



# THE *DARK SIDE* OF RELATIONSHIP MARKETING: AN ANALYSIS OF THE PHENOMENON IN PUBLIC MANAGEMENT<sup>1</sup>

*DARK SIDE* DO MARKETING DE RELACIONAMENTO: ANÁLISE DO FENÔMENO NA GESTÃO PÚBLICA

*DARK SIDE* DEL MARKETING DE RELACIONES: ANÁLISIS DEL FENÓMENO EN LA GESTIÓN PÚBLICA

## ABSTRACT

**Objective:** This study aims to analyze the perception of managers and supervisors of public contracts in the Greater Florianópolis region about the relationship with long-term service providers, considering the *dark side* approach of relationship marketing.


**Design/Methodology/Approach:** The research has an exploratory nature and a cross-sectional qualitative approach, and uses semi-structured in-depth interviews as a data collection technique. Nine public managers who work with the management and supervision of long-term service provision contracts were interviewed. The analysis was performed in an interpretative manner, using data coding.


**Results:** The main findings show behaviors characterized as the *dark side* of relationship marketing between long-term service providers and the public sector. Among the behaviors observed in both the literature and the interviewees' statements, negligence of the service provider towards the customer (in this case, in the public sector), customer confusion, private sector favoritism, and dishonesty stand out. The dimension "entrapment by legislation", not found in the literature, was identified and incorporated into the findings.

**Limitations/implications:** This study analyzes the phenomenon from a one-sided perspective, observing the perceptions of the customer, in this case, in the public sector. This perception is possibly different from that of the service providers, and this fact can bring other nuances to the assessed phenomenon.

**Originality/value:** In an unprecedented way, this study presents a theoretical proposition of the behaviors on the *dark side* of relationship marketing applied to the public sector. Most academic productions are of foreign origin and address B2C or B2B relationships.

**Keywords:** *Dark side*. Relationship marketing. Public sector. Contract management.

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## RESUMO

**Objetivo:** Este artigo tem como objetivo analisar a percepção de gestores e fiscais de contratos públicos na região da Grande Florianópolis sobre o relacionamento com prestadores de serviço de longo prazo, considerando a abordagem do *dark side* do marketing de relacionamento.

**Design/Metodologia/Abordagem:** A pesquisa tem natureza exploratória, abordagem qualitativa de corte transversal e uso de entrevista semiestruturada em profundidade como técnica de coleta de dados. Foram entrevistados nove gestores públicos que atuam com a gestão e fiscalização de contratos de prestação de serviços de longo prazo. A análise ocorreu de maneira interpretativa, com uso de codificação dos dados.

**Resultados:** Os principais achados indicam a presença de comportamentos caracterizados como *dark side* do marketing de relacionamento entre fornecedores de serviço de longo prazo e o setor público. Entre os comportamentos observados tanto na literatura quanto na fala dos entrevistados estão: a negligência do prestador de serviço em relação ao cliente (neste caso, o setor público), a confusão do cliente, o favoritismo do setor privado e a desonestidade. A dimensão “aprisionamento pela legislação”, não encontrada na literatura, foi identificada e incorporada aos achados.

**Limitações/implicações:** O estudo analisa o fenômeno sob uma perspectiva unilateral ao observar as percepções do cliente, no caso, o setor público. É possível que essa percepção seja distinta dos prestadores de serviço, fato que pode trazer outras nuances ao fenômeno investigado.

**Originalidade/valor:** O artigo apresenta, de modo inédito, uma proposição teórica dos comportamentos de *dark side* do marketing de relacionamento aplicados ao setor público. As produções acadêmicas são, em sua maioria, de origem estrangeira e contemplam relações B2C ou B2B.

**Palavras-chave:** *Dark side*. Marketing de relacionamento. Setor público. Gestão de contratos.

## RESUMEN

**Objetivo:** Este artículo tiene como objetivo analizar la percepción de los administradores e inspectores de compras públicas en la región de la Gran Florianópolis sobre la relación con los proveedores de servicios a largo plazo, considerando el enfoque del lado oscuro del marketing relacional.

**Design/ Metodología/ Enfoque:** La investigación tiene un carácter exploratorio, un enfoque transversal cualitativo y el uso de entrevistas en profundidad semiestructuradas como técnica de recolección de datos. Se entrevistaron nueve directivos públicos que se desempeñan en la gestión y/o supervisión de contratos de prestación de servicios de largo plazo. El análisis se realizó de forma interpretativa, utilizando la codificación de datos.

**Resultados:** Los principales hallazgos indican la presencia de comportamientos caracterizados como el lado oscuro del marketing relacional entre el sector público y los proveedores de servicios de largo plazo. Entre los comportamientos observados tanto en la literatura como en el discurso de los entrevistados se encuentran: la negligencia del proveedor del servicio en relación con el cliente (en este caso, el sector público), la confusión del cliente, el favoritismo del sector privado y la deshonestidad. La dimensión “prisión por legislación”, no encontrada en la literatura, fue identificada e incorporada a los hallazgos.

**Limitaciones/implicaciones:** El estudio analiza el fenómeno desde una perspectiva unilateral observando las percepciones de los clientes, en este caso, del sector público. Es posible que esta percepción sea diferente de los proveedores de servicios, hecho que puede traer otros matices al fenómeno investigado.

**Originalidad/valor:** El artículo presenta, de manera inédita, una proposición teórica de los comportamientos del lado oscuro del marketing relacional aplicado al sector público. Las producciones académicas son, en su mayoría, de origen extranjero e incluyen relaciones B2C o B2B.

