MARKETING SCIENCE eJOURNAL

Vol. 9, No. 15: May 26, 2016
ANNE T. COUGHLAN, EDITOR
Polk Bros. Chair in Retailing and Professor of Marketing, Northwestern University - Kellogg School of Management
a-coughlan@kellogg.northwestern.edu

Table of Contents

Chain generalized exchange as a central concept of nonprofit marketing

By

Edouard Novatorov, Ph.D.
Professor, Department of management
National Research University
«Higher school of economics»
Russian Federation
enovatorov@hse.ru
www.hse.ru

2016

Chain generalized exchange as a central concept of nonprofit marketing

ABSTRACT

The article suggests concept of chain generalized exchange proposed by Ekeh (1974) as a central concept underlying nonprofit marketing. Most studies and research perspectives are based on controversial concept of complex exchange (Bagozzi,1975) to be a central concept for nonprofit marketing. Article discusses limitations of complex exchange concept and offers chain generalized exchange to be a central concept of nonprofit marketing.

Key words: marketing exchange, chain generalized exchange, complex exchange.

Introduction

Marketing theory is conceptually grounded in an understanding of exchanges and exchange relationships between two actors, and more recently between multiple actors.With the inroduction of broadening marketing proposition to include non-profit areas in the late1960s and 1970s (Kotler, 1975; Levy and Kotler, 1969), multiparty and social exchanges have joined commercial exchanges as being generic to the understanding of nonprofit marketing as a research area and organizational practice. Individualistic social exchange theory is generally assumed to be fundamental explanada to understand nonprofit marketing (Homans, 1961). Thus, it is important for nonprofit marketing theory to understand the relevant underlying multiparty exchange structures and the corresponding aspects of reciprocity in research and explanations of nonprofit marketing phenomena. This is especially important if the actors involved operate in the nonprofit market.

Complex exchange concept

Bagozzi (1975), suggested typology of marketing exchanges by drawing upon anthropological and sociological literature. Bagozzi identified three types of voluntary exchange (restricted, generalized, and complex) which exhibited three classes of meanings (utilitarian, symbolic, and mixed). Types of exchange refer to the number of parties involved in a transaction and the direction(s) of the exchange. Classes of meanings relate to the reasons or, more broadly, motivations for the occurring exchanges. Juttner and Wehrli (1994) by relating meanings to the three different types of exchange, conveniently presented Bagozzi's framework in the form of a matrix (Figure 1).

First, Bagozzi (1975) distinguishes between utilitarian, symbolic, and mixed meanings of exchange. A utilitarian or purely economic exchange is "an interaction whereby goods are given in return for money or other goods and the motivation behind the action lies in the anticipated use or tangible characteristics commonly associated with the objects of exchange". Symbolic exchange refers to "the mutual transfer of psychological, social, or other intangible entities between two or more parties". Mixed exchange involves "both utilitarian and symbolic aspects, and it is difficult to separate the two".

Further, Bagozzi distinguishes three types of exchange. He identifies a restricted type of exchange as a voluntary exchange between any two parties, A and B. Parties A and B could be consumers, retailers, salesmen, organizations, park and recreation agencies or collectives. Diagrammatically this type of exchange is represented as A ⇔ B, where "⇔" signifies "gives to and receives from." (Bagozzi, 1975). Often this type of exchange is referred to as direct, dyadic, or economic exchange. Restricted exchange is characterized by the notion of quid-pro-quo, free price-making mechanism, and self-interest motivation. Examples of this exchange included customer-salesman or wholesaler-retailer relationships. In the marketing literature fundamental rules of this exchange were discussed by Alderson (1965).

Figure 1: A Conceptual Exchange Framework

Exchange Meanings

Exchange Types		Utilitarian	Symbolic	Mixed
	Restricted	Restricted Utilitarian	Restricted Symbolic	Restricted Mixed
	Generalized	Generalized Utilitarian	Generalized Symbolic	Generalized Mixed
	Complex	Complex Utilitarian	Complex Symbolic	Complex Mixed

