

# Relationally-responsive interaction in business

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**Abstract.** Interaction between active, individually significant and interdependent actors is a central concern for research within the IMP tradition, which emphasises that it is what happens between a company and others that constitutes the core of business. Nevertheless, it is also recognised that our understanding of the nature of interaction and its implications for business remains limited. This paper develops a theoretically grounded understanding of how business actors orient themselves towards each other in relationally-responsive interaction. Amongst other things, this understanding offers a more satisfying conceptualisation of identity than that found in the IMP literature, which argues that identity is determined by resources and activities. Another important contribution is the distinction made between two kinds of challenges, which business actors face in their day-to-day activities: logical problems and difficulties of orientation.

**Key words:** Business actors, interaction processes, orientational difficulties, problems, relationally-responsive interaction.

## Introduction

Interaction between active, individually significant and interdependent actors is a central concern for research within the IMP tradition (Håkansson 1982; Ford and Håkansson, 2006). One of the key insights emerging from studies of interaction within this tradition is that it is not what occurs *within* a particular company, but what happens *between* a company and others that constitutes the core of business (Ford, Gadde, Håkansson, Snehota and Waluszewski 2010). That is to say, business actors never act in isolation – they always interact with other actors, either directly or indirectly, in order to link activities and combine resources. The interactive view of business that has developed within the IMP tradition de-emphasises the independence and importance of internal resources of single companies and instead highlights the importance of interdependencies with other actors for the accomplishment of even quite simple tasks. Interaction is thus ubiquitous in business, yet the view that the business world is populated by companies that exist more or less independently of each other and are able to design and execute their own strategies has been able to retain its hegemony over thinking in disciplines such as strategy, organisation studies and marketing.

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In discussing interaction in business, research within the IMP tradition often uses the Activities-Resources-Actor (ARA) model (Håkansson and Johanson 1992; Håkansson and Snehota 1995). According to this model, the outcomes of interaction processes between business actors can be described in terms of how the various activities of the different actors are systematically related to each other (activity links), how the resources that various actors possess are adapted and tied together (resource ties) and the inter-personal relationships that have developed through interaction between individuals in the companies involved (actor bonds). In addition, a distinction is made between individual short-term 'exchange episodes' and long-term processes of institutionalisation and adaptation in relationships (Håkansson 1982).

Focus in much work within the IMP tradition has been on resources and activities, while the actor dimension is less well developed. In their attempt to explain this discrepancy, Håkansson and colleagues note that compared to the resource and activity dimensions, the actor dimension is left wanting as there have been 'few empirical studies that have centrally addressed the nature of the business actor, its discretion, motives, or its effects on others explicitly and systematically' (Håkansson, Ford, Gadde, Snehota and Waluszewski 2009: 134).

The purpose of this paper is to contribute to the further conceptualisation of actors from an interaction perspective. More specifically, this paper will build on the writings of Robert Chia and John Shotter to develop an understanding of interaction in business as relationally-responsive.

The remainder of this paper is divided into four main sections. The first section presents an overview of how actors and interaction are conceptualised in current IMP research, as this is the ground from which we set off. To develop an understanding of what business actors interact about, the next section discusses what kinds of problems business actors face going about their activities. Third, business interaction is conceptualised as relationally-responsive. The paper ends with a brief conclusion.

### **Actors and interaction in the IMP tradition**

The recent work of Håkansson and his colleagues (2009; see in particular chapter 7) provides a useful overview of how actors<sup>2</sup> are understood in IMP research and I will use this as the starting point for my discussion.

Håkansson et al. (2009: 131) approach actors from 'the perspective of how they act in interaction.' Actors do not exist in isolation: Whatever an actor does and tries to accomplish not only draws on the resources and activities of other actors, but also affects different resources, activities and other actors either directly or indirectly. Every actor is thus embedded within a wider network of interacting actors. The boundaries of an actor are blurred, which means that it is difficult for an actor (and others) to 'maintain a clear view of themselves, of what they are doing and what they should be doing' (133). In acting, actors combine resource and link activities to each other for particular purposes:

'It is actors that enact, learn and acquire knowledge about the effects of combinations and links. It is actors that carry out re-combinations, look for new possibilities and fix problems as they come. It is actors that control, spread and use their collective knowledge of the different aspects of the highly complex network. The interacted landscape is a continuously emergent construction of activities, resources and actors in which the actors are the main organizing force' (Håkansson et al. 2009: 133).

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<sup>2</sup> An actor can be an individual, department or organisation, to name but a few possibilities.

Through interaction actors thus co-evolve and co-create the physical and economic contexts of their activities.

Each actor interacts directly with a limited number of direct counterparts and typically knows a great deal about these direct counterparts and about how to combine resources and configure activities with them. Håkansson et al. (2009) refer to an actor's understanding of direct counterparts, resources and activities as the actor's 'small world' – the context that makes sense to them (and which is related to the small worlds of other actors). In addition, actors are indirectly involved with a large number of actors in the wider network via some of its direct counterparts; and to specific resources and activities in this 'wider world' (Håkansson et al. 2009). In both these worlds, actors attempt to balance the necessity of reacting to the actions of other actors and the possibilities of influencing others in order to secure their existence as actors.