**Palabras clave:** Lado oscuro. Marketing de relación. Sector público. Gestión de contratos.



## INTRODUCTION

Relationship marketing, defined by Gummesson (2002) as marketing based on interactions with networks of relationships, aims at customer retention and loyalty (Sheth, 2002). The area was consolidated in marketing studies in the 1990s and, since then, has aroused the interest of researchers in the field. Parallel to the progress in understanding relationship marketing, new issues and peculiarities arise in the academic and managerial fields, such as the “*dark side of relationship marketing*,” a term that refers to the misuse of relational practices, applied deliberately with or without intention of exploiting and/or damaging the relationship with the consumer. Payne and Frow (2017) point this issue as a topic that needs further study.

The *dark side* of relationship marketing (RM), “implies that, in spite of all of RM’s benefits expounded in the literature, these relational strategies can actually, over time, produce deleterious effects for firms and their relational partners” (Dant & Gleiberman, 2011, p. 1439). This model disputes the actual benefits of maintaining long-lasting relationships, since, according to Grayson and Ambler (1999, p. 133), “longer relationships may have benefits but also inherent drawbacks.”

A survey of the academic production on this topic in the Scopus, Web of Science, SPELL, and Emerald Insight databases, using as key terms “relationship marketing,” “relationship marketing,” “*dark side*,” and “*dark side*,” respectively, found 26 articles. After excluding repetition and content not pertinent to the topic studied, ten articles remained for analysis, all of international authorship. A relatively recent production was observed among the main findings, with publications concentrated from 2011 to 2019. Moreover, of the ten articles, three were theoretical and the others were theoretical-empirical. Most addressed the B2B (business-to-business) sector, that is, they studied the relationships between companies and their corporate clients. These firms belong to sectors ranging from import and export (Pressey & Tzokas, 2004) to the outsourcing of information technology services (Gopalakrishnan & Zhang, 2019). The methodology of these articles used

quantitative approaches, collecting data by the application of questionnaires, except for Friend and Johnson (2017) and Grayson and Ambler (1999), who used qualitative approaches and collected data collection by conducting interviews. The systematic review results reveal the scarcity of studies on the subject, especially in Brazil. Likewise, there is an absence of studies exploring the theme involving public organizations, and situations configured as research gaps.

It is notorious that commercial practices that underlie relationship marketing in the private sector are distinct from the contractual relationships with suppliers of products and services in the public sector. Unlike the private sector, the public sector faces unique problems caused by complexities in the relationships between companies and public agencies, especially because these relationships are mediated by specific legislation, Law 8,666/1993 (which remains in effect until December 30, 2023) and, as of January 1, 2024, Law 14,133/2021. Knowing when to evaluate the results of relationships with suppliers and terminate a contract, if necessary, is essential to optimize the oversight process.

The aforementioned information raises some questions, especially whether the *dark side* phenomenon observed in B2B relationships is also present in B2G (business-to-government) relationships; and, if so, what similarities and differences are observed, considering the theoretical precepts.

Considering the magnitude of contract management in the public sector, this research used a geographic cut—the Greater Florianópolis region—and a specific type of contract—long-term service provision. Thus, this study aims to analyze the perception of managers and supervisors of public contracts in Greater Florianópolis about the relationship with long-term service providers, considering the *dark side* approach of relationship marketing. We highlight that this study addresses the relationship of service providers with the public sector, and not the other way around. Therefore, the relationship in question has the public organization in the position of the contractor (or customer, using marketing terminology).



Considering the proposed objective, our research has an exploratory nature and a qualitative approach, since it seeks to analyze the perception of managers and supervisors of public contracts about the dark side phenomenon by in-depth interviews. We conducted nine interviews using the snowball method to select the participants. The collected data were transcribed and then analyzed by coding, and compared with the literature, especially with the behaviors on “the *dark side* of relationship marketing” proposed by Frow et al. (2011). The findings point to the compatibility of the themes “public management,” “contract management,” and “*dark side* of relationship marketing.” Among the main results, we identified four of the ten behaviors pointed in the literature, which suggests the occurrence of the phenomenon in Public Administration in the perception of the interviewees. Moreover, the legislation, especially Law 8,666, brings significant implications and enhancers of the phenomenon. These results enabled the development of a new and unprecedented “*dark side* behavior model in public management.” However, this study does not aim to transpose the practices and teachings of the *dark side* of relationship marketing studied in the market sphere to the public sector, but to try to perceive these characteristics in public domain relationships, understanding how they affect public management and, specifically, public procurement.

The next sections of this article address the themes that underlie the literature review: “Relationship Marketing,” “The *Dark Side* of Relationship Marketing,” and “Public Contract Management.” Then, we present the methodological procedures that guide the planning and performance of this study. This section is followed by “Presentation and Analysis of Results” and “Proposal of a *Dark Side* Behavior Model in Public Management.” The article ends with final considerations.

## RELATIONSHIP MARKETING

Relationship marketing is a term more than three decades old and widely recognized in the marketing field. Usually, its conceptualization is accompanied by a comparison with so-called “traditional marketing,” which refers

to marketing practices focused on one-time, short-term exchanges—commonly seen in more aggressive sales approaches, which “push” a product or service on the customer. In contrast, relationship marketing focuses on creating long-term relationships by collaboration, partnership building, and broad knowledge of the target audience’s needs (Donaldson & O’Toole, 2007).