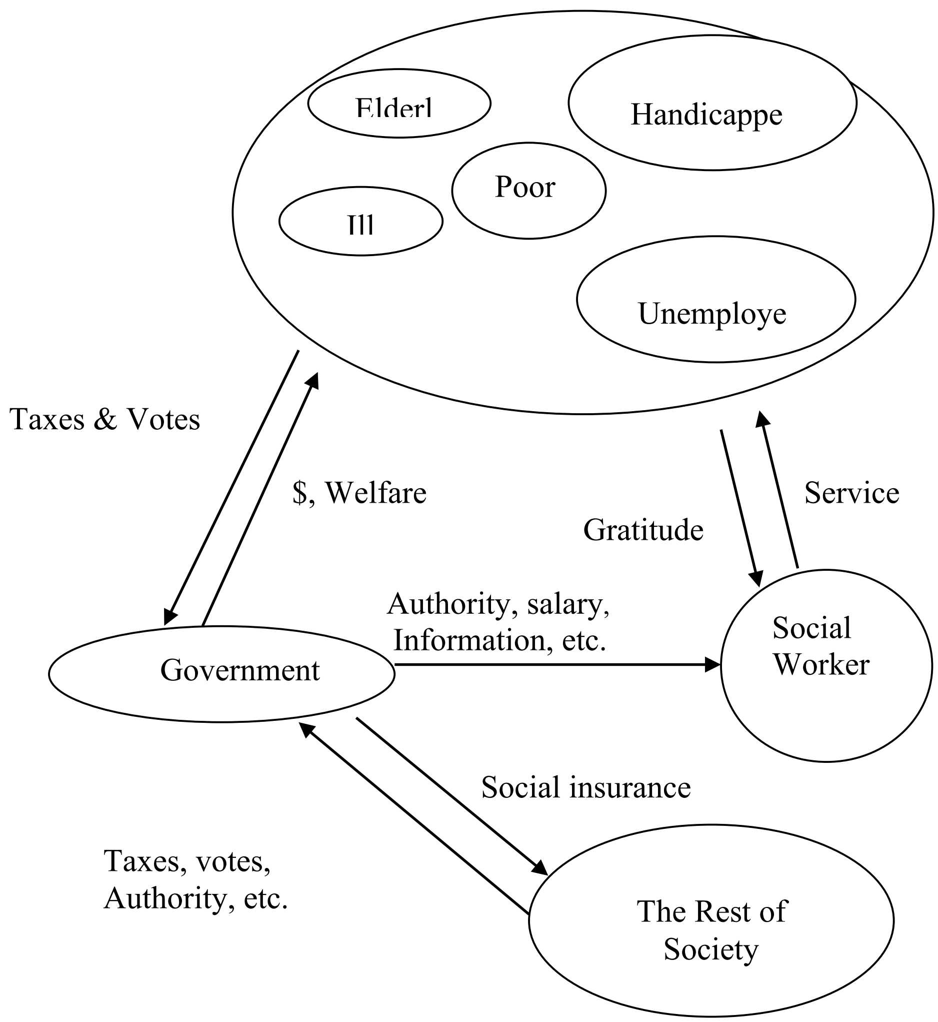
Adapted From: Juttner, U. and Wehrli, P. (1994).

Generalized type of exchange involves univocal reciprocal relationships among at least three actors. The actors do not benefit each other directly, only indirectly. Diagrammatically this type of exchange among three actors A, B, and C is represented as A⇨ B ⇨ C ⇨ A, where "⇨" signifies "gives to." (Bagozzi 1975). This type of exchange sometimes is referred to as indirect or multiparty exchange. Bagozzi gives an example of a generalized exchange transaction between a local department store A, a public bus company B, and riders C. A local department store (A) donates a number of benches to bus company (B); the bus company (B) places the benches at bus stops for the convenience of its riders (C); riders (C) are exposed to store's (A) advertisement placed on the benches and patronize the store (A).

Bagozzi combined these two different types of exchange and introduced a third type of marketing exchange which he titled "complex." Complex exchange is a "system of mutual relationships between at least three parties [where] each social actor is involved in at least one direct exchange, while the entire system is organized by an interconnecting web of relationships" (Bagozzi, 1975). Further, Bagozzi distinguishes between two subtypes of complex exchange: *complex chain exchange* which has open-ended sequences of direct exchanges A ⇔ B ⇔ C; and *complex circular exchange* with closed-ended sequences of direct exchanges A ⇔ B ⇔ C ⇔ A.

Bagozzi provided examples of complex exchange subtypes. Complex chain exchange could be a typical channel of distribution where a manufacturer (A), a retailer (B), and a consumer (C) depict the distribution channel A ⇔ B ⇔ C. Complex circular exchange can be an exchange between a person A, a television B, an advertising agency C, and a book publisher (D). Bagozzi (1975) saw the essence of nonprofit marketing as being in the complex type of exchange where government, disadvantaged citizens, public administrators, and the rest of society are all involved in a complex sequence of restricted and generalized exchanges with mixed symbolic and economic resources (Figure 2).

Figure 2: Social Marketing and Exchange



Adapted From: Bagozzi (1975).

Limitations of complex exchange concept

Bagozzi's (1974; 1975) complex exchange concept, which incorporated adaptations of social exchange theory and anthropological approaches, came under attack. Critical commentators argued that Bagozzi's adaptation of social exchange theory from sociology was inadequate, that he ignored critiques of individualistic exchange theory found in the social sciences; and that he annexed almost all of social science, especially social psychology, and claimed it as part of the marketing discipline (Blair, 1977; Ferell and Zey-Ferell, 1977; Ferell and Perachione, 1980; Robin, 1978).

Further constructive criticism was published by Capon (1981); Capon and Mauser (1982), Dixon (1978), Houston and Gasseneimer (1987), Nine (1994); Octen (1983), Pandya and Dholakya (1992), and Rados (1981).

