real-life and complex realities.

Critics of the case study as research method suggest that “it is merely an instance or a methodological option” (Radley and chamberlain, 2012:390) and that case studies lack the rigor and reliability that quantitative methods bring (Kohlbacher, 2006). The often-used criticisms are outlined by Flyvbjerg (2006) who discusses problems with generalizability, verification and testing. However it is argued by (Radley and chamberlain, 2012:390) that a case can be “central to issues concerning social life” and is “basic to any procedure that involves collecting data about the context” and can be tied in to special problems. Sandelowski (2011:153) suggests the case study “helps researchers maintain ‘empirical intimacy’” and can transcend “the qualitative/quantitative divide” Sandelowski (2010:158). A particular strength of the case study is that it is “context-specific but has scope for applicability across other arenas” but it also allows for the “exploration of complexity” and is “situated in a real-life setting” with “thick description enabling others to make judgements about the relevance of findings to their own situation” (Taylor, 2013:4).

Since the purpose of the paper is to explore the relationship between two players – one very large and one small – the case study method of empirical inquiry is a natural choice. The case study is used in many disciplines (Qi, 2009) where it is a tool that can examine contemporary, real-life situations that provide a context for an applied set of ideas (Yin, 1984). Case studies have “a rich history for exploring the space between the world of theory and the experience of practice” (Breslin and Buchanan, 2007:36). These authors advocate the use of the case study to take ideas and make them concrete and real. This is part of the ‘theory to practice’ mantra of many researchers, educational institutions and educators where the complexity of issues or objects can be helped to be understood through extending experience and strengthening what is “already known through previous research” and emphasising “detailed contextual analysis…and provide the basis for the application of ideas and extension of methods” (Qi, 2009:22).

**Findings**

Both Baggers Originals and Monsoon had a common aim to sell the range in 13 countries including Russia, China and Korea. The relationship was set up and developed but became difficult to manage for the much smaller and new business Baggers Originals. Although Monsoon wanted to stock the recently launched swimwear range Baggers Originals have decided not to continue with the relationship as they view Monsoon as a ‘global giant’ that is too powerful. There are both negatives and positives that can be discerned from this particular case:

Negatives

A fundamental issue for Baggers Originals that surfaced during the course of the development of the relationship was that it was apparent that Monsoon had never worked with an external brand and their internal systems and procedures did not make allowance for this. Additional, related points on the downside are:

1. Lengthy and costly meetings in terms of cost and time to initiate and manage the order. Monsoon’s head office is in London and Baggers Originals is based in Newcastle.
2. The Monsoon IT and ordering system presented a challenge for Baggers Originals as the directors had no training on how to manage this. In addition, the Monsoon IT system was not designed for use by an external brand.
3. In keeping with Monsoon’s strict product testing procedures the products had to go through additional stringent tests which were in addition to the legal British Standard. Although the Baggers Originals Directors complied with this it was an additional cost to the company.
4. The factory manufacturing the products for Baggers Originals in China, even though part of one of the largest manufacturing groups in China, had to go through stringent appraisals in terms of ethical trading standards. Issues such as not enough toilet rolls in the toilets for the factory workers and the chef in the staff canteen did not have the relevant qualification presented some problems initially and created delays in the manufacturing.
5. Due to the numerous departments in the Monsoon organization it proved difficult for the Baggers Originals Directors to develop a relationship with one person. Relationships were developed with the IT department, the children's Director, the children's buyer, the technical department and the marketing department. However, one point of contact would have been ideal as there was a significant amount of cross over. Managing the process was exceptionally time-consuming.
6. Margins were squeezed but the Baggers Originals Directors saw the opportunity as a kind of ‘loss leader’ i.e. although a profit was made the size of this would normally be problematic but this was off-set by other benefits accrued (see positives below). However, the time needed to manage the relationship from the Baggers Originals side far outweighed any financial income.
7. In-store the ‘Baggers at Monsoon’ range was offered very little shelf space. Products were being displayed randomly and often hidden by coats and dresses.
8. Sales staff were not briefed on the ‘Baggers at Monsoon’ range and often did not understand the relationship between the smaller company and brand working with the larger company.
9. No additional point-of-sale was allowed other than on the packaging of the products
10. Baggers Originals was not allowed direct access to the retail outlets and any suggestions for proposed point-of-sale and other marketing was handled centrally and declined.