The change in approach from “traditional marketing” to “relationship marketing” is based on a number of events, such as the increased competitiveness among organizations. When consumers have several alternatives of suppliers to meet their needs and can easily switch between them, the result is a more diverse and demanding customer base. Therefore, to meet the rapidly changing customer needs, understanding them on an individual level is necessary, and this is a hallmark of relationship marketing (Agariya & Singh, 2011).

The great contribution of relationship marketing, as the name implies, comes from the deep knowledge of the target audience—usually consumers, but it can be extended to suppliers, partners, among others—and the emphasis on collaboration between consumers and suppliers, organizations and governments, or even between competitors. Its practical advantages involve greater customer retention, higher marketing productivity and profitability, and consequently greater stability and security for the company (Gummesson, 1997).

## THE *DARK SIDE* OF RELATIONSHIP MARKETING

Still regarding “relationship marketing,” Payne and Frow (2017) highlight the need to evaluate the contributions of the area and understand its developments. In the process, they point that the literature commonly emphasizes the benefits of relationship marketing, giving little attention to its misuse by the company’s management in relation to customers and their data. This “mismanagement,” in turn, is called the *dark side* of relationship marketing. The literature uses several concepts to define the *dark side* of relationship marketing, such as Grandinetti’s (2017):



the dark side in the context of cooperative relationships is rooted in the opportunistic behavior of one partner that is damaging to the other, and even if cooperation and opportunism can and do coexist together for long periods of time, the relationship tends to be unstable. In fact, should the damaged partner become aware of what is taking place or begin to become suspicious, tensions and conflicts may begin to develop and this can lead to a breakdown. (p. 326)

Succinctly, Payne and Frow (2017, p. 13) establish their concept as "instances of poor application of relationship marketing and deliberate or unintentional behaviour that damage customer relationships." In turn, Fang, Chang, and Peng (2011, p. 775), present the *dark side* of relationship marketing from the perspective of tension, defining it as "a phenomenon resulting from imbalanced tensions, indicated by the way in which excessive cooperation, competition, flexibility, rigidity, and either long- or short-term orientation clearly tend to break up partnerships."

For Nguyen, Simkin, and Canhoto (2016), very little has been understood about how the effects of the *dark side* of relationships affect their future course, paralleled by a great scarcity of research in the area. Dant and Gleiberman (2011) also point this lack of research, attesting to the occurrence of very few studies on the

*dark side*, its formation processes in relationship marketing, and, consequently, few analyses on combating its symptoms. The authors state that even the most cautious implementations of relationship marketing strategies do not occur without disadvantages and risks, and therefore criticizing and seeking a greater understanding of its characteristics, causes, and effects is necessary. In practice, many procedures used in relationship marketing, such as the incorrect application of strategies that use customer relationship management (CRM), end up damaging or even completely destroying the relationship with the customer (Nguyen et al., 2016; Frow et al., 2011).

Regarding the reasons for the occurrence of the phenomenon, Frow et al. (2011) point two situations: (a) the misunderstanding of customer relationship management strategies, which may lead to the inappropriate use of these strategies, exploiting consumers without malice from the company; and (b) malicious intentions on the part of service providers, who, equipped with intrusive technological tools, can easily exploit their consumers without being immediately noticed. These situations result in *dark side* behaviors (Frow et al., 2011). Frow et al. (2011) proposed a better identification of the main ways these behaviors manifest and developed a taxonomy of ten types of behaviors, subdivided into three main categories (Figure 1).

**Figure 1**

*Behaviors on the dark side of relationship marketing*

<i>Dark side behavior</i>	Communication	Misuse of information
		Customer confusion
		Invasion of privacy
		Dishonesty
	Manipulation of alternatives	Financial exploitation
		Customer favoritism
		Customer retention
		Relationship neglect
	Side effects	Spillover effect
		Ecological impacts

Source: Adapted from Frow et al (2011)



The first type of behavior, classified as **communication**, concerns the misuse of information. In general, this behavior can be exemplified by using customer information in a way that customers disapprove, such as for promotional campaigns. Customer confusion, on the other hand, results from the use of misleading information, its presentation in a complex and confusing way, or even the omission of relevant information, leading customers to make decisions that are harmful and against their interests. Invasion of privacy occurs when companies, usually to better understand and serve the customer, collect information that individuals are not comfortable sharing, from their purchase history to the television shows they watch. This information is generally collected without the user's consent and may aim at a degree of company-customer closeness not desired by the individual. Finally, the last behavior attributed to the communication group is dishonesty, which is perceived both by the sale of products or services that the customer does not need and by fraudulent actions on the part of the company, aimed at its own benefit, without concern for the relationship and the customer (Frow et al., 2011).

Another category of *dark side* behaviors, classified as **manipulation of alternatives**, concerns cases of deliberately providing inferior products or services or inducing a choice error by restricting or manipulating the customer's options. Within the scope of manipulations of alternatives, Frow et al. (2011) present financial exploitation, which involves financial penalties deliberately used as a source of revenue for the company, penalties that are usually hidden in contracts to exploit the customer to the maximum. The behavior called customer favoritism concerns the segmentation, by companies, of their customers based on information such as purchase profile and profitability. The problem caused by this behavior becomes evident in customers who have not been prioritized and feel unfairly treated compared with those who are being benefited, especially when the amount paid for the service by both was the same. According to Frow et al. (2011), customer retention is the type of behavior in which companies deliberately make their products or services more costly and make it difficult to change service providers. The last

type of *dark side* behavior within the category of manipulation of alternatives is relationship neglect, in which the relationship deteriorates over time due to the service provider's inability to continue to add value to the relationship, either by loss of objectivity or inertia in the relationship. As a result, the quality of the service provided drops (Frow et al., 2011).