According to Håkansson et al. (2009: 138), an actor 'acquires an identity in interaction with others because its behaviour, regardless of the motives or underlying reasons for it, is a matter of concern to or affects another.' The actor is thus not considered to be a self-contained entity that is autonomous and exists independently of others and its environment, as is often the case in organisation studies and marketing. Quite to the contrary, in the interactive view of the business actor developed within the IMP tradition, the existence of each actor is seen as always being contiguous on other actors. This 'jointness' between actors 'reduces the importance of an actor's own intentions and increases the importance of the combined intentions of interacting parties in relation to others' (Ford and Håkansson 2006: 13).<sup>3</sup> Because of the jointness of interaction, it makes little sense to analyse a single actor or a single action in itself.

Each actor exists as a different entity and acquires a different identity in each specific interaction context (Håkansson et al. 2009: 138). Because an actor's identity is made up of the diverging attributions of several different counterparts that the actor simultaneously interacts with, each actor acquires, and has to maintain a multifaceted identity:

'All of an actor's counterparts have different pictures of it and each is more or less true or relevant to that counterpart. Each is based on that counterpart's interaction and relates to the problems it wishes to address and the role that it seeks for the actor' (Håkansson et al. 2009: 143).

Another important point made by Håkansson et al. (2009) is that actors are selectively attached to each other. That is, they develop more or less strong bonds of mutual orientation, preferences and commitment to a relatively limited number of specific others. Through this bonding, each actor develops (always incomplete) knowledge of the resources, activities and intent of its counterparts. The bonds that develop between actors reflect 'how they see and know each other, but also how they see and interpret the wider context and the specific situations in which they find themselves' (142). Furthermore, the bonds an actor has constructed with other actors influence its ability

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<sup>3</sup> Although jointness is deemed to be one of the key elements in an interactive world (Ford and Håkansson, 2006; Ford et al., 2010; Håkansson et al. 2009), it is rather vaguely defined. Although jointness refers to 'a specific relationship between two actors in relation to all others' (Håkansson et al., 2009: 97), i.e., a dyadic relationship, it is also noted that jointness is 'a measure of the spatial extension of an actor across the network via its relationships with others' (which implies a focus on a single actor) and 'involves closeness between actors across geographical space' and 'links between the respective knowledge, technologies, capital investments and cultures of the two actors' (Håkansson et al. 2009: 141). The level of analysis is thus not clear: is it an actor, a dyad, the network or all of the above?

to act and how it acts. Actors simultaneously play an active part in forming bonds and are formed by their bonds with other actors. That is, actors co-evolve.

The counterparts an actor interacts with are not only important for what they are, but because of what they can do or may become (Håkansson et al. 2009). Through interaction managers are able to create a measure of stability and predictability to their operations within an otherwise unpredictable and equivocal world.

It is never possible for an actor to anticipate the outcomes of its actions because these always depend on other actors in its network. The complexity of the wider network that actors are embedded in 'makes it impossible for actors to anticipate the future in any complete sense' (Håkansson et al. 2009: 145). Instead, each actor has a narrow view of the future that can be shared and negotiated with important counterparts. In this way actors can at least in part be active in constructing the future, but actors will always have to live with some ambiguity and uncertainty:

'Within the margins of uncertainty, [actors] construct different narratives based on an incomplete set of clues. These narratives reflect specific logics and languages that are more or less clearly understandable to others and they orient behaviours. How these narratives are constructed and the extent to which they are shared and mutually understood can facilitate or hinder 'joint action'. To follow a particular narrative amounts to focusing on specific problems and outcomes over others. Solutions negotiated between actors tend to reflect this focusing' (Håkansson et al. 2009: 145).

According to Håkansson et al. (2009), actors in business frequently apply three kinds of logics<sup>4</sup> as they construct the narratives orienting their activities:

- *Instrumental or technical logic.* This logic is focused on solutions and is in particular concerned with 'how physical resources and specific activities can be combined and linked to achieve desired outcomes' (145).
- *Economic or business logic.* This logic has to do with economic efficiency (specifically cost-benefit analysis) and 'focuses on the economic outcomes of various solutions to particular problems' (146).
- *Institutional logic.* The institutional logic pertains to compliance with shared rules and norms, some of them in the form of legal boundaries, and is typically invoked when actors have to solve problems that are difficult to assess in their instrumental and economic dimensions.

Håkansson and colleagues suggest that a problem can be raised within any of the three logics and that the solution can be found using either the same logic or by invoking another logic. In this connection, it is important to note that the three logics will often produce conflicting ideas about solutions to problems (or even what the problem is), which actors are confronted with as they interact. We will return to the notion of problems and solutions later in this paper.

Although it is suggested that interaction is typically initiated by one of the logics, Håkansson et al. (2009) stress that interaction between business actors always involves all three. Switching between logics is seen as 'one of the driving forces of interaction' and of changes in how actors 'organise by combining resources, configuring activities and connecting actors' (Håkansson et al. 2009: 146).

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<sup>4</sup> Håkansson et al. (2009) trace the origin of the concept of logics in business to Thomson (1967), who distinguished between instrumental and economic rationality in relation to business. The notion of institutional logic is borrowed from institutionalism (e.g., Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

The outcome of the interaction process can be described in terms of actor bonds, activity links and resource ties (Håkansson and Snehota 1995; Ford and Håkansson 2010). The actor layer relates to the inter-personal bonds that develop between individuals through interaction. The activity layer pertains to the integration and coordination of activities between actors. Finally, the resource layer captures how the tangible and intangible resources of interacting parties may become adapted and tied together as their interaction develops.

Time is central to interaction in business, as evidenced by recent thinking within the IMP Group (Ford and Håkansson, 2006; Ford et al., 2010). Interaction is thus seen as a process in which sequential actions are related to each other over time. History matters for interaction because what has come before will inform actors' activities in the present. They will also be guided by their expectations regarding the future. History and future are thus both important.

