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LEIZ CASE STUDIES

# Relational Economics in Practice. An Introduction and User Guide

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**LEIZ · Leadership Excellence Institute Zeppelin**  
Initiated and supported by the Karl Schlecht Foundation KSG

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DOI: 10.48586/zu/01216

<https://doi.org/10.48586/zu/01216>

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2024

## LEIZ CASE STUDY SERIES

## Relational Economics in Practice. An Introduction and User Guide

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The research program of relational economics constitutes the core of the Leadership Excellence Institute Zeppelin | LEIZ. Building on the publications of the Springer series "Relational Economics and Organization Governance" and the annual conferences of the emerging relational economic community, a theory is developing and establishing itself that represents a paradigm shift in the field of economics: the unit of analysis is no longer the actor or the market, but the relational transaction in its complex, polyvalent, uncertain, context- and time-dependent constitution. The aim behind this is to come closer to an understanding of the real conditions and consequences of economic action. For this reason, and in view of the fact that the corresponding conceptual description tools are now available, it seems highly plausible and expedient to focus even more on examples of application. If relational economics has the declared aim of depicting economic realities as precisely as possible, then such an undertaking of practical application should not only be productive in terms of concrete recommendations for decisions, but should also, in turn, further confirm the relevance of the theoretical concept.

The series of case studies presented here aims to offer nothing more and nothing less: We invite students, practitioners and colleagues to join us in trying out what relational economics has to offer in its application to real case studies. The analytical tools available for this purpose are briefly presented below in order to provide our readers with a kind of instruction manual without implying that real-world complexity can be dealt with in a one-size-fits-all manner. Rather, the analytical steps proposed here are intended to help describe a relational transaction as a basis for then working out more context-

and time-specific options for action. This is carried out using the stakeholder model as the basic analytical structure, which is complemented in the respective cases by further case-specific methods derived from the toolbox of relational economics.

The attitude of a thorough and competent detective is required if one really wants to capture and describe a relational transaction appropriately: identifying and analysing the stakeholders involved, their resources and interests, and above all their mutual interaction, which, in turn, changes them, play a central role before further theoretical building blocks of relational economics can be applied. Accordingly, this analysis step also forms the common denominator with which the analysis of all the case studies collected here finds its starting point. For this reason, the stakeholder model is placed in the foreground in this user guide and is now briefly explained - other models are then introduced in the individual case studies and discussed in the application of these cases.

## Stakeholder Model of Relational Decision Making

The theory of relational economics defines a firm as a nexus of stakeholder interests and invested stakeholder resources and corporate action via relational transactions that combine, in a cooperative and productive manner, the interests and resources of the stakeholders involved. The fact that, in particular, this takes place across cultural and sectoral boundaries is emphasised here and is related to the claim to take the real complexity and uncertainty of economic activity into account – thinking, for example, of global value creation networks or of the requirements from the ESG discussion.

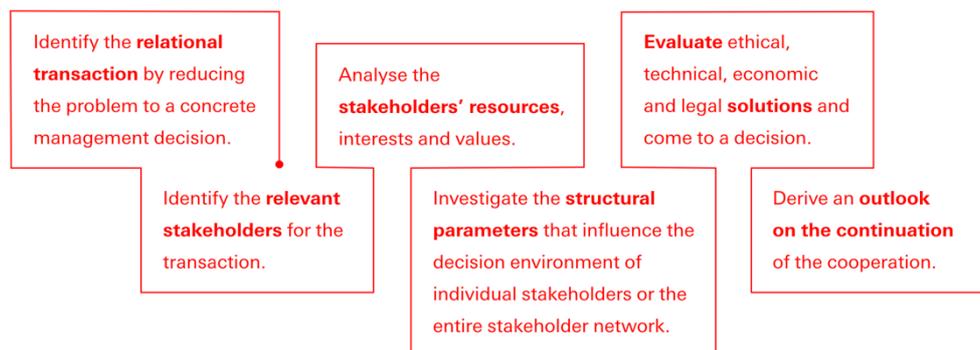
In order to derive a management decision in a specific constellation – for example, in the situations depicted in the LEIZ case studies – the stakeholder model provides the basic framework (Wieland 2020: 97ff.) and is presented here in a condensed form for the given purpose. The application of this model reveals the time- and context-specific microstructures of the relational processes and structures. It comprises six steps:

1. **Reducing the problem to a concrete management decision.** This concrete management decision ideally is a clearly narrowed down yes/no/alternative decision. This decision is the relational transaction that is to be analysed in the subsequent steps.
2. **Identifying the relevant stakeholders with reference to the transaction.** This includes the identification and prioritisation of the involved individual or collective stakeholders. Depending on the transaction, the stakeholders can be, for example, employees, management, customers, suppliers, investors, competitors, NGOs, political institutions or the public.
3. **Analysing the respective stakeholder resources, interests and values.** This entails a thorough look at the polyvalent constitution and motivation of each stakeholder. Such resources and interests could be, for example, economic, political, moral or professional, and the values can be, for example, performance values, communication values, cooperation values or moral values, that need to be combined and balanced.
4. **Investigating the problem along the structure of the decision environment.** This requires checking the relational transaction in-depth via the following eight structural parameters (Wieland 2020: 99):
  - I. Decision-making stress (for example, due to political or media pressure)
  - II. Intrapersonal values conflicts (for example, conflicting values arising from role-based expectations)
  - III. Inter-organisational values conflicts (for example, ideals held by the collective actors that are non-negotiable for them)
  - IV. Intercultural values conflicts (for example, differences in the moral doctrines of different groups)
  - V. Information deficits (for example, regarding the scope and consequences of an assigned task)
  - VI. Communication deficits (for example, resulting from the type of communication between the network partners)
  - VII. Responsibility diffusion (for example, who is responsible for creating and solving a given problem and on what grounds)
  - VIII. Rules deficits (for example, resulting from the lack of private or state regulation, or from its unenforceability).

5. **Evaluating ethical, technical, economic and legal solutions and reaching a decision.** In most cases, this decision combines ethical, technical, economic and legal approaches by evaluating the transaction-specific advantages and disadvantages of the available decision logics and considering their interdependency.
6. **Deriving an outlook concerning the continuation of the cooperation.** The question here is what new commonalities have been formed and to what extent the stakeholders involved have changed as a result of the transaction (Baumann Montecinos 2022).

FIGURE 1

### An outline of what such an analysis could look like in general terms



Source: own illustration.

Thus, the foundations have been laid for working on the LEIZ case studies. We will be delighted if this material is used to promote learning and exploration of relational economics, particularly in its strength of practical application. Feedback from and exchanges between lecturers would be more than welcome.

## Literature

- Baumann Montecinos, J. (2022). Transcultural Cooperation in Global Networks. A Contribution to the Research Program of Relational Economics. In: L. Biggiero et al. (eds.). *The Relational View of Economics* (pp. 193-212). Springer.
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## Keywords

Relational economics, transcultural management, cultural complexity, organisational governance, network governance, relational view of the firm

## Picture Credits

Figure 1: Josef Wieland, Julika Baumann Montecinos.

Design: Zeppelin University, Philipp N. Hertel, Peter Schmid

## Edit & Setting

Dr. Matthias Niedenführ

## Cite as

Wieland, J., & Baumann Montecinos, J. (2024). Relational Economics in Practice. An Introduction and User Guide, <https://doi.org/10.48586/zu/01216>

## Imprint

Zeppelin Universität gemeinnützige GmbH

Am Seemooser Horn 20

88045 Friedrichshafen

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