For example, Dixon (1978) argued that Kotler's broadened conceptualization of marketing, nonprofit marketing, and especially social marketing concept, assumed that management of a public or nonprofit organization could act independently from elected government representatives, and that organizations were able to determine equity standards of resource allocation relatively independently. According to Dixon (1978), such a conceptualization was as misleading as the Ptolemaic view of the universe that suggested the Sun revolves around the Earth. Dixon (1978) contended that an organization (the Earth) is subordinate to governmental policy (the Sun) established by elected officials, and that it is government who determines equitable allocation of resources in a society.

Rados (1981) elaborated upon Arndt's (1978) argument that "not all exchange is marketing" and took issue with Kotler and Bagozzi arguing that "not all marketing is exchange." Rados (1981) did not accept either Kotler's (1975) or Bagozzi's (1975) conceptualization of nonprofit sector marketing. He challenged it from two perspectives. First, Rados recognized that the economic idea of complex voluntary exchange is appropriate for describing commercial transactions characterized by bilateral transfers of tangible or intangible resources between any two parties. He agreed with Kotler that the absence of any control over an individual who had a right to choose, and the inability of a firm to proscribe its products to customers, were the main characteristics of marketing behavior in any democratic society. However, Rados pointed out that in the same democratic society, the most popular method practiced by government to pay for delivered services through the action of its legislative or executive branches was force. This was exemplified by forbidding choices; making selected behavior or purchases illegal and limiting choices through bureaucratic decision rules that restricted the available options. For example, the US federal and state governments require car drivers to use seat belts and drive at a restricted speed; college students to take a prescribed number of courses and follow academic guidelines; and taxpayers to pay their taxes by a certain date. Failure to conform to such rules or laws leads to sanctions and punishments. It is difficult to argue these actions are implemented with a free will so "... the notion of voluntary exchange begins to go off the track" (p. 19).

The second concern expressed by Rados (1981) referred to what was being exchanged for what in noncommercial situations. Mercantile transactions are voluntary bilateral transfers of tangible and intangible resources such as money, goods and services between any two parties. What is being exchanged in such transactions is "rights, the property rights, specifically the exclusive right to [own] ... and the right to transfer that right to someone else" (p. 19). Rados contended, however, that nothing was being exchanged in noncommercial situations. The National Safety Council urges motorists to drive within the speed limit, not to consume alcohol, and to wear seat belts. However, "the driver gives nothing to the council, and the council gives nothing to the driver ... nor does the council seek command over resources as a result of its effort" (p. 20). Similarly, when donors contribute to the art museum or a charity they do not receive in return a "feeling of well being" as Kotler (1975) postulated. Rados argued that feelings are self-generating, cannot be stored and sent off upon receipt of a donation, and may not emanate from the act of donating to an art museum or charity organization.

Rados excluded force, legislative activity, therapy, wartime propaganda, and inability to refuse to pay taxes and the like from the marketing domain. Echoing the earlier critique of Arndt (1978), Rados concluded that "some marketing is exchange, but not all of it; [and] some exchange is marketing but not all of it" (p. 18). In contrast to Kotler, Rados interpreted marketing as a managerial technology for changing behavior. Marketing seeks to influence mass behavior. To achieve this goal, marketing uses two major methods: persuasive communication and adaptation to existing patterns of behavior. Using these methods "[marketer] A tries to get [customer] B to do his will, where B has freedom to act as he chooses" (p. 17).

Reviewing and comparing Rados' (1981) and Kotler's (1975) interpretation of nonprofit marketing based on a complex exchange concept, Capon and Mauser (1982) challenged the appropriateness of the marketing concept and complex exchange in a nonprofit sector context. The conventional wisdom of marketing advocated by Kotler and his followers (Andreasen, 1995; Lovelock and Weinberg, 1978; 1984; Mokwa, Dawson, and Prieve, 1980; Mokwa and Permut, 1981) suggested that the core task of marketing is to satisfy the publics' needs and wants. Accordingly, the marketing concept (marketing philosophy) as defined in almost every commercial marketing text states that the satisfaction of customer needs is the justification for an agency's existence and its actions. Hence, alternatives to the concept of marketing--a sales orientation or a product orientation--are seen as inappropriate and likely to lead to a company's demise. The conventional task of marketing is perceived to be a continual adjustment of product or service offerings to meet customer needs (Kotler and Levy, 1969). In the nonprofit sector context, Kotler (1975) suggested that a sales orientation was indicative of an unresponsive organization, while a responsive organization would be characterized by a marketing orientation.

