Framing shared services
Accounting, control and overflows

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A B S T R A C T

During the last decade there has been an increase in the use of horizontal organizational relationships (HORs) such as strategic alliances, shared services, and outsourcing. Studies accentuate the unstable, fragile nature of HORs and the importance of directing attention to how these arrangements are formed and how and why they change. The aim in this study is to explore control problems of HORs and to discuss how different problems are related to accounting and control initiatives. A theoretical framework with the core concepts of framing and overflow is used as a theoretical point of departure. The empirical study is a longitudinal case study of the organization of a shared service center. In this study, we observe the problems of risk and coordination often discussed in the literature. However, guided by our theoretical framework, we also observe how many problems were formative and related to the forming of actors, relations and products. This study adds to the literature by conceptualizing how accounting and control not only functioned as framing devices, but also became sources of overflows, causing destabilization. Following the conceptual framework, we observe how overflow was caused both through reconnecting what had previously been separated and through cutting off relations in the process of disentangling the HOR.

1. Introduction

During the last decade there has been an increase in the reliance on cooperative inter- and intra-organizational arrangements such as strategic alliances, shared services, and outsourcing (Broadbent and Guthrie, 2008; Cristofoli et al., 2010). The trend has also been observed in the public sector where more organizational solutions presuppose sharper boundaries between departments and where competition often arises between units in the same, overarching organization (Christensen and Lægreid, 2007; Peters, 1998). Horizontal organizational relationships (HORs) create new challenges for organizers and have been characterized as a hybrid (Kurunmäki and Miller, 2011) since they are neither purely vertical organizational arrangements nor purely market arrangements. The private sector literature also indicates that such horizontal cooperative arrangements frequently fail (Meira et al., 2010) and the public sector literature indicates that HORs are difficult to coordinate (Christensen and Lægreid, 2008).

Several studies indicate that it is important to consider the complexity of the situation and the dynamics of the HORs as they evolve over time. Studies have, for example, shown that control initiatives might gain or lose relevance over time (Chua and Mahama, 2007; Thrane, 2007), that interacting parties change their identity vis-à-vis the relations (Mouritsen et al., 2001), that inter-organizational control affects the intra-organizational control (Carlsson-Wall et al., 2011; Thrane and Hald,

2006) and that a lot of energy is spent on organizing the relations (Janssen and Joha, 2008; Lindvall and Iveroth, 2011). A linear perspective on the development of relations and the use of control has also been questioned. Studies also indicate the need to understand that there are several logics and centers that influence the situation (Thrane, 2007).

These studies accentuate the unstable, fragile nature of HOR and the importance of directing attention to how these arrangements are formed and how and why they change (Chua and Mahama, 2007; Mouritsen et al., 2001; Thrane, 2007; Thrane and Hald, 2006). Following Callon's (1998b) reasoning about framing and reframing of relations, we can expect that accounting and control initiatives might be a source contributing to stabilization and preservation of existing states, but also a source of destabilization. While the former have been observed and discussed more often in the literature (Dekker, 2004; Mouritsen et al., 2001; Tomkins, 2001; Vosselman and van der Meer-Kooistra, 2009), the latter has less often been discussed. However, following the reasoning of Callon, accounting is a practice which, alongside other metrical activities, is necessary in order to bring about a problematization of existing frames.

In order to contribute to the growing literature in this area, this study explicitly addresses a central issue: the underlying problems of HORs and the role accounting and control play. The question might seem trivial, but in their comprehensive review, Caglio and Ditillo (2008) conclude that while there is quite an extensive body of literature on control (that is, solutions), there are few studies that actually focus on the problems that create the need for control. When addressing the underlying problems, both the sources of stabilization and change become part of the analysis (Beckert, 2009; Caglio and Ditillo, 2008; Thrane and Hald, 2006). As we change focus from control solutions to control problems, there is an opportunity to scrutinize relations between perceived problems and control measures taken. *Consequently, the aim of this study is to explore control problems of horizontal organizational relations and to discuss how different problems relate to accounting and control initiatives.* The research question addressed is therefore how accounting and control contribute to both the stabilization and the destabilization of HORs.

The theoretical framework used is Callon's (1998a, 1998b) theorizing about framing and overflow and the empirical study presented is a longitudinal study of the organization of a shared service center. In this study, we observe the problems of risk and coordination often discussed in the literature. However, we also observe how many problems were formative and related to the forming of actors, relations and products. We observe how accounting and control contributed to the stabilization of the HOR, which is in line with observations made by others (Coad and Cullen, 2006; Kurunmäki and Miller, 2011; Mouritsen et al., 2001). This study adds by also conceptualizing how accounting and control not only functioned as framing devices, but also became sources of overflows, causing destabilization. Following Callon's conceptual framework, we observe how overflow was caused both through reconnecting what had previously been separated and through cutting off relations in the process of disentangling the HOR.

The paper is arranged as follows: first, a theoretical framework based on Callon's (1998b) concepts of framing and overflow is presented. A theoretical discussion follows, which has implications for the analysis and the empirical descriptions. Thereafter, a longitudinal case study of the organization around a shared service center is presented. In the analysis, the framing process is described with a focus on the problems that emerged and how the parties tried to handle them. Next, a discussion is developed about sources of overflows. The paper concludes with some general conclusions drawn from the research.

2. Framing and overflow – a theoretical framework

Callon's (1998a) concepts of framing and overflow are at the center of this study's theoretical framework. As indicated in the introduction, one important argument that will be discussed is that we might expect accounting and control not only to be a source of stabilization for the interacting parties but also a source of destabilization. The theoretical framework presented helps connect accounting to the entities counted and the organizational actors that use, shape and are shaped by accounting.

The concepts of framing and overflow are rooted in actor-network theory (ANT). However, when introducing the concepts, Callon (1998b) explicitly referred to Goffman (1986). In their review of the use of ANT in accounting studies, Baxter and Chua (2003) concluded that there is an established tradition in accounting that departs from ANT, although it can hardly be described as a mainstream approach. Most scholars still refer to the early work of Latour (Mouritsen and Justesen, 2011), while there are some who refer to Callon's framing and overflow framework (Kastberg and Siverbo, 2008; Lowe, 2001). Others have noted that there is a tendency to focus on the constructivist dimension in the analysis – on how structures are stabilized – with limited focus on the causes and effects of established networks and structures (Lowe, 2001). The use of the concepts of framing and overflow directs attention to the establishment of entities and relations, to the effects caused by the framing process, and not least, to the fragility of the relations (Barry and Slater, 2002; Callon, 1998b).

2.1. Framing

Callon (1998b) addresses the question of how economic interaction is possible; the answer being that a frame in which interaction can take place is established. This frame stabilizes the conditions and makes it possible to calculate the outcome of the interactions. Only when possible to count on, is economic interaction made possible. The point of departure, when using Callon's framework for theorizing about actors and interactions, is that neither the actors nor the products are to be taken for granted as ready-made and stable entities. One of the main arguments is that because economic actors and their