An important insight of the IMP school is that interaction always builds on, but is not determined by, what has gone before. New actors and new relationships always emerge from something that already exists: 'Interaction creates a relative and dynamic structure over time where actors are related to particular others who in turn are related to particular others' (Ford and Håkansson 2006: 13). Interaction will evolve over time through learning and experience. Furthermore, interaction tends to 'lumpy' in the sense that it is not distributed evenly over time. Some episodes will be more intense and involve more interaction than others. Although interaction may appear dyadic, it will be related to interactions with third parties and may be influenced, mediated or facilitated by these others.

Although actors and actions cannot be analysed in isolation, Håkansson et al. (2009) note that no well-developed framework exists for analysing actors and acting within the interaction perspective. Contributing to such a framework is central to the remainder of this paper. I commence, however, with a discussion of the problems and difficulties business actors face when they interact.

### **Problems and difficulties in business**

The modern inter-connected world of business is characterised by organized complexity and tight coupling of activities, as companies are related to each other directly or indirectly in a myriad of ways and have to respond to others. As a consequence, problems in one area of the value chain or production process spread out across the network and firms therefore typically cannot solve the problems or deal with the issues they encounter on their own. They constantly have to work with other actors and determine how to go in an equivocal, ambiguous and ever-changing world.

Using a distinction derived from Ludwig Wittgenstein by John Shotter (2008a, 2008b), it is possible to distinguish between two kinds of difficulties encountered by people doing business: *problems* and *difficulties of orientation*.<sup>5</sup>

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<sup>5</sup> In a similar vein, Horst W. Rittel (1972; Rittel and Webber, 1973) distinguished between tame and wicked problems. Tame problems are quite simple and can be separated and reduced to relatively few variables and relationships (Mason and Mitroff, 1981) and can be formulated in an exhaustive way, thus providing the would-be problem-solver with all the information needed for understanding and solving the problem. For tame problems it is clear what the problem is and in turn it is clear whether it has been solved or not (Rittel and Webber, 1973). In contrast to tame problems, wicked problems are not clear and cannot be formulated in an exhaustive and definitive way because the 'information needed to *understand*

Some of the difficulties business actors face can be designated as *problems* because it is possible to arrive at a solution (Shotter, 2008b). For something to be a problem, it must be possible to describe an initial state of affairs in terms relevant to a well-known process of reasoning. Solving the problem entails the actor or actors working out a clear link between what they already clearly know about a situation and the unknown, but desired state of affairs, by means of ‘calculation’ – that is through the application of what can be called ‘technical rationality’ (Shotter, 2008a: 163; Schön 1983).

This is the kind of individual decision-making problem students are taught to master in business schools, and that is familiar to us from standard models of decision-making and planning. In these models, decision-making is viewed as ‘intentional, consequential action’ based on the assumptions that decision-makers have (1) knowledge of alternatives for action, (2) knowledge of the consequences of choosing particular courses of action, (3) consistent values by which to evaluate alternative consequences of action and hence a consistent preference ordering, and (4) rules by which they decide between alternative courses of action (March, 1991: 97). Such a ‘process of causation’ is useful in static, linear and independent environments characterised by uncertainty (Sarasvathy, 2001), but are less useful in dynamic, nonlinear and ecological contexts characterised by equivocality, contingencies and unpredictability. By portraying practitioners as people who simply choose and reflect (or reflect and choose) in the performance of their actions, mainstream thinking fails to portray them ‘as participants already caught up in a ceaselessly ongoing process who [...] must produce *from within* that ongoing process, both recognizable and accountable utterances and actions’ (Shotter 2008b: 164; italics in original).<sup>6</sup>

The situation in the ‘real world’ is thus often more confusing than what business students learn to analyse and deal with within the safe confines of the classroom as the real-world problems and difficulties that actors in business face are often vaguely understood and are always interrelated. In fact, Mason and Mitroff (1981) argue, in the ‘real’ world every problem is related to all other problems and problems affect each other to different degrees.

In addition to problems that can be solved using a well-known process of reasoning, actors under such circumstances frequently face what John Shotter calls *difficulties of orientation* or *relational difficulties*, ‘difficulties in which [they] need to *resolve a line of action, a style, an approach, or way* of proceeding with respect to an other or to a circumstance’ (Shotter, 2008b: 513, italics in original).

Struggling to overcome a difficulty of orientation is a different activity to solving a problem: ‘Instead of simply choosing among an already existing set of logically independent elements to combine them into an appropriate sequence,’ struggling to overcome a difficulty of orientation ‘involves *navigating* within an often overwhelming

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the problem depends on one’s idea for *solving* it’ (Rittel and Webber, 1973: 161; italics in original). Solving a wicked problem is identical with understanding its nature: each solution corresponds with a certain understanding of the problem. Hence, the ‘formulation of a wicked problem *is* the problem!’ (Ritter and Webber, 1973: 161; italics in original). Rittel introduced the distinction between tame and wicked problems in a general discussion of planning problems and systems analysis. His ideas are rooted in systems theory and operations research and have been applied to strategic management by Mason and Mitroff (1981) and to marketing by Philipsen and Freytag (2010).

<sup>6</sup> Although Shotter (2008a) makes this point in relation to psychotherapy, I think that it also holds for thinking within business, including marketing and organisation studies.

sea of unique details [...] and somehow to create a unique course of action related to them all' (Shotter, 2008a: 163, italics in original).

