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Practice theory and the study of interaction in business relationships Some methodological implications

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ABSTRACT

Research on customer–supplier relationships in business markets has evidenced the centrality of interaction processes. However, while several studies examine interaction processes and their consequences in relation to the resource and activity layers of business relationships, the actor layer has not attracted the same attention. This raises the question: how adequate are our methodological approaches for investigating interaction processes in business networks? In this paper, we examine how practice-based approaches, with their preference for ethnography and techniques such as multi-site observations and analytical interviewing and treating actors as emergent entities, can help orient the research on business interaction. We argue that some of the themes emerging in practice-based approaches, applied to studies of interaction in business networks, could yield a better understanding of the dynamics of organizing across organizational boundaries. We conclude that research on interaction in business relationships would benefit from (1) zooming in and zooming out of multiple sites of interaction to better understand interaction processes and the role of controversies and interdependences among the different interacting roles; (2) including fluid multiple roles in business relationships that treat actors as emergent entities and transcend the ‘fixed’ conceptualization of two actor levels – individual and organizational; and (3) paying major attention to the reproduction of interaction practices and the role of materiality that permit relationships to be temporarily stabilized.

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1. Introduction

The traditional perspective on marketing rests on the assumption that companies' market performance revolves around discrete exchange transactions and effective marketing practices (Bagozzi, 1975). However, in recent decades, a considerable body of research on business markets has pointed to the existence of continuous high-involvement business relationships between companies. Various studies have highlighted the importance of such relationships for the economic performance and development of individual businesses as well as the dynamics of business markets (Cannon & Perreault, 1999; Dwyer, Schurr, & Oh, 1987; Håkansson, 1982; Håkansson & Snehota, 1995; Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009; Narayandas & Rangan, 2004). In particular, research has focused on the interaction processes in business relationships to understand how these

relationships develop and what their outcomes are for the companies involved (Hallén, Johanson, & Sayed-Mohamed, 1991; Håkansson et al., 2009; Johanson & Mattsson, 1987). Interaction has been conceptualized as “an economic process through which all of the aspects of business, including physical, financial, and human resources, take their form and are changed or transformed” (Håkansson et al., 2009, p. 33). The importance of interaction across companies' boundaries lies in their role concerning how mutual adaptations are initiated and carried out, and has led to the conclusion that interaction is a core business process at the heart of business development (Håkansson et al., 2009).

While interaction has come to the fore in research on customer–supplier relationships in business markets, few studies explore interaction processes in inter-organizational business relationships at a micro level and investigate the role of actors in the development of solutions. In fact, most of the research appears to ‘black box’ the individual interaction behaviors (Guercini, La Rocca, Runfola, & Snehota, 2014). The relative scarcity of studies on how actors interact in business relationships can be a sign of the methodological complexities in studying business interaction empirically (La Rocca, 2013). Indeed, interaction as the interlocking of behaviors and mutual conditioning is notoriously

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difficult to investigate empirically. Hence, it is relevant to ask what research lenses and tools should be adopted to study interaction processes in business relationships.

Against this background, this paper will focus on practice-based approaches within organization studies (Feldman & Orlikowski, 2011; Miettinen, Samra-Fredericks, & Yanow, 2009; Nicolini, Gherardi, & Yanow, 2003; Orlikowski, 2002; Reckwitz, 2002a, 2002b; Schatzki, Knorr Cetina, & Savigny, 2001; Shove, Pantzar, & Watson, 2012) and within market studies (Araujo, 2007; Araujo, Kjellberg, & Spencer, 2008; Araujo & Kjellberg, 2009; Azimont & Araujo, 2007; Kjellberg & Helgesson, 2006, 2007; Mason & Spring, 2011; Rinallo & Golfetto, 2006). These practice-based approaches appear complementary to the approaches used in the Industrial Marketing and Purchasing (IMP) research tradition to study interaction processes in business relationships. Opening up the black-boxed interaction processes (Guercini et al., 2014) and going “below the surface of the supplier and customer as two organizations” (Hjelmgren & Dubois, 2013, p. 101) inevitably poses methodological challenges. The rationale for drawing upon practice theory is that, like the IMP perspective, it focuses on processes, sociomateriality, actual practices, and how the practices are related in time and space. However, while in the IMP few attempts have been made to study how actors actually interact (Guercini et al., 2014; Hjelmgren & Dubois, 2013), practice theory has a long tradition in tracing *what actors do*.

In this paper, we examine the methodological approaches of practice-based research with the aim of identifying approaches that permit us to capture more effectively the dynamics of interaction processes in business relationships. From an ontological point of view, we share the assumption that social reality has an emergent and enacted character (Law & Urry, 2004). This study draws on a ‘practical constructivism approach’ (Kjellberg & Helgesson, 2006) that focuses on ontological issues and is concerned with “social practices enacting realities” rather than with “knowledge claims based on different perspectives on a single reality” (Andersson, Aspenberg, & Kjellberg, 2008, p. 69). Our study examines selected studies within the IMP and practice-based streams of research, outlines their ontological positions, and focuses on their methodological approaches.

