Decision Making when interacting in business relationships

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Empirical studies in the IMP research tradition over the past four decades evidence that continuous relationships tend to emerge between customer and supplier organizations. These interorganizational relationships economically relevant, with pervasive consequences for the economic performance as well as for the development of businesses. These studies also evidence that developing interorganizational business relationships takes place in a context characterized by interdependences and involves interacting. The economic relevance of the interorganizational business relationships derives from actual and expected cost and revenue consequences for the businesses involved which, in turn, arise from solutions related to combining resources coordinating activities and connecting actors between the organizations involved. Past research also suggests that the solutions that emerge in customer supplier relationships originate in behaviours of managers as actors within and across organizations and that the interdependent business network structures result from interactions in dyads between single actors and interaction among all involved actors collectively (Ford, Mattsson & Snehota, 2017).

Past research, in particular in the IMP tradition, has approached the actor dimension in interorganizational business relationships in an ambivalent way, conceiving the actor dimension on the individual and organizational levels. Our understanding of factors shaping the actual interaction behaviours of managers is incomplete. Theorizing actors’ behaviours, in particular in the management context, appears to remain mostly rooted in a conception of managerial action as ‘rationalistic’ in that it assumes that rational choice (sensible conduct) is matter of anticipating future consequences of decisions regarding choice among alternatives. This conception of managerial decision making has a normative implication that the “best” decisions flow from systematic decision making where systematic analysis foregoes the choice among the available courses of action. However, there has been a parallel development (different streams) in conceptualizing the managerial decision implying that other factors such as emotions, rules and norms are important factors shaping the actual behaviours and business solutions and therefore that the actual scope for systematic decision making in management is rather limited (Bettis, 2017). Among the alternative frameworks to explain managers’ behaviours there is the research stream on the use of heuristics in decision making which suggests that avoiding systematic decision making might be a sign of ‘adaptive rationality’ and leads to better outcomes than the rationalistic systematic decision making (Luan et al., 2019). The scope for use of heuristics when interacting in interorganizational business relationships has also been evidenced in some past studies in the IMP perspective (e.g. Guercini et al., 2014, 2015).

Given the limited research and understanding of the interaction processes in business relationships (La Rocca, Hoholm, Mørk, 2017) we see the need and opportunity for bettering our understanding of the interaction processes in business relationships and in particular of the factors underpinning managers’ interaction behaviours. There seems to be a need to go beyond, to use the terms of Argyris and Schön(1996), the theories “espoused” to those that actually are “theories-in-use” by managers when interacting both within and across organizational boundaries. We intend to stimulate research towards that end and welcome, empirical, theoretical but also methodological papers that can contribute to better understanding of interaction behaviours in interorganizational business relationships.

The topic of decision making when interacting in interorganizational supplier-customer relationships is broad and apparently relatively unexplored both empirically and conceptually. There are several themes that we expect to advance the understanding of interaction behaviours such as:
- how interaction behaviours concur to creating value in business relationships
- what factors shape the actual choices in customer supplier relationships
- actual “theories in use” and “espoused theories” guiding managers behaviours in customer supplier relationships
- how managers learn from interaction experience
- what is the role of norms, rules and heuristics in interaction behaviours of managers
- the scope for alignment of goals and agendas of the interacting managers
- the significance of contrast and conflict in interaction
- the interplay of interaction behaviours at individual and collective level

References