Ludwig Wittgenstein (1958) saw difficulties of orientation as having the form: 'I don't know my way about' (§123). When facing difficulties of orientation, one should not strive to be able to say 'Now I see it' (i.e., the solution to a problem), as seeing something is to be able to assimilate it to an already existing category, but to be able to say 'Now I know how to go on' (§154). For the business actor, 'to see' something is to assimilate it with well-known problems and the well-known solutions associated with this problem (including the normative guidelines or propositions related to particular theories). In most practical situations this entails ignoring the unique and often important deviations from what is already known.

In contrast, to be able to 'go on' is to be able to do something for the first time. The resolution of an orientational difficulty is thus not achieved at an intellectual level through causal reasoning, but at a practical one, as something that is manifested in the business actor's unique way of being *responsive* to the unique details of a situation through his/her actions within it (Shotter, 2008b):

'For those difficulties we can call problems, it must be possible to describe an initial state of affairs in terms relevant to an already well-known process of reasoning, and to 'work out' a clear link between the known and the unknown but desired states of affairs. A relational or orientational difficulty, however, presents us with almost the reverse situation – for it is only *after* we discover a way of *relating* ourselves to attend to certain aspects of our surroundings, a way of organizing or orienting *ourselves* to attend to certain aspects of our surroundings rather than others, that the data relevant to our achieving our goal can be brought to light (and then, and only then, can our problem-solving reasoning as such, if necessary, be applied)' (Shotter, 2008b: 514; italics in original).

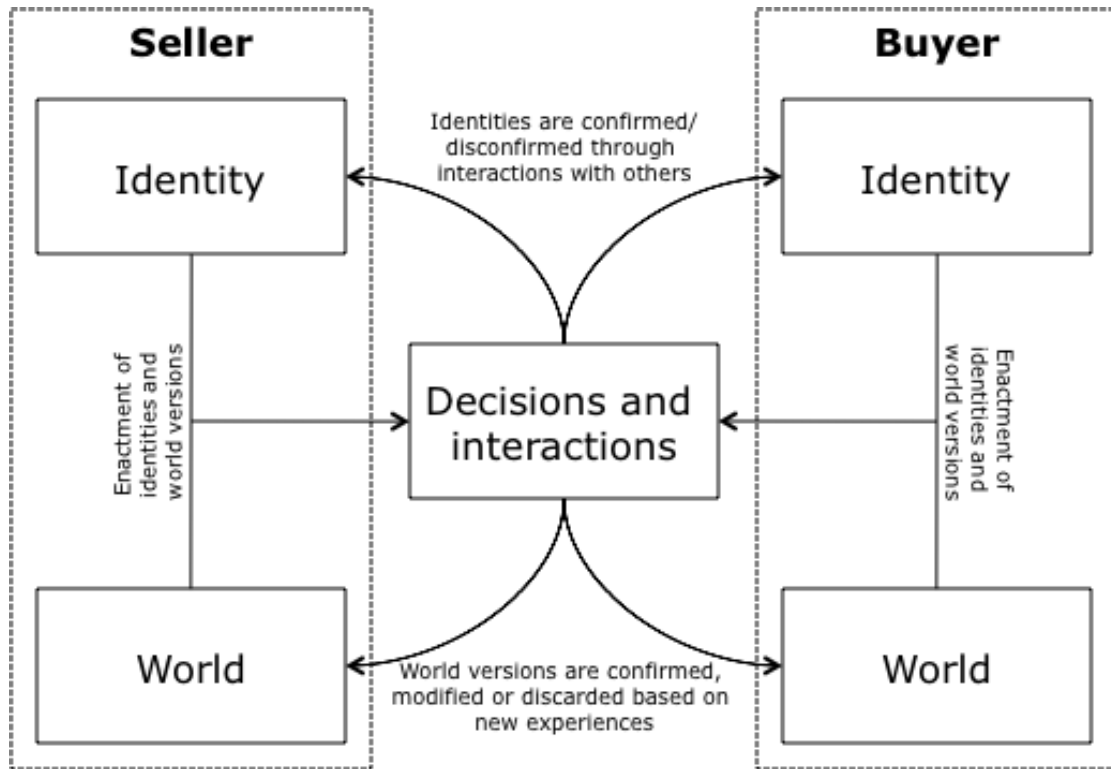
Business actors face new and unique circumstances every day and have to work in the moment to determine how to best to go on. Without denying the taken-for-granted and routine character of many of the day-to-day activities of business, it is important to emphasise the uniqueness of everyday activities, where everything happens for 'another first time' (Garfinkel, 1967: 9). Failure to do so reduces the complex exploratory struggle involved in finding a way to go on in a never-previously-encountered situation (Shotter, 2008a).

### **Relationally-responsive interaction**

Individuals and companies act in circumstances that are characterised by equivocality regarding the nature of the world, where problems are often only vaguely defined, preferences cannot be specified clearly and the prospective outcomes of actions are fuzzy.

Within these worlds, business actors construct different ways of relating or orienting themselves towards others and their circumstances. In this section, I will argue that in an everyday process involving a myriad of spontaneous, responsive, practical, unselfconscious, but contested interactions, actors unknowingly 'shape' or 'construct' not only a sense of their own identities, but also a sense of their own 'social worlds' (Shotter, 2008a). These identities and world versions are enacted in decisions and interactions between buyers and sellers. Depending on the outcomes of decisions and interactions, world versions and/or identities will be confirmed, modified or discarded (see Figure 1).

