Management Accounting Research 43 (2019) 15–28

Contents lists available at ScienceDirect

Management Accounting Research

journal homepage: www.elsevier.com/locate/mar

The fast and the furious: The role of entrainment in controlled inter-organizational relationship transformation

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ARTICLE INFO

Keywords:
Inter-organizational control
Entrainment
Relational exchange theory
Strategic change
Case study

ABSTRACT

Drawing on theories of relational exchange and strategic change, this paper studies the role of entrainment in controlled, accelerated inter-organizational relationship transformation. By entrainment is understood the managed pacing, timing and sequencing of change initiatives. A longitudinal study of a retail buyer's attempts to control the transformation of three arm's length supplier relationships into more collaborative relationships is performed. These largely thwarted attempts are characterized by three paradoxes: (1) Attempts to force the pace of change leads to clashes when change subjects are unable to acquaint themselves with their counterparts or develop capabilities needed to collaborate. Reducing the pace, however, may lead to loss of momentum and enthusiasm. (2) Sequencing of change activities is a challenge to change agents as attempts to change relationship structures rely on developments in relationship atmosphere, which in turn may not materialize without a clear path towards new structures. (3) A focus on quick gains to generate short-term change momentum means that the relationship is not challenged by demanding activities yielding more substantial rewards and change momentum in the long run. These paradoxes lead us to conclude that accelerated, controlled relationship transformation is subject to diseconomies of time compression as well as diseconomies of time expansion.

1. Introduction

A large number of studies on inter-organizational control find that certain forms of control are a better strategic fit with certain types of buyer-supplier relationships (e.g., van der Meer-Kooistra and Vosselman, 2000; Anderson and Dekker, 2005; Cooper and Slagmulder, 2004). Such cross-sectional comparisons of equilibrium states, however, offer little explanation for how forms of control change as relationships develop. A second set of studies addresses this issue, examining how management control practices change as relationships become increasingly collaborative (e.g., Langfield-Smith and Smith, 2003; Langfield-Smith, 2008; Vélez et al., 2008; Vosselman and van der Meer-Kooistra, 2009). Particular emphasis is placed on the formation of a trusting atmosphere (Emsley and Kidon, 2007; Caglio and Ditillo, 2008; Minnaar et al., 2017), allowing buyers to dispense with the market-based controls associated with more remote relationships (Anderson et al., 2017). Studies in the relationship/control interface emphasize the cumulative nature of this process; as mutually beneficial control mechanisms are implemented, firms gradually develop confidence in one another's capabilities and behaviours, enabling new forms of control (Tomkins, 2001; Vélez et al., 2008; Coletti et al., 2005; Caglio and Ditillo, 2012).

The management control literature is fairly silent on how the process of purposefully creating a collaborative buyer-supplier relationship is *controlled* (cf., Varoutsa and Scapens, 2015), however, and the question of which initiatives managers take to direct relationship development is left largely unanswered. Indeed, in much of the control literature, relationship development is implicitly presented as an evolutionary process of emergent interaction rather than a process with strategic direction. This contrasts with a small body of literature in the business marketing field focused on planned buyer-supplier relationship transformation (Spekman and Carraway, 2006). In such a process, parties set a goal to transform their existing relationship within a certain timeframe. A planned, or controlled, transformation process thus implies change accelerated beyond the pace at which the relationship may naturally evolve (cf., Garcia-Canal et al., 2002). Accelerating change may, however, spur conflicts as perceptions of the appropriate pace and timing of change activities may differ between parties whose goals, capabilities, resources and organizational structures do not necessarily align. Therefore, the ability to manage the temporal dimension

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https://doi.org/10.1016/j.mar.2018.09.001
Received 17 December 2013; Received in revised form 27 August 2018; Accepted 4 September 2018
Available online 21 September 2018
1044-5005/

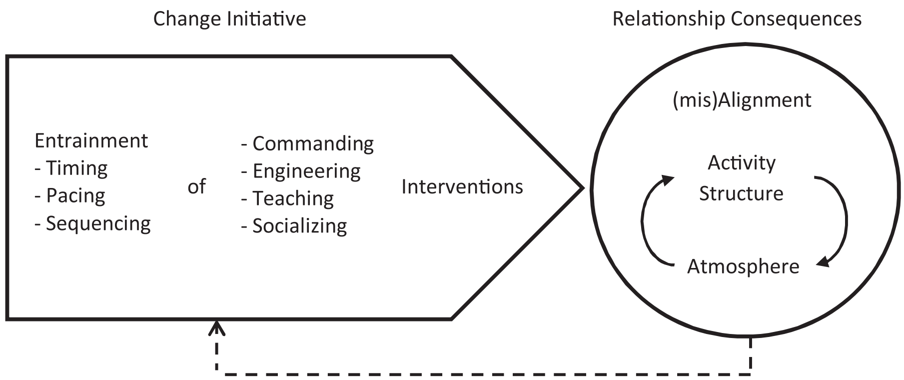

Fig. 1. Conceptual model.