Finally, Frow et al. (2011) call the last category of *dark side* behaviors **side effects**. As the name suggests, it presents the negative effects on the environment and third parties. As an example, the spillover effect—when promoting advertising campaigns, a company can reach, besides the desired target audience, individuals who are not interested in its product or service, which may cause discomfort to them. The second variation of side effects concerns the ecological impacts, starting from the premise that they occur consciously on the part of the company, from the disposal of waste and pollution that can harm the environment to encouraging consumers to adopt habits that are harmful to their health (Frow et al., 2011).

Considering that the phenomenon analyzed in this study is the *dark side of* relationship marketing in public management, specifically in public contract management, the following section briefly discusses relevant aspects that permeate contract management in the public sector.

## **PUBLIC CONTRACT MANAGEMENT**

The management of public contracts with private companies results from bidding procedures, defined by Meirelles (1971, p. 16, our translation) as "the administrative procedure by which the government selects the most advantageous proposal for the contract of its interest." Thus, the management of these contracts occurs in a different format compared with the contracts signed between private companies, since, in the first case, Law 8,666/1993 is applied, establishing the general rules for public bids and administrative contracts, and determining their restrictions and performance parameters. Besides Law 8,666, two other regulations govern the stages of the procurement process for goods and services: the Differential Public Procurement



Regime (RDC; Law 12,462, of 2011) and the *Pregão* Law (Law 10,520, of 2002) (Brazil, 1993).

However, Law 14,133, of 2021, is a new legislation that unifies all procedures related to the topic. All municipalities, states, and Brazil itself are in a period of adaptation for the implementation of the new law, which will come into force on January 1, 2023. Until then, the other laws remain in effect, especially Law 8,666, which provides for the main rules about the procurement process and monitoring of contracts signed with the public sector (Agência Senado, 2023).

Law 8,666 establishes, among other issues, the rules for the government's process of contracting services and purchasing products, the so-called bidding procedures. Currently, the six possible modalities include competitive bidding, price submission, invitation, public bidding, and auction—Article 22 of the referred law presents the details. Parallel to the modalities, Article 45 establishes the criteria for judging and choosing the proposals, which can be selected based on the "lowest price," the "best technique," or a combination of "technique and price" (Brazil, 1993).

Besides the rules, Article 37 of Law 8,666 highlights the principles that the Public Administration must follow in the contracting processes: legality, impersonality, morality, publicity, and efficiency. For Andrade (2010), the principle of efficiency is the best way to perform an activity, using resources optimally. Moreover, this principle is an important aspect of the growing popular pressure and demand and, along with quality and meeting social needs, has been required in services (Limberger et al., 2014; Nishiyama et al., 2016; Motta, 2013).

Thus, contract management aims to make contracting and maintenance of contracts as assertive as possible, based on the principles of efficiency and effectiveness—considering that the main objective of the Public Administration is directly related to collective and social goals, with the continuous search for management development by constant improvements (Andrade, 2010).

Public bidding contracts have an explicitly relevant factor for its routine operation: the legal need for follow-up and supervision, established

by Law 8,666, Article 58, item III, and Article 67 (Brazil, 1993). This makes the monitoring process mandatory by the contracting public entities and an inherent characteristic of the efficient performance of the Public Administration (Vieira, 2014). Marinho et al. (2018) point the importance and legal obligation of monitoring the contracting process, highlighting the responsibility of public services not only to oversee the fulfillment of the agreements stipulated in the contract, but also to ensure compliance with tax, labor, and social security regulations. Unlike contract management, which involves the entire bidding process, monitoring is a more focused action, as it assesses the achievement of the agreed objectives in a qualitative and quantitative way (Vieira, 2014).

## METHODOLOGY

To achieve the objectives of this study, exploratory research with a qualitative approach and data collection by interviews was conducted. Exploratory research aims to help the researcher understand a specific question or satisfy a curiosity, leading to the development of an initial understanding of the phenomenon of interest (Malhotra, 2012; Babbie, 2014). Therefore, it was the most appropriate strategy for the study on the *dark side* of relationship marketing, since the thematic focus needs theoretical deepening (Payne & Frow, 2017), which is corroborated by the low exploration of the area in the literature.

The use of the qualitative approach was more appropriate due to the need to understand the phenomenon from the point of view of the actors involved, especially the individuals affected by the *dark side* of relationship marketing. This is in line with Flick (2013, p. 23), who states that qualitative research aims at "grasping the subjective meaning of issues from the perspectives of participants."

The assessed individuals were managers and supervisors of public contracts from the Greater Florianópolis region, regardless of the agency in which they work. Only the public sector was analyzed due to the lack of approach in the national or international academic literature. Moreover, the fact that public agencies face significant challenges in contract management



is widely known, as they are often highlighted in the media. For the study sample, a non-probability sampling approach was used, based on expert judgment. The selection criteria involved individuals who held their positions for at least three years and actively participated in contract supervision activities. These criteria were carefully chosen to identify contract managers and supervisors with extensive experience and outstanding performance, thus increasing the likelihood that this study would achieve its objectives. In this regard, the selection process for the active participation criterion was conducted in consultation with expert professors in Public Administration and Law.