**FIGURE 1**  
Relationally-responsive interaction



### Identities

There is a dialectic relationship between interpretations of organizational identity at the individual and organisational levels of analysis. At the individual level, individuals construct interpretations about their own identity and about the identity of the company they are working for. At the organizational level, the organisational identity of the business is a product that reflects the multiple perspectives of various constituents and only exists in the sense that constituents share an understanding of what it might be (Empson, 2004). Identity construction is a continuous process of narration where both the narrator and the audience formulate, edit, applaud and refuse elements of the evolving narrative (Czarniawska-Joerges, 1994). Self-identification (on both an individual and organisational level) requires reference groups, as it is only possible for organisations to label themselves in relation to others (Sevón, 1996). It is thus relevant to study which actors are used as reference groups, the meanings that are attached to them and how this influences how the business actor acts.

The identity of an organisation can be conceived as socially and discursively constructed accounts about the central, distinctive and enduring elements of the organisation that are embedded in social action (Albert and Whetten, 1985; Gergen, 1994). Although the words or labels used to describe the identity of the organization can be stable over time, the meanings associated with these labels may change (Gioia, Schultz and Corley, 2000).

Since the concept of organisational identity was introduced it has evolved into a central concept in organisational studies (Whetten and Godfrey, 1998). Researchers in the marketing discipline have also stressed the importance of identity (e.g., Schultz, Hatch



and Larsen, 2000). Taking organisational identity into account when studying business interaction offers the promise of providing new insights into how business make decisions and co-construct their contexts.

How they make sense of the organisational identity of their own firm and companies they interact with will have profound effects on how business actors' understand the situations they find themselves in and determine how to go on. For instance, a business actor's conception of organisational identity directs his or her attention towards certain aspects of organisational operations, and influences what parts of the constructed context are seen as relevant and attended to by the business actor (cf. Sahlin-Andersson, 1996).

Individuals and firms have to act characteristically, or coherently, as actors of their respective type do, if their constituents are to develop trust in them and make sense of their activities.

Because organisations are recognised as complex entities with distinct components, they can – more plausibly than individuals – present a complicated, multifaceted identity 'without appearing hopelessly fragmented or ludicrously schizophrenic' (Gioia, 1998: 21). Thus companies can maintain multiple identity accounts, each appropriate for certain contexts or audiences (Brown, 1989). Organisational identity accounts are elements of the 'rhetorics in use' of the company, which legitimate certain interpretations and actions (Brown, 1989). Stories about 'who we are', 'what we do' and 'who we want to become' are used by both insiders and outsiders to interpret and evaluate possible courses of organisational action. Evidence or cues about the environment are evaluated against the collective story of 'who we are' in order to determine its importance and relevance and whether it calls for actions. Organisational identity is thus central to understanding interaction in business because it makes certain courses of action more meaningful than others.

What business actors experience themselves as being, and what they experience as the being of their world, are both determined by them, and for them, in all the self-other relationships they are involved in: It is only by re-ordering their practical relations to the others and otherness around them, i.e., by developing new practices, that they can change themselves (Shotter, 2008a).

Identities are not given. They are equivocal and have to be continuously renegotiated in ongoing relations between actors and relevant others. The sense of self and of the organisational identity of the company constructed by an individual actor affects how he or she defines and resolves issues and problems encountered in the performance of their everyday activities. Professional and organisational identities focus the actor's attention on particular aspects of organisational activities and of the worlds they enact through their talk and actions. Because identities are equivocal, different organisational members can make different claims about the central, distinctive and enduring characteristics of organisations (Fiol, 1991; Glynn, 2000).

How actors constitute themselves/their organisation has implications for how they relate to other actors (customers, suppliers, competitors) and how they participate in the construction of products and markets through their interactions with others (Araujo, 2007; Azimont and Araujo, 2007). The 'ontological skills' of actors, their ways of orienting themselves to events occurring in their surroundings (Shotter, 1984), are

therefore important because how they interact with others is influenced how they make sense of their surroundings, their expectations and anticipations.

### **Worlds**

Over time, actors' constructions of their professional identities (as, e.g., buyers or sales people) and of the organisational identities of their employers, their everyday activities and their accounts of the business world can become objectified and taken for granted. Constructing a sense of the world is a process, which 'emerges from the need of individuals to construct an external factual order 'out there' or to recognise that there is an external reality in their social relationships' (Ring and Van de Ven, 1989: 181). That is, actors construct, rearrange, single out, and demolish many seemingly 'objective' features of the situations they find themselves in. There is no such thing as a representation that is true or false, there simply are world versions that are more or less reasonable (Goodman, 1978). Actors typically act in a way that makes their assumptions about reality become warranted so that 'what was once recognised as a socially constructed transaction takes the form of an externally specified objective reality, where transacting parties play out preordained roles and 'action routines' (Ring and Van de Ven, 1989: 185).

Social reality can be regarded as the product of a series of historically embedded decision processes which eventually result in a particular ontological outlook coming to be regarded as eminently natural and taken for granted (Chia, 2003). In this connection language plays a crucial role. Our human life-words are systematically structured through language, and in particular the processes of naming and symbolic representation. With the help of names, symbols, concepts and categories, we are able to 'objectify our experiences to ourselves' (Chia, 2003: 107), and thereby make our worlds more stable and predictable. It is also by means of language that we are able to discuss our experiences and our worlds with others, thus enabling us to co-ordinate our actions with other actors (Maturana and Varela, 1988). In order for buyers and sellers to be able to coordinate their actions they thus have to develop shared understandings of important concepts.