The paper contributes by suggesting three methodological paths that could potentially enrich and expand our understanding of interactions in business relationships: (1) zooming in and zooming out of multiple sites of interaction, (2) including fluid multiple roles in business relationships, and (3) paying major attention to the reproduction of interaction practices in business relationships.

The paper is structured as follows. In the next section, we review the literature on business relationships and interaction in the IMP research, focusing on the methodological approaches that have been typically employed in this tradition. In the section that follows, we outline key topics that have emerged in contributions from practice theory. In Section 4 we discuss how studies of business relationships can benefit from practice-based approaches; and in the last section we draw some conclusions.

2. Studying interactions in business relationships

In this section, we outline some of the basic assumptions of IMP research, both conceptually and methodologically, in order to identify (in Section 4) methodological contiguities with practice-based approaches (discussed in Section 3).

2.1. The IMP roots

If we look at the roots of IMP, one of the first features is the emphasis on joint behaviors and inter-dependencies between organizations (Håkansson, 1982). The focus on what happens between organizations – and among individuals who represent them – has led to the conclusion that the idea of autonomous rational actors

who act purposefully, form intent, and interpret the context to achieve desired goals, is of limited use in explaining the dynamics of business markets (Håkansson, 1982; Håkansson & Snehota, 1995). Rather, it appears that relational processes, interaction in particular, are central in marketing and thus are essential constructs in explaining the emergence and consequences of business relationships among organizations (Håkansson, 1982; Håkansson & Snehota, 1995; Ford, Håkansson, Gadde, Snehota, & Waluszewski, 2010). Olsen (2013) argues that “the fundamental ontological position defining the IMP as an area of theory is the assumption that resources are heterogeneous and only partially knowable, and as a consequence, that relations and interactions are fundamental constituents of the economy” (p. 162).

The foundations of the concept of business relationship and its functions are empirical. Empirical research has shown that what happens between the buyer and seller company in a business relationship has consequences in three dimensions: 1. For the relationship itself (e.g., how it will develop); 2. For the organizations and actors involved (e.g., economic outcomes for the businesses taking part); and 3. For other, indirectly connected parties and relationships (e.g., for the customers of the customer, suppliers of the supplier) (Anderson, Håkansson, & Johanson, 1994; Håkansson & Snehota, 1995). The interdependence and connectedness of business relationships (Håkansson, 1982), in the sense that what happens in one business relationship affects what happens in another (directly connected through one of the parties or indirectly connected through more than one party), has led to the formulation of the concept of a business network as a set of interdependent business relationships (Håkansson & Snehota, 1995).

Analysis of inter-organizational business relationships requires the development of concepts suitable for capturing the complexity and permitting the differentiation and classification of the variety of these relationships in terms of their content and function. Some scholars have proposed using the Activity-Resource-Actor (ARA) model to analyze business relationships and their consequences (Håkansson & Johanson, 1992; Håkansson & Snehota, 1995). The idea/argument is that in order to understand the development of a particular company (or one of its businesses) we have to look at how it is connected to other companies (or companies’ business) in the following three dimensions or layers: activities, resources, and actors. Interaction in business relationships can be analyzed by examining the overall pattern of interaction between the two businesses in these layers (Håkansson et al., 2009), and also at a more micro level, by investigating various processes that pertain to the single layers: e.g., how specific resources, products, organizational units, activities, and individuals interact.

Research on inter-organizational business relationships in the IMP tradition has led to acknowledging explicitly two levels of the ‘actor’ concept, distinguishing between companies as actors and individuals that serve as agents for the companies involved in inter-organizational relationships (Håkansson & Snehota, 1995). An attempt to connect the two levels has been conducted in an empirical study of actors’ identities in business relationship that highlights the interactive nature of actors, showing the interplay between the two levels and the role interactions have in shaping mutually perceived identities (La Rocca, 2011). Outside the IMP, the notion of organizations as actors in inter-organizational relationships has rarely been discussed, with the exception of a growing body of market studies (e.g., Araujo, 2007; Araujo et al., 2008; Araujo & Kjellberg, 2009; Azimont & Araujo, 2007; Kjellberg & Helgesson, 2006, 2007; Mason & Spring, 2011; Rinallo & Golfetto, 2006). Some of these studies, inspired by the inroads of a ‘practice turn’ (Schatzki et al., 2001) in marketing, have also been related to IMP. It has been observed that from a market perspective “actors should be conceived as composites comprised of multiple acting entities” (Anderson, Aspenberg, & Kjellberg, 2008, p. 68). We will return to this latter point when we examine how these and other related market studies have addressed inter-organizational processes from a practice perspective.

Given the focus on inter-organizational relationships between businesses, which involve the interfacing of resource constellations and

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