Capon and Mauser (1982) dispute this conventional view of marketing in the nonprofit sector context. They contrast business and nonbusiness organizations and argue that business firm and nonprofit sector organizations have different objectives. Business firms have a long run objective to survive and in pursuing this objective, firms can change their core mission as many times as it necessary for survival. Change of mission means either adapting the firm's products to match the external environment (the marketing concept) or adapting the environment to match the firm's product (the selling concept). Most marketers favor adapting the marketing concept, that is, changing a firm's core mission, services, or target markets in order to best match its resources to environmental opportunities. For example, a commercially oriented recreation center could totally change its service offering, increase prices, reduce costs, target high-income market segments in a different geographical location, and abandon low-income local markets that were not contributing to the center's long run survival objective.

Capon and Mauser (1982, p. 128) argue that this notion of satisfying customer needs and wants, or the application of the marketing concept in a nonprofit organization is "absurd ... as far as pursuing its core mission is concerned." They distinguish between *extant* and *core* missions of nonprofit organizations. The extant mission reflects the activities of nonprofit organizations that are designed to improve relationships with publics. For example, a church can provide scouting, women's clubs, and soup kitchens to cement relationships with believers. The extant mission, and nature of activities associated with it, may change over time as relationships with publics improve or deteriorate. However, the core mission, which is more important than the extant missions, is less likely to change. Churches and political parties do not change their core religious doctrines and political philosophies. Rather these organizations attempt to persuade their members and publics either to adopt the core political or religious doctrines and philosophies, or request them to drop their membership with the organization.

Capon and Mauser (1982) argue that for nonprofit sector organizations, the appropriate behavior relating to the core mission is "persuasion to its point of view." For other areas of activities and services defined by the extant mission, either a marketing or sales orientation may be appropriate. A similar position regarding the role of marketing in nonprofit organizations was taken by Hutton (1996) who recommended reconsideration of the fallacious understanding of relationships between marketing and public relations suggested by Kotler and Mindag (1978). Comparing Kotler's definition of generic marketing with definitions of integrated marketing communications (IMC) and relationship marketing, Hutton (1996) found them to be almost identical and, that all of them were, “a definition of public relations, as it has been practiced by more enlightened organizations for decades” (p. 158). Hutton suggested that public organizations adopt a “separate but equal” model of relationships between public relations and marketing. Consistent with Capon and Mauser (1982), Hutton (1996) suggested that public relations was the appropriate vehicle for implementing persuasion and the core mission, while marketing was more appropriate for the extant mission with its focus on physical distribution, capacity utilization, new product development, and the like.

These critical works stimulated further discussion of the conceptual underpinnings of nonprofit sector marketing. Walsh (1994) accepted Rados' dissension with the notion of complex exchange in the nonprofit sector, as did Pandya and Dholakya (1992) who suggested as an alternative the institutional theory of exchange informed by Arndt’s (1981) political economy theory of marketing systems.

The overall status of the nonprofit sector marketing concept and the whole idea of applying marketing principles to contexts beyond business situations in the marketing literature was perhaps best summarized by Kerin (1996, p. 6). In his comprehensive review of outstanding contributions published during the last 60 years in the *Journal of Marketing*, Kerin characterized the works of Kotler and his associates (Kotler, 1972; Kotler and Levy, 1969a; 1969b; Kotler and Zaltman, 1971) as “controversial.”

Redistribution, Reciprocity and Chain Generalized Exchange

Social science literature suggests that arrangement of formal organizations with environments can be explained not only from an exchange perspective, as suggested by the social exchange school of marketing, but also from the redistribution or reciprocity perspectives. The concept of redistribution, as well as the concept of reciprocity, was developed by those adapting a substantivist perspective in economic anthropology (Dalton, 1971; Polanyi, et al. 1957; Polanyi, 1944; Sahlins, 1965). This perspective attempts to analyze economic life in primitive and modern societies from three different approaches:

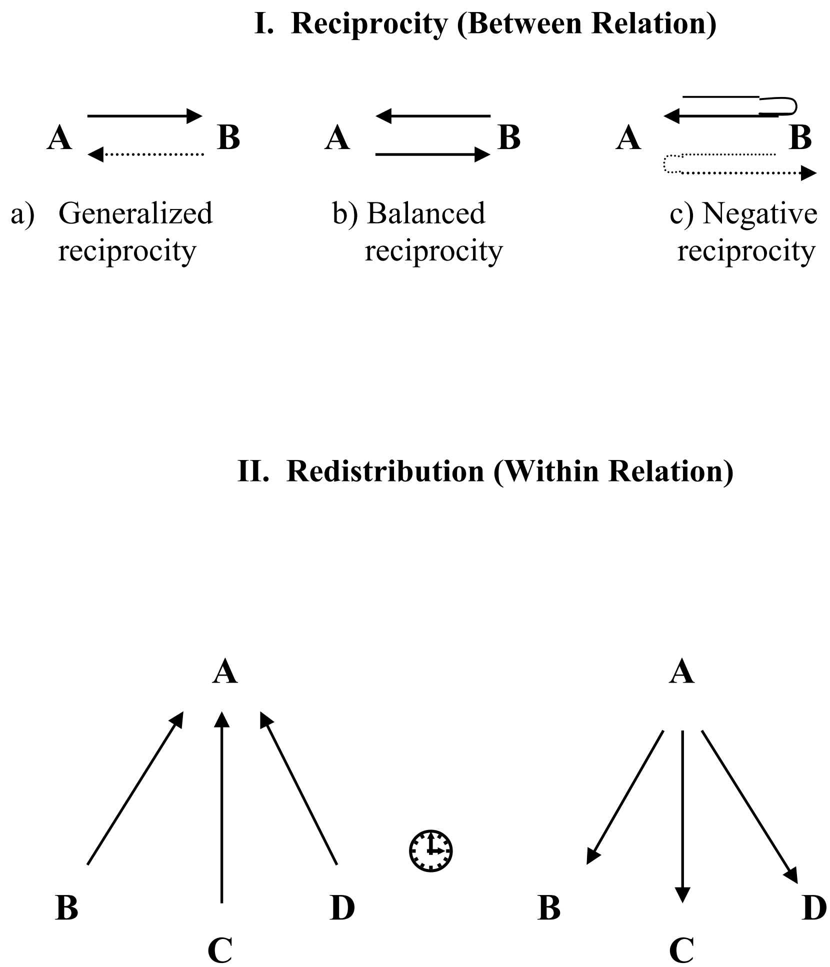
reciprocal arrangements based on the symmetry principle; redistributive arrangements based on the centricity principle; and marketing exchange arrangements based on price-making markets.

Reciprocity implies a symmetrical sequence (AB/ BA) among just two partners or (AB/BC/CA/AC) among more than two fixed partners. Redistribution is centripetal movement of resources among many actors within a group upon one central figure followed by the action of that central figure upon the actors within the group in unison and repartition (BA/CA/DA/ and then A/BCD). Finally, marketing exchange is chaotic movements (A/BCD, B/ACD, and C/ABD) (Polanyi, et al., 1957, pp. vii-viii). This "sunbstantivist" perspective is different from the "formalist" perspective which recognizes only marketing exchange arrangements (Belshaw, 1965).

Substantivists theorize that redistribution is payment to, and disbursement by, a central political authority. It implies a hierarchically structured group and that there is a center of the group. The primary mechanism of redistribution is sharing. Members of a group pool their resources at a center, and this pooled or common resource is then shared among the group members according to commonly accepted distributive rule. The tax systems of industrial countries or payments to the chief in primitive societies are typical examples of redistributive arrangements. Sahlins (1965, p. 141) referred to redistribution as "pooling." Pooling is "centralized movements: collection from members of a group, often under one hand, and redivision within this group … This is "pooling" or "redistribution" … pooling is socially a within relation, the collective action of a group." The most important principles that characterize redistribution arrangements are centricity and the group membership rules.

Sahlins (1965) contrasted redistribution as a "within relation" with reciprocity as a "between relation" (Figure 5). Reciprocity is obligatory gift-giving among kin and friends. Sahlins (1965) maintained that on a very general view "pooling" and "reciprocity" can merge. However, he believed that the course of analytic wisdom is to separate the array of economic transactions in the ethnographic record into two types because their social organization is very different. Sahlins (1965) noted that there is a popular tendency to consider between relations (reciprocity) as a balanced unconditional one-for-one exchange. However, referring to abundant ethnographic records, he recognized that reciprocity is rather a “a whole class of exchanges, a continuum of forms.” This continuum ranges from “the assistance freely given” or “pure gift” at one end of the spectrum and “self-interested seizure” or “appropriation by chicanery or force” at the other pole. Accordingly, Sahlins classified diverse forms of reciprocities as ranging from the “generalized reciprocity, the solidarity extreme,” through the “balanced reciprocity, the midpoint;” to the “negative reciprocity, the unsociable extreme.”

Figure 3: A Difference Between Reciprocity and Redistribution



Adapted From: Sahlins, M. (1965).

By generalized reciprocity, Sahlins understood "transactions that are putatively altruistic, transactions on the line of assistance given and, if possible and necessary, assistance returned." Ethnographic examples of such relationships include "sharing," "help," "free gift," and "generosity." By balanced reciprocity he understood "the simultaneous exchange of the same types of goods to the same amount." Balanced reciprocity is more economic and less personal and ethnographic examples include "trade" and "buying-selling" that involve "primitive money." Finally, negative reciprocity is "the attempt to get something for nothing with impunity, the several forms of appropriation, transactions opened and conducted toward net utilitarian advantage." Ethnographic examples include such relationships as "haggling," "barter," "gambling," "chicanery," and "theft."

Sahlins (1965) suggested that in most societies "generalized reciprocity" is the norm within family relationships and "negative reciprocity" predominates in economic relationships outside the family in modern industrial societies. To explain other economic activities in society, such as payment of taxes and public services, Sahlins argued that a different analytical category and analysis was needed.