Although the surroundings of a particular actor may stay materially the same at any given moment in time, how the actor makes sense of them, what they select for attention or to act upon, how they connect to various events in their surroundings and attribute significance to them, depends on their use of language (Shotter, 2008a). Given that language plays an important constitutive role in shaping perceptions, actions, judgement of value, and spontaneous understandings of other people's utterances (Shotter, 2008b), buyers and sellers should be wary of dangers presented by 'the bewitchment of [their] intelligence by means of [their] language' (Wittgenstein, 1958: §109). If they do not, they risk overlooking what is unique about their current situations and just see what they expected to see in the first place.

Different actors in different positions at different moments live in what they formulate as different realities. In their relations with others, business actors communicate and make sense of themselves and their worlds to each other. This depends on their use of language, as they see the world just as much through their words as through their eyes. Words as such do not describe the world, but come to function as 'truth-telling' within the rules of the specific or circumscribed language games of a certain group (Gergen, 1999). Words, concepts and symbols thus derive their meanings from 'their location within concrete utterances, and these in turn only make sense in relation to other

utterances within ongoing flows of transactions' (Emirbayer, 1997: 301). Utterances and actions are not always acceptable to, or accepted by others, who can respond with criticism, challenging actors to justify themselves. To gain acceptance of our utterances and actions we must therefore have a sense of the 'atmosphere' into which we must speak or act. This is a matter of acquiring the requisite linguistic competence. Thus, order and organisation do not exist in the world prior to our active linguistic intervention (Chia, 1994, 2003). Objects, events and social entities (such as products, retail chains or annual negotiations) arise from ontological acts of decision (Chia, 1994). They are 'temporarily stabilised event clusters' that are 'held together by relational networks of meaning' (Chia, 2003: 109). The worlds we bring forth through language and action are tentative works-in-process that are continuously changed, modified or discarded based on new experiences that question, challenge or strengthen them (Goodman, 1978; Schütz, 1953).

The worlds that actors bring forth help them make sense of their circumstances. Actors are continually thrown into situations of concrete practical activities, where they have use present-at-hand tools to take care of business in order to make sense of what is going on and determine how to go on. In taking care of business in the present, business actors develop projects-of-action aimed at the future while attempting to safeguard valued resources from their past. Developing projects-of-action, actors must get ahead of themselves and choose among many possible courses of action. In doing so they attempt to carve out one possible reality (not *the* reality), a reality with a particular desired state of affairs in view (Wittgenstein, 1958). However, decisions and their outcomes cannot solely be understood in terms of intentions – what business actors set out to achieve – because the path into the future is often 'not a straight line but a curve, constantly changing direction' (Wittgenstein, 1980: 3). Because of the non-linear character of real-world events, it is necessary to also take into account the unconscious metaphysics, contextually embedded experiences, accumulated memories and cultural traditions that create and define the possibilities of interpretation, decision-making and action (Chia, 2003).

The view expounded here breaks with the tendency to view the future as the destination that will be reached if we keep going in the direction we are currently moving. Although there is a propensity to develop grand strategies for organisations, we cannot plan ahead of time because 'the relevant features influencing each step we take only become present to us as we take each step' (Shotter, 2008a: 196). Indeed Robert Chia and Robin Holt (2009: 8) argue that 'the more that directly and deliberately action is taken the more it tends to undermine its own aspirations' by spawning negative unintended outcomes.

'The design and formulation of large-scale planned interventions and the concentrated mobilisation and application of capabilities and resources to the attainment of predefined ends unwittingly generate outcomes that prevent the effective execution of other-wise well-intended initiatives' (Chia and Holt, 2009: 18).

Chia and Holt (2009) thus suggest that the 'big picture approach' to planning, which seeks a lasting solution to a problem, often ends up undermining its own effectiveness because it overlooks the fine details of everyday happenings at the practical level. Instead of seeing interaction between buyers and sellers as a process of navigation towards a pre-determined destination (desired ends), it is more useful to see interaction between buyers and sellers as a process of wayfinding where buyer and

seller learn their way as they go about their (joint) business in an environment that undergoes continuous transformation as they move about in it (Ingold, 2000).

### **Enactment**

How individual actors relate to the organisation they are working for, to their everyday activities and to other actors is important for how they decide to go on in the circumstances in which they find themselves. Through solving problems and struggling to overcome orientational difficulties, business actors construct a sense of their identities and worlds. When they have calculated the 'right' solution to a problem or resolved a line of action, they can be enacted in particular decisions and interactions. Hereby actors participate in carving out particular potential realities (Chia, 1994).

Sometimes enactments become self-fulfilling prophecies (Weick, 1979), as when a buyer or seller acts in ways that brings about in the other the reactions to which their actions would be an appropriate response. For example, a buyer acting on the premise that a given supplier of a critical component is not committed to a relationship is likely to look for alternative suppliers, thus demonstrating its own lack of commitment and thereby precluding the development of mutual commitment between the buyer and seller.

The term enactment emphasises that 'managers construct, rearrange, single out, and demolish many 'objective features' of their surroundings' (Weick, 1979: 164). The environment does not exist independently of organisations. Buyers and sellers are very much part of their own environments and participate in constructing the materials that become the possibilities and constraints they face through their actions and ways of making sense of their environment (Weick, 1995).

An important, but neglected, point made by Weick (1979) is that presumptions about personal, organisational or environmental constraints to action are often deceptive conclusions based on presumptions rather than action. That is to say, knowledge of limitations is based on what Weick calls 'avoidance of testing':

'On the basis of avoided tests, people conclude that constraints exist in the environment and that limits exist in their repertoire of responses. Inaction is justified by the implementation, in fantasy, of constraints and barriers that make action 'impossible' (Weick, 1979: 149).