Positives

The relationship did create additional sales for Baggers Originals but the company also gained in other ways. The additional positives are:

* 1. Credibility was enhanced through supplying Monsoon with consumers and other retailers. This supported online sales and helped in gaining additional retailers where developments have occurred and relationship ‘fit’ hopefully improved. Baggers Originals were 'installed' in Fenwick (the UK department store) in their children's department in July 2016. The 'fit' for the Baggers Originals team ‘feels right’ and they have had much support from Fenwick including being given as much floor space as the bigger and more established children's brands. Baggers Originals are also dealing with UK-based department store John Lewis.
  2. The exercise resulted in increased brand awareness.
  3. As a result of the relationship opportunities were provided that helped to maximise public relations activities and gain positive press publicity at both the local and national level. The Baggers Originals/Monsoon story also assisted with a positive social media message.
  4. The exercise for the Baggers Originals team was a positive experience in terms of internal learning. Through working with global retail brand for the first time the team has gained invaluable first-hand working experience on issues such as health and safety and other necessary procedures that might only be had through this form of experiential learning.
  5. The relationship with Monsoon and subsequent order also attracted the attention of angel investors. Early investment (before the business was launched) was offered by two local business men of £100,000.
  6. Baggers Originals were also invited onto the BBC 2 Dragon’s Den where a further investment of £100,000 was offered by Deborah Meaden and Peter Jones, an offer clearly enhanced by the relationship with the global retailer Monsoon.

**Discussion and conclusions**

This paper has developed a case study of the relationship and potential partnering between a major international retailer and a much smaller company with a relatively new and growing brand from the latter’s perspective. As suggested earlier in this paper, the literature around power and power asymmetry is made up from work constructed from a variety of research approaches. As such, from the array of paradigmatic approaches to research within the small business context, there was a perceived need to choose from within what is an eclectic mix of different lenses in order to see this particular case. Three theoretical lenses were chosen through which to view this relationship and the commercial realities that have ensued over the last two years. The three perspectives are discussed in turn below:

* + 1. The RM perspective

The RM lens sees both players having to be on the same page for a RM approach to work within a CRM framework. As pointed out by Kalatarides and Vassilev (2008) while power asymmetry can lead to a more robust performance rather than the more negative aspects of dependence on resources that are controlled by a larger firm in the relationship, a RM approach would require the development of trust, informal relations and the possibilities of mutuality in the relationship which could of course still contain foreseen power asymmetry. In the case of Baggers Originals and the creation of the Baggers at Monsoon range it would appear that the smaller enterprise was unable to create an informal relationship and there appears to be a lack of mutuality in the relationship. It is therefore concluded that in this case a RM approach is not an appropriate approach to the creation of a relationship that had no real basis in symbiosis or mutuality.

* + 1. The Transaction Cost perspective

By looking at the case of Baggers Originals at Monsoon as a commercial relationship through a Transaction Cost lens there seems to be a clearer picture as discussed in the literature (for example Brouthers and Nakos, 2004). First in terms of asset specificity, Baggers Originals has no unique technological advantage or know-how and therefore there was no need for knowledge protection. Second, there should have been no behavioural uncertainties from the Baggers Originals perspective regarding Monsoon. There were, however, some surprises as to how Monsoon operates, especially vis-à-vis an SME such as Baggers Originals. The experience of the Baggers Originals management team was crucial in this area and this is one of the positives Baggers Originals have mentioned in terms of their internal learning. Third, environmental uncertainties were expected to be taken care of by the relationship and paid for by loss of control to Monsoon. The two kinds of cost highlighted by Brouthers and Nakos (2004) - market transaction costs and control costs – were expected. Having control costs for Baggers Originals was the only way since market transaction costs meant that it would not be possible to make progress in the markets entered without the relationship and control costs that were the price to pay for these benefits. However, this very loss of control appears have contributed significantly to the failure of the relationship with Baggers Originals ending up with an unsatisfactory and unsustainable share of the value pie. Regardless of the outcome of this venture it can be concluded that Transaction Cost theory is a more appropriate lens through which to view this case.