While Sahlins (1965) believed that it was wise to separate the array of economic transactions in the ethnographic record into two types (reciprocity and redistribution) because their social organizations are very different, Ekeh (1974), whose study was adopted by the social exchange school, used a different approach. Referring to Levi-Strauss's (1969) studies of kinship, Ekeh (1974) distinguished between direct reciprocity and generalized reciprocity.

Direct reciprocity characterizes relationships where actor A expects to be benefited directly by actor B, whenever A benefits B. Ekeh refers to this type of reciprocity as *restricted exchange* and notes that restricted exchange can take two major forms (Figure 6). Given only two parties, A and B, restricted exchange has the form A ⇔ B, and this is referred to as *exclusive restricted exchange*. Given several parties, for example, three individuals A, B, and C, restricted exchange has the form A ⇔ B ⇔ C and this is referred to as *inclusive restricted exchange*. Both types of restricted exchange based on direct reciprocity are characterized by the notion of quid-pro-quo, emotional load, attempts to maintain equality, tensions, distrust, frequent conflicts over fairness, instability, mechanical solidarity, and brittle relationships (Ekeh, 1974; Gillmore, 1987; Uehara, 1990; Yamagishi and Cook, 1993). Restricted or dyadic exchange is traditional economical exchange motivated by self-interest motivation and profit considerations. This exchange is characterized by Adam Smith's quid-pro-quo notion: "whoever offers to another a bargain of any kind, proposes to do this: give me that what I want, and you shall have this which you want" (Smith, 1850, p. 7).

Univocal reciprocity characterizes relationships that involve at least three actors and where actors do not benefit each other directly, but only indirectly. Ekeh refers to this type of relationship as generalized exchange that also has two forms. *Chain generalized exchange* has the form A ⇨ B ⇨ C ⇨ A, where, "⇨" signifies "gives to." It is operated by *chain univocal reciprocity* when actors in the system are so positioned that they operate a chain of univocal reciprocations to each other as individual units. *Net generalized exchange* operated by *net univocal reciprocity*. Net univocal reciprocity denotes empirically observed situations where relationships can be individual-focused or group-focused. In individual-focused exchange relationships, the group as a whole benefits each member consecutively until all members have each received the same amount of benefits and attention (ABC ⇨ D; ABD ⇨ C; ACD ⇨ B; BDC ⇨ A). In a group-focused exchanges, individuals give to the group as a unit and then gain back as part of the group from each of the unit members (A ⇨ BCD; B ⇨ ACD; C ⇨ ABD; D ⇨ ABC). Generalized exchange produces a high degree of social solidarity among parties, and establishes trust and commitment. Ekeh (1974) believed that generalized exchange and univocal reciprocity generate collective rights and lead to concepts such as "payment of taxes" and "citizenship" (Figure 4). Although Ekeh clearly formulated different assumptions underlying each type of reciprocity, serious limitations of his study were the focus on kinship relationships, and the failure to distinguish between "pooling" and "reciprocity." Discussing individual and group-focused net-univocal reciprocities, Ekeh (1974) recognized:

> Sahlins … makes a distinction between 'pooling' and 'reciprocity'. What he refers to as pooling seems to be a combination of the two types of net reciprocity that I identify here … Although Sahlins' conception of pooling appears insightful, it is doubtful that it is separate from reciprocity as conceived in net generalized exchange.

Some studies, however, emphasize crucial differences between reciprocity and redistribution in the context of social policy (e.g. Brody, 1985). Thus, in the context of public policy and the public sector it is important to follow Sahlins' type of analysis and to distinguish between reciprocity and redistribution.

Literature suggests that interpreting of a formal organization's interaction with its environment as a voluntary exchange of values, fits well with business organizations and the profit management philosophy. This law of exchange has been commonly accepted by business and marketing scholars. However, negative case analysis and a review of original sources (Blau, 1964; Blau and Scott, 1962) used by the social exchange school of marketing (Kotler, 1975; Kotler and Murray, 1975) suggests some contradictions in the interpreting public agencies' interaction with their environment in terms of voluntary exchange. For example, contrary to the assertions of the social exchange school which adopted the Blau and Scott (1962) taxonomy of organizations, Blau (1964) denied that voluntary exchange was applicable to public organizations. The reason for his denial was the inherent conflict between bureaucratic rules of conduct and exchange relationships in these types of organizations. For example, when discussing service organizations, Blau (1964: 261) noted:

> Professionals are expected to be governed in their work exclusively by professional standards of performance and conduct and not by considerations of exchange with clients. Although free professionals depend on fees from clients for their livelihood, the professional code of ethics demands that they do not let this fact influence their decisions and that these economic transactions do not affect the social interaction in which professional services are rendered to clients. The professional must refrain from engaging in reciprocal social exchange with

clients lest his decisions be influenced by the exchange instead of being based only on his best judgement in terms of professional standards.