In every industry there are stipulated lots of do's and don'ts and these should be tested periodically (Smircich and Stubbart, 1985). On the other hand, it is also important to realise that there are limits to what realities buyers and sellers can enact because (1) they are constrained by their own prior enactments, (2) enactments require sufficient material and interpretative resources and (3) different enactments may compete with each other (Smircich and Stubbart, 1985).

### **Decisions and interactions**

Interaction between business actors is both a matter of solving pressing operational problems, such as stock-outs, quality problems or organising promotional activities, and a matter of 'people becoming oriented in relation to each other, of coming to 'know their way about' within each other's worlds, and of how 'to go on' with each other with the shared worlds constructed in their meetings' (Shotter, 2008a: 8).

Joint action occurs when, in their meetings and interactions with each other, actors' activities become spontaneously and responsively intertwined with those of other actors. Joint action occupies in a zone of indeterminacy somewhere between *actions*, i.e., what an individual actor does, and *events*, i.e., what merely seems to happen to, in or

around the actor outside of their agency to control (Shotter, 2008a). Joint action has at least three main features (Shotter, 2008a):

- (1) As a business actor intertwines its activities with those of other actors, and respond to them in what they do, what their intentions were and what results from the interaction might be two very different things. Joint action thus produces unintended and unpredictable outcomes that generate a situation, or organised setting, between the participants. Because the organisation of this setting cannot be traced back to the intentions of particular participants, it is as if it has a 'given', 'natural' or 'externally caused' nature.
- (2) Although the organised setting was not directly intended by any of the participants in the interaction, it nevertheless has an intentional quality to it: It seems both to have a content, as well as to be related to something other than or beyond it itself, a wider network of actors and events. Shotter (2008a: 38; italics in original) suggests that 'participants find themselves immersed in an already *given* situation, but one with a *horizon* to it, that makes it 'open' to their action.' Indeed, the organisation of the setting is such that it invites or motivates possible subsequent actions.
- (3) In inviting or motivating possible actions of participants, the situation itself comes to have agency in shaping actors' actions within it. Thus joint action 'involves more than people merely coordinating their actions with each other in their meetings: a whole 'world' or 'reality' is created with its own special contents and qualities, its own 'callings', along with unique interactional identities for its participants' (Shotter, 2008a: 38).

The lack of any pre-determined order, and thus its openness to being specified by those involved in it, while often being unaware that they are doing so, makes joint action an interesting sphere of activity to explore in research on business interaction (compare Shotter, 2008a).

What actors take the meanings of events occurring in the present moment to be is shaped by their anticipations and expectations. For people and organisations to be able to organise their inter-activities, they have to be able to arouse in each other, as they act, *transitory understandings* of 'where' so far in their activities they have got to, and *action guiding anticipations* of 'where' or 'how' next they are likely 'to go on' (Shotter, 2008b). It is important to note that it is only in the course of their actions that actors can organise their conduct of them, not before by planning them, nor after by criticising them.

Buyers and sellers have many opportunities to discuss their on-going business relationship. To solve immediate operational problems, emails can be sent, telephone calls can be made or spot meetings can be arranged at short notice. In addition, business actors often engage in regular, planned rituals. For instance, grocery retailers and their suppliers engage in annual negotiations and category reviews (see Azimont and Araujo 2007). In their everyday interactions and in regular, planned encounters, buyers and sellers both evaluate previous activities – developing and performing retrospective, justificatory, reason-giving accounts of outcomes that have already been achieved – and look to the future, developing what Shotter (2008a) calls 'prospective, action guiding accounts' of the detailed struggles required to achieve, develop or construct certain desired outcomes.

In the course of their interaction, actors furthermore develop or negotiate shared understandings of important concepts. Shared understandings do not refer to completely overlapping content, but to the often-implicit agreements about a set of inter-related narratives that serve as an actively constructed interpretative context.

In their interactions with each other, buyer and seller are mainly responding to each other's actions and utterances in order to link their practical activities with those of the others around them, thereby creating a social relationship. It is within the dynamically sustained context of these actively constructed relations, that what is done and talked about gets its meaning.

Language is primarily a device for use by people co-ordinating their individual actions and creating new conversational realities (Shotter, 2008a; Wittgenstein, 1958). As discussed above, our ways of speaking and writing shape reality. They work practically to formulate the topics of our talk and to give them a structure that is appropriate to particular forms of life (Shotter, 2008a).

All our talk of our selves and our circumstances only make clear and intelligible sense within the confines of particular language games that in turn are embedded in broader patterns of actions and objects called 'forms of life' (Wittgenstein, 1958). Thus, we must realise that our talk is part of a larger activity, i.e., 'our talk gets its meaning from the rest of our proceeding' (Wittgenstein, 1969: §229).

Meanings are created by, with and for people in their interaction with each other (Shotter, 2008a). In responding to the talk or actions of others, an actor's responses are never wholly his or her own – to an extent they will always be 'shaped' by being situated 'answers' to 'the call' of another (Shotter, 2008a). What any individual is doing is part of what a 'we' is doing, as reflected in Wittgenstein's notion that the basic move in a language game is a reaction. Wittgenstein (1958) was concerned with our ability to 'go on' with each by being able to make 'followable', 'responsible', or 'answerable' sense to each other. According to Shotter (2008a: 99), 'it is in terms of each speaker's anticipations of each listener's responses that they will find each other's responses satisfactory, or not'

Business actors thus act in interaction with other actors. The actions of an actor do not grow *within* him but *between* him and his context in interactions with others (Kahlbaugh, 1993).