* + 1. The Resource Dependency perspective

The ‘power regimes’ in relation to ‘power relationships’ referred to by Chicksand (2015), where there is a degree of resource dependency linked to resource superiority (Cox, 2007), is evidenced in the Baggers at Monsoon context. The vertical control suggested by Hingley, Lindgreen and Grant (2015) is also clearly present. The issue is not necessarily one of confrontation but more one of commercial reality (Chicksand, 2015). Clearly the Baggers Originals team were seeking the benefits to be had from partnering with a large, international retail player but were hoping for what Perez and Cambra-Fierro (2015) call mutuality and what Cowan, Paswan and Van Steenburg (2015) call equitable sharing of benefits and the use of non-coercive strategies that would lead to a more tolerable relationship. Clearly in the end from the Baggers Originals perspective, the loss of control did not match the benefits gained. In the absence of any other kind of asset that would be attractive (Tanskannen and Aminoff, 2015) and could be used as leverage, the Baggers Originals team clearly felt that that there was no more room for manoeuvre. In this sense it can be concluded that looking at the case through a Resource Dependency lens alongside a Transaction Cost lens helps to enlighten the situation.

1. **The paper’s contribution**

The paper builds on the literature that suggests the types of challenges that SMEs face when entering into relationships with larger players such as agreement on returns by the customers, percentage level of margins, access to display areas, help with point of sale, web content, representation and staff training, sales staff incentives, advertising, merchandising and pricing. This then creates a situation whereby the SME has to deal with a number of different departments and personnel that have differing needs and requirements while the SME has the desire to have a single point of contact. The paper also highlights the usefulness of the success and heightened credibility of an SME brand that has a relationship with a large player that desires ‘strategic fit’ in what might have been a symbiotic relationship. The paper discusses the challenges faced and benefits gained by the SME that engages with the larger player and underlines the importance of CRM and RM and of the potential to develop a brand through association and engagement with a larger player but in the end highlights the difficulties and commercial realities faced by the SME. The paper explores the potentially opposing notions of symbiosis and opportunism and concludes that in this case Transaction Cost and Resource Dependency lenses are more helpful in terms understanding the nature of the relationship that was developed. The paper is of value to those involved with the running of SMEs that are contemplating entering into a relationship with a larger player in terms of challenges and benefits of such an enterprise. The paper will also be of value to those involved in a teaching and learning context in terms of relationships and partnering and also SME brand building and development.

**References**

Axelesson, K., Goldkuhl, G. and Melin, U. (2000). Using business action theory for dyadic analysis, Proceedings of the 10th Nordic Workshop on Inter-Organisational Research, Trondheim, Norway.

Baird and Parasnis (2011), From social media to social customer relationship management, Strategy and Leadership, (39) (5), 30-37.

Berry, H., Guillen, M. F. and Zhou, N. (2010). An institutional approach to cross-national distance, Journal of International Business Studies, (41) (9), December, 1460-1480.

Breslin, M. and Buchanan, R. (2007), On the case study method of research and teaching in design, Design Issues, (24) (1), 36-40.

Brouthers, K. D. and Nakos, G. (2004). SME entry mode choice and performance: A transaction cost perspective, Entrepreneurship: Theory and Practice, (8) (3), 229-247.

Chicksand, D. (2015). Partnerships: The role that power plays in shaping collaborative buyer-supplier exchanges, Industrial Marketing Management, (48), 121-139.

Christopherson, S. and Clark, J. (2007). Power in firm networks: what it means for regional innovation systems, Regional Studies, (41) (9), 1223-1236, December.