Figure 4: Ekeh's Typology of Exchange

I. Restricted Exchange

I. 1. Inclusive Restricted Exchange

A ⇔ B ⇔ C ⇔ D

I. 2. Exclusive Restricted Exchange

A ⇔ B

II. Generalized Exchange

II. 1. Chain Generalized Exchange

A ⇨B ⇨C ⇨D ⇨A

II. 2. Net Generalized Exchange

II. 2. 1. Individual-Focused Net Generalized Exchange

ABC ⇨ D
ABD ⇨ C
ACD ⇨ B
BDC ⇨ A

II. 2. 1. Group-Focused Net Generalized Exchange

A ⇨ BCD
B ⇨ ACD
C ⇨ ABD
D ⇨ ABC

Adapted From: Ekeh, P. (1974).

Discussing commonweal organizations, Blau (1964, p. 263) noted the existence of the same conflict between bureaucratic rules and exchange transactions citing the empirical studies that he and Scott used in their work on classification of formal organizations in 1962:

> The situation of bureaucratic officials who provide services to clients is similar to that of professionals. Officials in a bureaucracy are expected to treat clients in a detached manner in accordance with official rules, and this requires that officials abstain from exchange relationships with clients, because exchange transactions would make them obligated to and dependent for rewards on clients. Even if it is only the gratitude and approval of clients an official wants to earn, his concern with doing so can hardly fail to influence his decisions and lead him to depart from official procedures. If officials become dependent on clients either for rewards they personally seek or for services of clients the organization needs, they must enter into exchange transactions with clients, which means that they cannot strictly follow bureaucratic procedures in their relations with client.

The absence of direct exchange relationships between nonbusiness organizations and their clients based on the *quid pro quo* notion was a principal argument used by Luck (1969; 1974) against acceptance of the broadened marketing proposition and the social marketing concept. Luck (1969: 54) noted the existence of exchange relations of public organizations with their clients as a process of "corruptly committing illegal acts," which is consistent with Blau's (1964) position of a "departure from official procedures."

In response to its critics, the social exchange school attempted to use the notion of an indirect quid pro quo and to introduce concepts of indirect, restricted, generalized, and complex exchanges (Kotler and Levy, 1969; Bagozzi, 1975). However, a closer analysis of these concepts revealed that this school still relies heavily on an exchange paradigm which ignores the "absence of exchange relations with clients" requirement as a fundamental condition in the functioning of public and nonprofit agencies. The results of negative case analysis suggest that consciously or unconsciously the social exchange school of marketing overlooked the main condition for governing the functioning of public organizations suggested by Blau (1964. p. 263):

> An essential element of professional and bureaucratic detachment is the absence of exchange relations with clients. Exchange transactions create obligations that make it impossible to conform undeviatingly to professional or bureaucratic standards.

Conclusion

Thus, the complex exchange concept, and its subtype circular complex exchange, has limited adequacy for conceptualization and explanation of nonprofit agencies' interaction with their environment. It appears, that the concepts of reciprocity and chain generalized exchange might be superior conceptual constructs for operationalizing and accounting for such interactions, because they recognize the "absence of exchange relations with clients" requirement to be crucial for nonprofit management.

Literature

Adreasen, A. R. (1995). *Marketing social change: Changing behavior to promote health, social development, and the environment*. San Francisco, CA: Jossey-Bass Publishers.

Alderson, W. (1965). *Dynamic marketing behavior*. Homewood, IL: Richard D. Irwin.

Arndt, J. (1978, January). How broad should the marketing concept be? *Journal of Marketing*, 42(1), 101-103.

Arndt, J. (1981, Fall). The political economy of marketing systems: Reviving the institutional approach. *Journal of Macromarketing*, 1(2), 36-47.

Bagozzi, R. P. (1974, October). Marketing as an organized behavioral system of exchange. *Journal of Marketing*, 38(2), 77-81.

Bagozzi, R. P. (1975, October). Marketing as exchange. *Journal of Marketing*, 39(1): 32-39.

Belshaw, C. S. (1965). *Traditional exchange and modern markets*. Englewood Cliffs, NJ: Prentice-Hall.

Blair, E. (1977, January). Letter to the editor. *Journal of Marketing*, 41(1), 134.

Blau, P. (1964). *Exchange and power in social life*. New York: John Wiley and Sons.

Blau, P., and Scott, D. (1962). *Formal organizations*. San Francisco, CA: Chandler Publishing Co.

Brody, J. G. (1985, October). Informal social networks: Possibilities and limitations for their usefulness in social policy. *Journal of Community Psychology*, 13(4): 338-349.

Capon, N. (1981, Spring). Marketing strategy differences between state and privately owned corporations: An exploratory analysis. *Journal of Marketing*, 45(2), 11-18.

Capon, N. and Mauser, G. (1982, Summer). A review of nonprofit marketing texts. *Journal of Marketing*, 46,(3), 125-128.

Dalton, G. (1971). Primitive, archaic, and modern economies. In G. Dalton (Ed.) *Economic anthropology and development*. New York: Basic Books.

