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Interaction behaviors in business relationships and heuristics: Issues for management and research agenda

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ABSTRACT

Various empirical studies have evidenced that interaction is a critical process in the development of buyer–seller relationships in business-to-business markets. Research examining the different aspects of interaction processes and the consequences of interaction in business relationships for the development of the businesses involved has tended to black-box the interaction process. Limited attention has been given to how interaction behaviors of individuals arise and the interplay between cognition and behaviors in interaction. At the same time, recent research offers some insights into the use and role of heuristics in contexts analogous to those individual actors face when they interact in business relationships. In this paper we review current research on interaction processes in business relationships as well as on heuristics in the management context and argue that focusing on heuristics used in interaction in business relationships offers valuable insights on how interaction behaviors emerge. In particular, we discuss the notion of heuristics as an "adaptive toolbox," and how it relates to adaptations in business relationships. We also discuss implications for management and outline a future research agenda.

1. Introduction

Business relationships between suppliers and customers in B2B markets are important because of their implications not only for how these markets work but also for the performance and development of the individual businesses. The solutions and arrangements put in place in these relationships; how resources are combined and interfaced, and how the activities of the two businesses are configured and coordinated have consequences not only for the economic performance of the businesses involved but also for their development potential (Håkansson & Snehota, 1995). Solutions and arrangements in customer–supplier relationships are not stable and continuous adaptations are required in these relationships to cope with various pressures and to solve problems as they arise (Hallén, Johanson, & Sayed-Mohamed, 1991). The mutual adaptations tend to be relationship specific and produce interdependencies between the businesses involved in various dimensions (Baraldi & Strömsten, 2006; Cespedes, 1995; Dubois, 1998).

Ongoing interaction processes between two businesses across their boundaries play an important role in how mutual adaptations are initiated and carried out, and interaction in business relationships thus stands as the central business process (Håkansson & Ford, 2002; Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009). Interaction processes are important because they are a way of coping with existing interdependencies and a way of creating interdependencies. Interaction between companies concerns different facets of the relationship; it involves how resources are adapted and interfaced, how various activities in the supplier and customer organization are organized and 'synchronized,' and who the individuals are that intervene and interact. Interaction between two businesses can be analyzed at organization level and at the level of various processes that can involve single products, organizational units, type of activities, or individuals.

The interaction behavior of individuals who represent two businesses when they meet is an important facet of business relationships. During meetings they jointly address various issues and settle the adaptations that required acting and reacting to each other's actions. When individual actors meet to find and implement solutions and arrangements for various issues arising in ongoing business relationships, their interaction behaviors are an important aspect of interaction between the two businesses and in the mutual adaptations related to resources and activities.

How individual actors representing two businesses act in encounters is of considerable interest but has not been studied broadly. Yet, the

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context of the interaction episodes in business relationships has interesting aspects. Meetings between representatives of two businesses tend to result in mutual commitments regarding how to cope with various issues that arise in reacting to each other's proposals and under conditions in which there is no room for extensive analytical problem solving. Issues dealt with are often ambiguous and, given the future orientation of these issues, the knowledge and information at hand is always only partial. Yet, the individual actors involved strive to make sensible decisions because the commitments they make and the solutions and arrangements they identify and implement have substantial economic consequences for the two parties.

The question then becomes, what are the factors that guide and shape the behavior of the individual actors when they meet? If we acknowledge the consequences of the solutions devised in such encounters, the question is an important one since the development of the relationship and its outcomes depends largely on the individual interaction behaviors. Past research on business relationships dealing with factors that explain individual behaviors has been limited, and most of the research on interaction in business relationships appears to 'black-box' individual interaction behaviors.

Over the past few decades there has been a surge in research that offers some interesting insights on the role of heuristics in economic behaviors, and this research can contribute to an understanding of how interaction behaviors arise. Such research has dealt extensively with the interplay between cognition and action and with the circumstances and consequences of using heuristics that appear clearly relevant for explaining the interaction behaviors of individual actors in business relationships.

The aim of this conceptual paper is to fill the gap in extant research, which has dealt with the individual interaction behaviors in business relationships only to a limited extent. The perspective we take involves opening the black box of interaction in business relationships, as our central research question is, what triggers individual interaction behaviors observed in business relationships and how can these be explained? Our attention is particularly on the interplay between cognition and behavior in interaction in business relationships. This paper contributes to the research on interaction behaviors in business relationships in three ways: First, we review the literature on the topic in two fields of research: interaction in business relationships and the use of heuristics in choice behaviors. Second, we discuss the relevance and implications of the use of heuristics in interaction for management practice. Third, we elaborate an agenda for further research on individual interaction behaviors in business relationships.