Copley, P., McLean, A. and Baker, J. (2012), A CSR-driven strategic alliance case study of the launch of the small business children’s clothing brand Baggers and Tyne Gateway, a local North East of England charity working with children and families who experience poverty**,** Proceedings of the Institute for Small Business and Entrepreneurship (ISBE) Conference, Dublin, 7-8 November, CD.

Cousin, G. (2006). Threshold concepts, troublesome knowledge and emotional capital: an exploration into learning about others in J. H. F. Meyer and R. Land (eds), Overcoming Barriers of Student Understanding: Threshold Concepts and Troublesome Knowledge, Abingdon: Routledge, 134-147.

Coviello, N. E. and McAuley, A. (1999). Internationalisation and the smaller firm: a review of contemporary empirical research, Management International Review, (39) (3), 223-256.

Cox, A. (2007). Transactions, power and contested exchange: towards a theory of exchange in business relationships, International Journal of Procurement Management, (1) (1-2), 38-59.

Cowan, K., Paswan, A. K. and Van Steenburg, E. (2015). When inter-firm relationship benefits mitigate power asymmetry, Industrial Marketing Management, (48), July, 140-148.

Czakon, W. (2009). Power asymmetries, flexibility and the propensity to coopete: an empirical investigation of SMEs’ relationships with franchisors, International Journal of Entrepreneurship and Small Business, (8), March, 44-60.

Dow, D. and Karunaratna, A. 2006). Developing a multidimensional instrument to measure psychic distance stimuli, Journal of International Business Studies, (37) (5), September, 578-602.

Drogendijk, R. and Martin, O. M. (2008). Country distance: an objective measure and its impact on international market selection, Proceedings of the Academy of International Business, June 30th-July 3rd

Flyvbjerg, B. (2006). Five misunderstandings about case study research, Qualitative Inquiry, (12) (2), 219-245.

Foucault, M. (1982). The subject of power in H. L. Dreyfus and P. Rabinov (eds) Michel Foucault: Beyond Structural Hermeneutics, New York: Harvester Wheatsheaf, 208-226.

Geylani, T., Dukes, A. J. and Srinivasan, K. (2007). Strategic manufacturer response to a dominant retailer, Marketing Science, (26) (2), March-April, 164-178.

Gilmore, A. and Carson, D. (1999). Entrepreneurial marketing by networking, New England Journal of Entrepreneurship, (2) (2), 31-8.

Gummerson, E. (1999). Total Relationship Marketing: Rethinking Marketing Management From 4Ps to 30Rs, Oxford: Butterworth Heinemann.

He, X, Brouthers, K. and Filatotchev, I. (2013). Resourced-based institutional perspectives on export channel selection and export performance. Journal of Management, (39) (1), January, 27-47.

Hennart, J-F. (2009). Down with MNE-centric theories! Market entry and expansion as the bundling of MNE and local assets, Journal of International Business Studies, (40), 1432-1454.

Hingley, M. K. (2005a). Power to all our friends? Living with imbalance in supplier-retailer relationships, Industrial Marketing Management (34), 848-858.

Hingley, M. K. (2005b). Power imbalanced relationships: Cases from UK fresh food supply, International Journal of Retail and Distribution Management, (33) (8), 551-569.

Hingley, M., Lindgreen, A. and Grant, D. B. (2015). Intermediaries in power-laden retail supply chains: an opportunity to improve buyer-supplier relationships and collaboration, Industrial Marketing Management, (50), October, 78-84.

Inderst, R. (2013). Implications of buyer power and private labels on ‘vertical competition’ and innovation, Research and Consultancy Services (RCS) for the German Markenverbrand (Association of Brand Manufacturers), Goethe Universitat Frankfurt/Main & Imperial College London, October.

Jerath, K., Hoch, S. J. and Zhang, Z. J. (2007). The pursuit of retailing dominance: market dominance, channel dominance or both? Research Showcase, Tepper School of Business, Carnegie Mellon University.