Dixon, D. (1978, Summer). The poverty of social marketing. *MSU Business Topics*, 26, 50-56.

Ekeh, P. P. (1974). *Social exchange theory: The two traditions*. Cambridge, Mass: Harvard University Press.

Ferrell, O. C. and Perachione, J. R. (1980). An inquiry into Baggozi's formal theory of marketing exchanges. In Lamb, C. W. and Dunne, P. M. (Eds.) *Theoretical development in marketing* (pp. 140-156). Chicago, IL: American Marketing Association.

Ferrell, O. C. and Zey-Ferrell, (1977, Fall). Is all social exchange marketing? *Journal of the Academy of Marketing Science*, 5(4), 307-314.

Gillmore, M. R. (1987). Implications of general versus restricted exchange. In K. Cook, (Ed.) *Social exchange theory* (pp 27-34). Beverly Hills, CA: Sage Publications.

Homans, G. C. (1969). *Social behavior: Its elementary forms*. New York: Harcourt, Brace, and World.

Hutton, J. G. (1996). Integrated marketing communications and the evolution of marketing thought. *Journal of Business Research*, 37(2), 155-16.

Juttner, U and P. Wehrli (1994). Relationship marketing from a value system perspective. *International Journal of Service Industry Management*. 5(5): 64-73.

Kerin, R. A. (1996, January). The pursuit of an ideal: The editorial and literary history of the Journal of Marketing. *Journal of Marketing*, 60(1), 6.

Kotler, P. (1975). *Marketing for nonprofit organizations*. Englewood Cliffs, NJ: Prentice Hall.

Kotler, P., and Levy, S. J. (1969, January). Broadening the concept of marketing. *Journal of Marketing*, 33(1): 10-15.

Kotler, P., and Mindag, W. (1978, October). Marketing and public relations: Should they be partners or rivals? *Journal of Marketing*, 42(4), 13-20.

Kotler, P. and Murray, M. (1975, September/October). Third sector management: The role of marketing. *Public Administration Review*, 35(5): 467-72.

Kotler, P. and Zaltman, G. (1971, July). Social marketing: An approach to planned social change. *Journal of Marketing*, 35(3), 3-12.

Levi-Strauss, C. (1969). *The elementary structures of kinship*. Boston: Beacon Press. English translation of Claude Levi-Strauss, Les Structuresa Elementares de la Parenete. 1967, Revised Edition.

Levy, S. J., and Kotler, P. (1969, Winter). Beyond marketing: The furthering concept. *California Management Review*, 12(1), 67-73.

Lovelock, C. H., and Weinberg, C. B. (1978). Public and nonprofit marketing comes of age. In G. Zaltman and T. Bonoma (Eds.), *Review of Marketing 1978* (pp. 413-452). Chicago, IL: American Marketing Association.

Luck, D. (1969, July). Broadening the concept of marketing--Too Far. *Journal of Marketing*, 33(3): 53-55.

Luck, D. (1974, October). Social marketing: Confusion compounded. *Journal of Marketing*, 38(4): 70-72.

Mokwa, M. P., Dawson, W. M. and E. A. Prieve (1980). *Marketing the arts*. New York: Praeger Publishers.

Mokwa, M. P. and S. E. Permut (1981). *Government marketing: Theory and practice*. New York: Praeger Publishers.

Nine, T. (1994). Comments on extending the domain of the marketing discipline. In Houston, F. G. (Ed.), *Marketing exchange relationships, transactions, and their media* (pp. 14-27). Westport, CT: Quorum Books.

Octen, C. M. (1983). A re-examination of marketing for British nonprofit organizations. *European Journal of Marketing*, 17(5), 33-43.

Pandya, A. and Dholakia, N. (1992). An institutional theory of exchange in marketing, *European Journal of Marketing*, 26(12), 19-41.

Polanyi, K. (1944). *The great transformation*. Boston: Beacon Press.

Polanyi, K., Arensberg, C. M., and Pearson, H. W. (1957). *Trade and market in early empires*. New York: The Free Press.

Rados, D. L. (1981). *Marketing for nonprofit organizations*. Boston, MA: Auburn House.

Robin, D. E. (1978, Summer). A useful scope of marketing. *Journal of the Academy of Marketing Science*, 6(3), 228-238.

Sahlins, M. D. (1965). On the sociology of primitive exchange. In M. Banton (Ed.) *The relevance of models for social anthropology* (pp. 139-236). London: Tavistock Publications.

Smith, A. (1850). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edinburgh: Black.

Uehara, E. (1990, November). Dual exchange theory, social networks, and informal social support. *American Journal of Sociology*, 96(3): 521-57.

Walsh, K. (1994). Marketing and public sector management. *European Journal of Marketing*, 28(3), 63-71.

Yamagishi, T. and Cook, K. S. (1993). Generalized exchange and social dilemmas. *Social Psychology Quarterly*, 56(4): 235-248.