Snowball sampling was used. This method consists of applying "chains of references," that is, the first individual selected (key informant) refers other individuals with the same profile desired by the research. This procedure is performed again with the referred participants until the answers begin to be repeated or the referral of possible respondents run out (Vinuto, 2014). Based on these parameters, nine individuals participated in this study: four contract managers, four contract supervisors, and one who performed both functions.

Within the adopted research methodology, semi-structured, personal, in-depth interviews were performed, with direct contact between the researcher and the participant. The interviews followed the protocol proposed by Cresswell (2007), including a header, instructions for the interviewer, an opening statement, essential questions for the research, and instructions to guide the researcher to deepen the questions. The data collection tool was an interview script, structured in three blocks: (1) participant profile and activities performed; (2) operationalization and characterization of the relationship with service providers; and (3) causes for contract termination and reasons and perceptions about the quality of relationships (see Appendix).

The interviews were conducted online, on Google Meet, from April to May 2021, due to the COVID-19 pandemic. Gray (2012) recommends the use of interviews for exploratory studies and their application in a semi-structured form, characterized by flexibility in their use. Regarding the analysis process, the transcription

process occurred first, for later interpretative analysis, aiming to meet the objectives and the approach of this study. The answers were also coded, a process that consists of "classifying or categorizing individual pieces of data" (Babbie, 2014, p. 387), to facilitate interpretive analysis by grouping them by similarities. In this study, the use of this technique allowed the identification of patterns in the answers and the detection of clues related to the ten types of behaviors on the *dark side* of relationship marketing proposed by Frow et al. (2011).

In line with the Research Ethics Committee, the identity of the participants and the organizations where they work was protected. Thus, interviewees were characterized by numbers (Interviewee 1, 2, 3 ... 9) and public organizations by letters (A, B, C, and D). Moreover, the sphere of activity (municipal, state, or federal) and branch (executive, legislative, or judicial) of the organization was specified. This study was approved by the Research Ethics Committee, CAAE (Certificate of Presentation of Ethical Appreciation) No. 42918821.1.0000.0118, thus ensuring the compliance of the research with the ethical standards required for studies conducted with humans and the integrity and dignity of the participants.

## ANALYSIS OF THE RESULTS

This section begins with information about the profile of the participants and organizations, followed by the characterization of long-term services and the presentation of data related to the routine of contract management and supervision. Then, it addresses the disadvantages of long-term contracts and the perceived *dark side* behaviors. Finally, we present a proposal for *dark side* behaviors in public services, aiming at the contribution of this study to the identified research gap.

## PROFILE OF PARTICIPANTS AND ORGANIZATIONS

We profiled the participants considering the variables age (years old), sex, length of professional experience (years), the organization they work for, and other professional experiences. Table 1 shows the profiles found.



**Table 1**

Profile of the participants

Interviewee	Sex	Age	Position	Length of experience	Type of organization
w1	Woman	55	Contract supervisor	10	C
2	Woman	39	Contract manager	13	A
3	Woman	38	Contract manager	11	A
4	Woman	40	Contract supervisor	9	B
5	Woman	28	Contract supervisor	10	B
6	Woman	55	Contract manager	5	B
7	Man	49	Contract manager	11	C
8	Man	28	Manager and supervisor	7	D
9	Man	48	Contract supervisor	21	B

Source: primary data, 2021

All organizations are linked to the executive branch at the state level, except for organization B, which is at the federal level.

### CHARACTERIZATION OF LONG-TERM SERVICES

A total of 18 different types of service companies were mentioned in the nine interviews conducted. The two most frequently mentioned services (four out of nine interviews) were related to the agencies' car fleet, of which one was related to the repair and maintenance of the cars, while the other concerned the management of the fleet's fuel. Three interviews mentioned airline ticketing, elevator maintenance, air-conditioning maintenance, cleaning, and postal services, and two referred to surveillance, landline and/or mobile phone, printer maintenance, and fumigation services. Moreover, some services appeared exclusively in only one interview: reprography, computer repair, digitization, building maintenance, gardening, software development, and coffee shop.

Overall, in the interviews, the range of types of services considered long-term was significant. They can be divided into two categories: (i) maintenance services, such as elevators, printers, and cars; and (ii) operational support services that directly enable the institutions to do their work, such as airline ticketing, postal services, and telephony. Therefore, these services were performed continuously, adjusted to the legal definition in Article 57 of Law 8,666.

### CONTRACT MANAGEMENT AND SUPERVISION ROUTINE

When questioning the participants about the contract management and supervision routine, several situations became evident, from supervision within ideal parameters to narratives focused on the problems experienced and the absence of a specific routine by some supervisors. In cases with supervision as expected, the supervisor's activities are period. Moreover, the purpose of supervision is to find problems that need the attention of the Public Administration, as commented by the participants: *"Every month he has to deliver, along with the invoices, the report of the machines he has fixed"* (Interviewee 1); *"There is the gardening coordinator, he is the contract supervisor, his function is almost exclusive in this, he is monitoring all the time, seeing what is needed, giving priority, organizing"* (Interviewee 6).