The paper is structured as follows. In the next section, we start by reviewing the extant marketing literature on interaction in business relationships, which has dealt with interaction behaviors of actors at an inter-individual level. In the section that follows, we review the literature on the use of heuristics that deals with the interplay of action and cognition and apparently holds the promise of yielding new and useful insights with regard to interaction behaviors in business relationships. We conclude with two sections in which we discuss the implications of opening the black box of interaction behaviors; in Section 4 we discuss the implications for management practice, while in Section 5 we outline a research agenda for future studies on interaction behaviors in business relationships.

2. Interaction behaviors in business relationships

Past research on B2B markets, particularly research in the IMP tradition, offers a wealth of insights regarding the emergence of close customer–supplier relationships and the impact of these on single individual businesses. It has shown that such relationships tend to last a long time, but that the contents of these relationships in terms of the products/services exchanged, as well as various commercial and organizational solutions in the relationships change over time. Such findings highlight the need for continuous adaptations in business relationships (Hallén et al., 1991). It has been argued that developing continuous close relationships between businesses is a way of coping with interdependences; at the same time, it helps businesses to stabilize their context and make it more manageable (Fligstein, 2001; Snehota, 2004). This need for more or less continuous adaptations makes interaction in business relationships to a central business process because combining and interfacing resources and linking and configuring the activities of the two businesses on which the economic outcomes of business relationships depend, require extensive interaction (Håkansson & Ford, 2002; Håkansson et al., 2009). Indeed, developing effective relational solutions and arrangements involves interaction among the numerous individual actors involved in the process (Ciabuschi, Perna, & Snehota, 2012; Gadde, Hjelmgren, & Skarp, 2012; La Rocca, Ford, & Snehota, 2013; Tuli, Kohli, & Bharadwaj, 2007).

Interaction in business relationships can be analyzed by examining the overall pattern of interaction between the two businesses in its various layers, such as resources, activities, and actors (Håkansson et al., 2009) and also at a more micro level of various partial processes that pertain to the single layers, and how specific products, organizational units, activity flows, and even individuals interact within the framework of the overall relationship. Numerous studies in the IMP stream of research have examined the causes of interaction processes and their consequences, particularly in relation to the resource and activity layers of business relationships. Fewer studies have dealt with the actor layer of business relationships, and particularly that which relates to the individual behaviors in interaction. Yet, the interaction behavior of individuals when they meet to jointly address and resolve various issues representing the two businesses is a very special facet of interaction in business relationships. When the individual actors meet and interact, they make commitments on how to cope with various issues regarding mutual adaptations of the two businesses in terms of resources and activities. The joint commitments translate into solutions and arrangements on which the economic consequences of the relationship depend. The issues the actors deal with are often ambiguous, and the knowledge and information they have about future states is always only partial. When actors act and react to each other's proposals and actions, there is little or no room for extensive analytical problem solving; time to solve problems and the information available are limited and the context is generally uncertain. However, regardless of the context conditions, the individual actors appear to strive to make sensible decisions and their behaviors are not random because those in managerial positions will be held accountable for the solutions and their economic outcomes. That raises the question, what guides the behavior of the individual actors when they meet and interact? What kind of cognitive elaboration is involved here? What are the factors that make actors behave in interaction in a certain way rather than another? Considering the consequences of the solutions actors devise in interaction, the question is important since the outcomes and development of the relationship are linked to individual interaction behaviors. Also, if we are to understand and explain the formation of business relationships, the question, how do individual interaction behaviors arise, appears essential. These are questions we have focused on in this paper, questions that have guided the literature review.

Several studies (mostly documented in PhD theses) have examined and highlighted various aspects of the actor layer in business relationships, even if we would argue that research on business relationships in the IMP tradition has tended to 'black-box' individual interaction behaviors. These studies have pointed out that the value concept in business relationships is relative and context-, time- and actor-dependent, and that creating value in business relationships involves creating and exploiting interdependencies between the two companies (Forsström, 2005). It has been observed that formulating specific rules of conduct for actors in interaction can enhance relationship effectiveness because it helps the individual actors prioritize certain acts and interactions (Awaleh, 2008). An issue examined in several studies relates to the role of trust between actors, particularly its impact on the transfer of