Kalantaridis, C. and Vassilev, I. (2008). Small firm internationalisation: the impact of size on inter-organisational relationships, Proceedings of the International Council for Small Business World Conference, June 22-25, Halifax, Nova Scotia, Canada.

Kohlbacher, F. (2006), The use of qualitative content analysis in case study research, Forum: Qualitative Social Research, (7) (1), January.

Kumar, N., Scheer, L. K. and Steenkamp, J-B. E. M. (1998). Interdependence, punitive capability and the reciprocation of punitive actions in channel relationships, Journal of Marketing Research, (32), August, 225-325.

Masurel, E. and Janszen, R. (1998). The relationship between SME cooperation and market concentration: evidence from small retailers in The Netherlands, Journal of Small Business Management, (36) (2), April, 68-73.

Melin, U. and Axelesson, K. (2004). Emphasising symmetry issues in business interaction analysis and IOS. In Marijn Janssen, Henk G. Sol and Rene W. Wagenaar (eds), Proceedings of the 6th International Conference on Electronic Commerce, October 25th-27th, Delft, Netherlands, 312-318.

Meyer, K. E., Estri, S., Bhaumik, S. K. and Peng, M. W. (2009). Institutions, resources and entry strategies in emerging economies, Strategic Management Journal, (30) (1) 61-80.

Morgan, R. M. and Hunt, S. D. (1994). The commitment-trust theory of relationship marketing, Journal of Marketing, (58) (3), 20-38.

Morrissey, W. J. and Pittaway, L. (2006). Buyer-seller relationships in small firms – the use of social factors to manage relationships, International Small Business Journal, (24) (3), 272-298.

Mouzas, S. and Ford, D. (2004). Contracts in asymmetric relationships, in Proceedings of the 22nd Annual IMP Conference, 7-9 September, Milan, Italy.

Naude, P. and Buttle, F. (2000). Assessing relationship quality, Industrial Marketing Management, (29) (4), 351-361.

Napoli, F. (2012). Change in the outside directors on the board affects strategy and performance of family small and medium enterprise (SME), African Journal of Business Management, (6) (44), 10983-10993.

Ojala, A. (2009). Is globalisation reducing distances between countries? Some empirical evidence from foreign software firms operating in Japan, Journal of Japan Academy for Asian Market Economies, (12 (1), 95-101.

Pérez, L. and Cambra-Fierro, J. J. (2015). Uneven partners: managing the power balance, Journal of Business Strategy, (36) (6), 13-21.

Qi, S. (2009), Case study in contemporary educational research: conceptualisation and critique, Cross-cultural Communication, (5) (4), 21-31.

Radley, A. and Chamberlain, K. (2012), The study of the case: conceptualising case study research, Journal of Community & Applied Social Psychology, (22), 390-399.

Rindt, J. and Mouzas, S. (2015). Exercising power in asymmetric relationships: the use of private rules, Industrial Marketing Management, (48), July, 202-213.

Sandelowski, M. (2011), ‘Casing’ the research case study, Research in Nursing and Health, (34), 153-159.

Shaw, S. and Ennis, S. (2000). Marketing channel management, in K. Blois (ed.), The Oxford Textbook of Marketing, Oxford: OUP, 245-270.

Strategic Direction (2012), Making social media join the workforce: technologies can play a big part if businesses do their homework, Strategic Direction, (28) (6), 20-23.

Tanskannen, K. and Aminoff, A. (2015). Buyer and supplier attractiveness in a strategic relationship – a dyadic multi-case study, Industrial Marketing Management (50), October, 128-141.

Taylor, R. (2013), Case study research in context, Nurse Researcher, Vol.20, No.4, pp.4-5.

Thomas, R. W. and Esper, T. L. (2010). Exploring relational asymmetry in supply chains: the retailer’s perspective, International Journal of Physical Distribution and Logistics Management, (40) (6), 475-494.

Yin, R. (1984), Case Study Research, Beverly Hills, California: Sage Publications.