The pattern reported by Interviewees 1 and 6 does not occur in all the agencies analyzed, despite the legal requirement for monitoring, as recommended by Law 8,666, Article 58, item III, and Article 67 (Brazil, 1993). In practice, a structured control routine does not always occur, as observed by Interviewee 5: *"We have to make an assessment, if I'm not mistaken, it's monthly [...] But in practice, this isn't how it happens, it ends up being more passive. It ends up being more passive, like dealing with complaints, or I go into that room to do something else and I notice that it's dirty, so it's more like this. I don't make a round."*



In their narratives, complementing the previous reports, the participants pointed several operational difficulties related to contract management and supervision, and actions that the agencies try to implement to minimize these complications. Interviewee 3 explains that *"it is up to the contract supervisor to evaluate any case of non-compliance or deviation from quality and report it to the contract manager."* However, this hierarchy makes the quality of supervision variable, since *"we are very much in the hands of the supervisor there at the agency, with very subjective criteria"* (Interviewee 3). Corroborating this statement, Interviewee 2 commented that *"the manager is held hostage in the hands of the supervisor, he is not there at the end to know if the service is being done correctly, so it is based on trust, it is something very complex."*

## PERCEIVED DISADVANTAGES IN LONG-TERM RELATIONSHIPS

According to Agariya and Singh (2011), scholars' definitions of relationship marketing highlight the interest in both the long term and the development of win-win relationships between those involved. However, the interviews in this study show situations that escape this concept in the long-term relationships in public service analyzed. One of the problems concerns the effect of time on the deterioration of service quality, which corroborates the *dark side* behavior of "relationship neglect" addressed by Frow et al. (2011).

*"For service provision, there seems to be a moment, a curve, where even though it's a relationship that is just beginning, the service provider is very close to the supervisor [...] This relationship is built and then it will be transformed because they understand the pitfalls. For example, prison and hospital laundries had this a lot, it started very well, but as time went by the supervisor didn't even monitor the weighing, and the weight that you wanted was put there, and we paid per kilo of clothes [...] This changed after a while, after the service established a relationship of trust"* (Interviewee 3).

*"We bought the tools, which was the most expensive part, we paid for it, and then, in my reading, I understand that it started to become*

*uninteresting for them to receive the monthly amount and maintain a professional to provide support [...] So they started to provide a poor service"* (Interviewee 7).

Another problem identified in the interviews concerns the closeness of the parties involved, given the trust established. It therefore resembles Grandinetti (2017), who presents overconfidence as a possible trap for the reduction of monitoring routines and, consequently, an imbalance in the relationship and assertiveness when gauging the partner's results. This relationship, according to the participants, can lead to a perception of demand as something harmful to the relationship. *"One thing that bothered me when we sent this evaluation is that it should be an evaluation by contractual issue, but they took that form and acted as if we were making a complaint, as if we were massacring the company, and in fact it was not that [...] I think they have this fear of losing their job, even for this reason, the way it is today, I don't want to do it anymore"* (Interviewee 5).

*"The two of them have been with us for more than five years, and they end up creating a relationship of trust, we have a relationship with the people who work at the center, so we end up not complaining too much so as not to harm them, they earn little, so the company ends up benefiting from it"* (Interviewee 4).

Interviewees 4 and 5 reported the concern not to harm their relational partner in the mentioned situations, exemplified by the employee of the service provider company who had already built a relationship with the supervisors. Interviewee 3 also highlights this "camaraderie" as a result of a developed interpersonal relationship: *"There are also those who cover up, there are suppliers who take a long time to deliver, who are doing a bad job, but have already become friends with the supervisor, so the supervisor doesn't communicate."*

## PERCEIVED DARK SIDE BEHAVIORS

Based on the types of *dark side* behaviors proposed by Frow et al. (2011), we compared the participants' narratives and observed two behaviors associated with communication—misuse of information and customer confusion—



and three associated with manipulation of alternatives—customer favoritism, customer retention, and relationship neglect.

Regarding communication-based behaviors, Interviewee 2 addresses misuse of information: *"Many times, abusiveness comes from the companies, even because they are very prepared, because it is their livelihood, so they can sell themselves very well to the supervisor, who often doesn't have the necessary background to evaluate the proposal [...] The companies come and say that there is something new in the market and it is already prepared for that [...] The state lacks a lot to invest in training, to inform their employees in this sense."*

Another *dark side* behavior related to communication occurs at the bid evaluation stage. With the information of the contract requirements in hand, suppliers manipulate their offer in order to appear the best possible to the Public Administration, regardless of whether they have what it takes to fulfill what they are promising, leaving the risk of breach of contract to the contractor, as shown in the following narratives: *"So what happens is: the person wins the bid and then runs after the product, this is very common, both the product and the service, the person puts it on paper, makes the proposal and everything else. And then, what ends up happening is the so-called date mismatch. You bid, you contract, then the person asks for some time and delays a little because they were running after the product (supplier) or their labor, despite the fact that most public tenders forbid subcontracting"* (Interviewee 7).

*"I have noticed that many companies enter the bidding process without knowing what it really is and what happens. And since it is the lowest price, they put the price down there [...] Since the labor is specialized, carpenters, glaziers, locksmiths, and they pay a very low wage for the workers, it is very difficult to get hired and they end up not being able to perform"* (Interviewee 6). Frow et al. (2011) classifies this type of behavior as "customer confusion," in which one party seeks to provide misleading information to encourage the others to make decisions that harm them. Thus, the company, knowing this knowledge imbalance, takes advantage of it to encourage

the public agency to make the purchase, since the promises are tempting.