Sometimes the outcomes of decisions and interactions will not live up to expectations. This can stimulate change or modification of identities and world versions and will be enacted in future decisions and interactions.

Decisions and decision-making processes are furthermore important for the construction of reality itself. Robert Chia (1994: 795) thus considers a decision to be 'a fundamental ontological act of making an 'incision' in the flow of our lived experiences punctuating the latter for the purpose of ordering and responding to such experiences' and argues that this contributes to an understanding of 'decision-making as comprising interlocking chains of micro-incisional acts in the *becoming* process of configuring reality' (*italics in original*).

'Decision' and 'decision-making' are concepts that are often subject to the tendency to reify whatever has been given a name. Following Chia's notion of decisions as 'primary ontological acts of carving out a plausible reality' (Chia, 1994: 796), the decisions made by buyers cannot be construed as unproblematic identifiable events 'out there' which

we have direct access to. The concept of decision-making is better understood as an explanatory principle that enables us to create a plausible and coherent pattern from what we apprehend: 'Coherence is a product of the active enactment processes undertaken by a sense-making community. It is a self-referential account of the world' (Chia, 1994: 794). Different sense-making communities may construct different, equally plausible, worlds. This breaks with the assumption of a single reality on which models of decision-making as rational action and rule-following build.

Chia (1994: 803) argues that decision-making 'as an ontological act operates on a general principle of economy' because it reduces equivocality and punctuates our field of experience thereby helping to configure a version of reality. For Chia making decisions is not so much about 'choice' as about a fundamental urge to order and control our human experiences.

## **Discussion**

The relationally-responsive model of interaction in business developed in this paper represents an attempt to contribute to our understanding of the nature of interaction and its implications for business. It builds on Robert Chia's work on decision-making and ideas borrowed from John Shotter and Ludwig Wittgenstein to argue that interaction in business is both a matter of solving problems and of buyers and sellers becoming oriented in relation to each other in order to determine how to go on with each other.

The relationally-responsive model of interaction in business is based on the assumption that the conduct and performance of business actors is not determined by the competitive and societal contexts in which they are active. Rather, what drives the development of a firm are the interpretations decision-makers construct of the firm's identity and environment and how these interpretations are enacted in decisions and interactions with other actors in the firm's transactional network. Through this process, the firm's decision-makers demonstrate their ability to secure the continuing existence, development and success of the firm.

More specifically, the paper makes three contributions to the literature on interaction in business. First, the framework challenges the conception of identity found in the IMP literature, which suggests that identities are determined by resources and activities, by arguing that professional and organisational identities are continuously renegotiated in ongoing interactions between actors.

Second, the framework follows the IMP tradition in regarding buyer-seller interaction as an ongoing process, of which the decisions being made are only elements but suggests shifting focus to the process of how decision problems are constructed and how particular courses of action (decisions and the enactment hereof) become more meaningful than others. In contrast, much previous research on organisational buying has focused on decisions as such – on what buyers decide and in particular on the criteria they use to make these decisions.

Third, the article distinguishes between two types of difficulties that buyers and sellers might face: problems to be solved and difficulties of orientation. To the extent that buyers are solving logical problems, standard models of organisational buying remain relevant. However, the assumptions upon which they rest are highly problematic and do not reflect the bustle of everyday life in which buyers and sellers have to determine how 'to go on' in unfamiliar and equivocal situations. In such situations, the relationally-

responsive theory of interaction in business suggests that buyers and sellers determine how to go on by constructing a sense of their own identities and their circumstance in relationally-responsive interactions with other actors, both internal and external. The 'I', who the buyer or seller is at any one moment, is poised in a tense bridging position and must link an indefinite number of remembered episodes from the present point of view, while also being oriented towards a future project and noticing the uniquely new opportunities that are available to them in their current circumstances.

The managerial implications of orientational difficulties and logical problems are very different. Whereas the latter would involve developing better decision models, the former would require retail buyers to work on themselves, to work on their ways of seeing things and what to expect of them (cf. Wittgenstein, 1980). It is important for buyers and sellers to reflect on how they relate to each other and to their own circumstances, and to be open to possibilities of re-relating themselves (Shotter, 2008a).

Actors (individuals, organisations) should be wary of formulating too coherent stories of themselves, what Spence (1986) calls 'narrative smoothing', because a nice, coherent, well-organised narrative prevents the appearance of alternative circumstantial possibilities among which we must constantly choose. On the contrary, actors must, to some extent at least, be prepared to continually reconstitute themselves if they are to be able to reconstitute their past in terms of the 'lure' of their future-directed projects (Crites, 1986).

### **Conclusion**

The relationally-responsive perspective presented in this paper offers a theory of business interaction as an ongoing process of solving problems and determining how to go on in equivocal circumstances. It is an alternative to models of decision-making that focus on the outcomes of decision-making processes and assume the existence of an objective world in which events and activities can be arranged in chains of means and ends, thereby making it possible for business actors to instrumentally link solutions to problems. Instead, the relationally-responsive perspective suggest that business actors act in circumstances characterized by equivocality, where problems are often only vaguely defined and prospective outcomes are fuzzy. In an everyday process involving a myriad of interactions, business actors unknowingly construct a sense of their own identities and worlds and enact them through decisions and ongoing interactions with other actors.

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