The participants also pointed the behavior "customer favoritism," in which the company gives more attention and provides better services to certain customers depending on their needs, purchase profile, and profitability (Frow et al., 2011). In the context of providing services to public agencies, "customer favoritism" concerns the greater attention that companies give to private organizations, while for the public sector they do the bare minimum. Interviewee 7 states: *"For the government, they will do it any way, shape, and form"*; and Interviewee 5 completes: *"There are many companies that, when they enter a public agency, because they think that it is a public agency, they think that nobody owns it, nobody will penalize them, and they end up not providing a good service."* Finally, corroborating with the previous interviews, Interviewee 8 addresses bad service providers: *"They think that public money is nobody's money, there are few who win the bidding process and go there and provide the service according to what is on the spreadsheet."*

Another evident behavior in the interviews was "relationship neglect" when providing services to the public sector. *"We have a contract that states that they have to send uniforms to the employees two or three times a year and change the PPE every two weeks, and they don't do that, it's deliberate, a way to save money"* (Interviewee 3). *"The company had been around for many years. So they were already very accommodating, sometimes we complained and really had no solution and nothing happened"* (Interviewee 5).

Therefore, impunity in the face of negligence makes the position of service provision comfortable and this is possibly also the reason for favoritism towards private sector clients, since they are more demanding and have easier contracts to be broken, which implies more attention and care in the provision of the service, while the public service opens gaps for the company to save money and keep its profitability high.

Regarding the conservation of relationships, another *dark side* behavior is responsible for "customer retention," but with a different origin from that predicted in the literature. Due to the



characteristics that regulate public relations, by force of Law 8,666, the rupture of the relationship is onerous for the contracting party, making it extremely difficult to change service providers. As an example of the difficulties in terminating a bidding process, Interviewee 4 highlights that *"it is a very laborious process, very time-consuming and spends a lot of money [...] And then it's bad to have several complaints, but it would be much more laborious, much more expensive to go there and record all the occurrences and terminate the contract, conduct a new bidding process, so we end up accepting it. Can't live with them, can't live without them."* Interviewee 3 completes stating: *"What we do know is that we extend the relationship, even if the service is half-assed, because of the difficulty of bidding again."* Thus, we have a very important point of attention regarding the long-term relationships between the public sector and its service providers, since this sector, by its own determinations—despite all its justifications—creates an unfavorable scenario for its contracts.

Finally, we observed the occurrence of "dishonesty," another harmful behavior described by Frow et al. (2011), which concerns the deliberate pursuit of self-gain at the expense of the relational partner, as pointed by Interviewee 7: *"There was a case of a company that provided information technology services, in my reading, I understand that it started to become uninteresting financially for them to keep a professional to give support, and I think other projects were more interesting. So, they started to provide bad service. You see that it is more bad faith. [...] What happens is that there is the logic of the bidding process, so the person puts the price down there, and then, to maintain the profit margin or other things, they want to deny anything, so those costs no longer cover that agreed price."*

## PROPOSED MODEL OF DARK SIDE BEHAVIOR IN PUBLIC MANAGEMENT

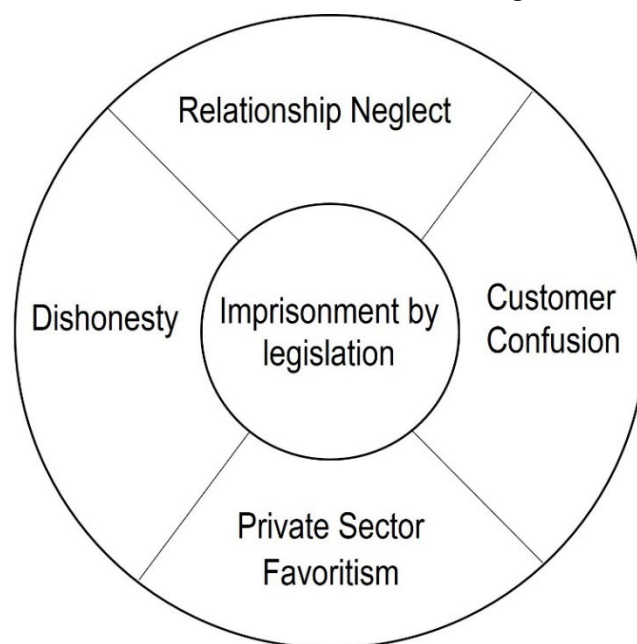
Figure 2 shows the proposed model of *dark side* behavior, adapted for the public sector, which include five variations of behavior, starting with "entrapment by legislation."

## Entrapment by legislation

The presence of this *dark side* behavior is an intrinsic characteristic of public relations and influences the other behaviors, which justifies its prominence in the center of the circle. This is the behavior that most differs from the definitions of Frow et al. (2011), which led to the change of the label, originally called "Arresting the customer" by the author. In the context analyzed, the difficulty and costs associated with the change of service providers do not arise from the bad faith of the companies, but from the bureaucracy involved in the whole process. Although the origin of the link between the public agency and the service provider is the government itself (legislation), this does not prevent the condition from being extensively exploited by companies with bad intentions, enhancing the *dark side* effect.

**Figure 2**

*Dark side behavior in Public Management*



Source: developed by the authors.

## Relationship Neglect

Relationship neglect concerns the little attention given to public contracts by long-term service providers after winning the bidding process. The service providers seek to meet the minimum requirements of the contract by



tangential under-deliveries, using any possible extension period. The premise of neglect, for the service provider, is the search for greater profitability without considering the relationship and the development of partnership with the public agency. Thus, in this type of behavior, the partner takes advantage of the rigidity of the public contract management, making it last until its legal limit, even with a low quality provision. This situation stems from legal ties and costs related to the termination of the contract that binds the customer, making it very difficult to find alternatives to meet the needs of the agency. However, neglect in the relationship does not necessarily occur from the beginning of the contract, but it can arise during the development of the relationship, as the service provider begins to understand the level of supervision in the agency and the related punishments.

### **Customer Confusion**

Customer confusion (in this specific case, the costumers are the public agencies) is evident mainly in situations of unbalanced knowledge, which is very common in the technology area due to its great and constant mutation. In practice, it results from the lack of technical and specific training of professionals to manage and supervise the contracts, since without this basic knowledge of the contract in question, decision-making becomes impossible, remaining entirely in the hands of the service provider and its recommendations. Parallel to the lack of training of public servants is the high proportion of contracts in relation to the number of professionals available to serve as a supervisor. In other words, besides the limited knowledge on the part of supervisors, the number of contracts per professional is greater than ideal, making the gap for exploitation by the partner even larger and easier to take advantage of.

### **Private Sector Favoritism**

Customer favoritism, in the context of this study, occurs by prioritizing private sector customers and contracts. Similarly to relationship neglect, favoritism towards the private sector is possibly due to the difficulty of breaking

contracts by the Public Administration, contrary to the concept of Frow et al. (2011), which reports a greater focus on prioritizing customers with greater economic attractiveness. The perception of impunity in the face of poor service delivery in the public sector, regardless of the economic return linked to the contract, naturally directs efforts and prioritization of the service provider for other activities, such as private sector customers who will demand more quality and attention from the supplier for the contract to be maintained. Effective supervision is very important to mitigate this *dark side* behavior, since a more careful look, greater and more frequent pressure on the provision of services, and a good term of reference as the basis of the contract can help direct more the contractor's attention to the object of interest.

### **Dishonesty**

Although some of the other behaviors within the sphere might fit the meaning of the word "dishonesty," this particular category concerns a slightly more targeted and deliberate action of taking advantage of the relational partner for one's own, mainly financial, gain. Once again, an aspect of this *dark side* behavior is the attempt to compensate for the very low price charged by the company to win the bid by trying to reduce its scope of work as much as possible or even by incomplete or insufficient provisions. In the case of dishonesty, in contrast to the premises of relationship marketing, which seek win-win relationships between relational partners, the service provider focuses exclusively on maximizing its gains, regardless of what this may result in for the bidder. This is probably due to the feeling of not owning public money, as mentioned by the participants. Thus, an aggressive mentality of financial exploitation emerges. The perpetuation of dishonest behavior aimed at financial gain in service contracts in the public sector is related to the precedents set by previous relationships, in which many service providers have already managed to exploit their former partners without any kind of punishment. Thus, this type of relationship and behavior is seen as a way to profit from public bureaucracy.



## FINAL CONSIDERATIONS

This study enabled the construction of a proposal of types of *dark side* behavior appropriate to the context of public service, which is unprecedented in the academic literature. The evidence points to particularities of the Brazilian public sphere that had not been previously addressed by the literature, and similarities with the theoretical model proposed by Frow et al (2011).

The particularities come from legal aspects, especially Law 8,666, which governs the rules for contracting and supervising services with the public sector. Among the similarities, we observed the behaviors of relationship neglect, customer confusion, favoritism, and dishonesty, common in B2G, B2B, and B2C relationships. Moreover, we highlight the difficult task of maintaining impersonality with service providers with whom one has close and long-lasting contact, since this closeness can lead to difficulties in both supervision and fulfilment or termination of contracts.

Another point of attention observed in the interviews refers to the supervision and management routine. For several reasons, from the professional's overload to the disadvantages arising from a long-lasting relationship, a practice escapes the ideal, opening gaps for harmful behaviors. These problems highlight the need for assertive action by the public manager in order to reduce the impact of the *dark side*. Thus, the managerial implications of the study point to the need for the public sector to develop more objective methods of contract management and monitoring in order to avoid or reduce some of the identified *dark side* behaviors. Future studies can address these strategies.

A limitation of this study concerns the scope of the participants, since we only interviewed managers and public supervisors, without involving service providers. Therefore, future studies should include all involved actors, considering the perceptions existing in the legislative and judicial branches. Moreover, the change in the legislation will imply changes in the bidding and supervision processes. Thus, further studies should verify whether the *dark side* aspects presented in this study remain or change due to the new legislation.

In terms of theoretical contributions, this study brings a pioneering view of B2G relationships from the *dark side of* relationship marketing, contributing to the scientific deepening of this topic. The study also contributes to the field of marketing applied to the public sector, still under construction in Brazil. Commonly associated with electoral campaigns, marketing in the public sector can assume different forms, and one of its basic principles is the provision of quality public services to citizens and society (Cezar, 2019). Many of the public services offered to society require the support of outsourced services, such as those addressed in this research. Thus, assertive management of service contracts in the public sector tends to influence the quality of the service provided to citizens and society, characterizing the relationship with marketing in the public sector and the social contribution of this study.

Finally, we highlight the relevance of the debate on the application of marketing in the public sector. This study does not intend to transpose the relationship marketing approach applied in the business sector to the public sector. The differences between the public and private spheres make any attempt in this area very complex. However, this study sought to reflect on possible similarities and differences of the *dark side* of relationship marketing in the context of the public sector when dealing with long-term service contracts.

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#### Endnotes

1 The translation of the article is the responsibility of the authors.