of change – often termed entrainment (e.g., Ancona and Chong, 1996; Standifer and Bluedorn, 2006) – may be central to the success of controlled relationship transformation. Entrainment is, however, given little attention in inter-organizational control research. Even when lifecycle or process models illustrate relationship changes (e.g., Tomkins, 2001; Vélez et al., 2008), attempts to manage the time scales of change processes and their constituent activities are not examined. Therefore, the purpose of our research is *to study challenges to the entrainment of change activities involved in controlled buyer-supplier relationship transformation*.

By pursuing this purpose, we address Burns' (2014:74) concern that "*Temporality matters significantly in organisational life, including management accounting, yet the literature continues to be dominated by 'static' approaches"*. We also follow Burns and Scapens' (2000) suggestion that management control research should investigate how organizations move between states rather than merely focusing on equilibrium states. More specifically, we address these concerns by identifying central paradoxes in the management of time during controlled relationship transformation processes. Extant research on inter-organizational control also mainly examines cases in which relationships and corresponding control systems are in equilibrium (e.g., Cooper and Slagmulder, 2004; Langfield-Smith and Smith, 2003; Langfield-Smith, 2008; Vélez et al., 2008). In combination with the presumption that firms should collaborate (Free, 2008; Mouritsen and Thrane, 2006), this bias may be responsible for a somewhat rose-tinted image of inter-organizational relationships and control in some studies. Adopting a contrary approach, we investigate a retail buyer's partly thwarted attempts to transform three relationships, cases where entrainment is a source of conflict. This empirically grounded research illustrates how inter-organizational change processes can simultaneously be characterized by positive and negative developments in different arenas. In contrast to extant research in the control/relationship interface, we also do not primarily examine the introduction of control mechanisms. Instead, we explore attempts made to control relationship *development* (cf., Varoutsa and Scapens, 2015), thereby adopting a broader approach to control than the administrative tools often studied in management accounting research (cf., van der Meer-Kooistra and Scapens, 2008). In doing so, we illustrate how traditional administrative tools can complement other mechanisms for controlling change.

In the following section we present a framework of entrainment in relationship transformation. Our research method is addressed in section three and we describe and analyse case findings in sections four and five. The findings of a cumulative case analysis are discussed in section six while contributions are presented in section seven.

2. Frame of reference – Entrainment and relationship transformation

With its earliest known use in 1568, entrainment is an established concept in the fields of biology and physics where it denotes efforts "*to determine or modify the phase or period of* [a phenomenon]" (Merriam Webster). The term is also widely used in the social sciences, in which it commonly represents the *"synchronization of the tempo and/or two or more activities in a system"* (Pérez-Nordtvedt et al., 2008:1). In a management context, entrainment represents a strategic choice to accelerate, decelerate, postpone or advance change activities to align with the abilities of an organization to undergo change (cf., Zajac et al., 2000). Such efforts to achieve "temporal fit" are central to controlled change, as *"most of the predictive qualities associated with entrainment seem to assume some loss of efficiency or effectiveness when cycles are "out of synch"* (Pérez-Nordtvedt et al., 2008:5).

Following the Relevance Lost debate and Hopwood's (1987:207) often-cited observation that "*very little is known of the processes of accounting change*", management accounting and change has been the subject of extensive research (Modell, 2007; Burns and Vaivio, 2001), particularly the implementation of new management accounting practices (e.g., Shields and Young, 1989; Gosselin, 1997). Although some studies are concerned with transitions between equilibrium states (e.g., Bromwich and Bhimani, 1989; Burns and Scapens, 2000) and stages in implementation processes (e.g., Innes and Mitchell, 1990; Krumwiede, 1998), they examine intra-organizational change rather than relationship development. In developing a framework of inter-organizational relationship transformation we therefore look outside of the accounting field at relational exchange theory (RET), which focuses on processes of interaction occurring between organizations (Dyer and Singh, 1998). Management accounting research also does not engage with entrainment. Although some research on accounting and change does address temporality (e.g., Burns and Scapens, 2000) and in particular what accelerates and decelerates implementation processes (e.g., Kasurinen, 2002; Cobb et al., 1995), time *management* is not a primary concern. We therefore combine the RET framework with insights drawn from the intra-organizational strategy literature, in which controlled change and entrainment have received considerable attention (e.g., Ancona et al., 2001). These frameworks generate a conceptual model (Fig. 1).

2.1. Relational exchange theory

Relational exchange theory stresses that inter-organizational exchanges must be understood in the context of the buyer-supplier relationships where they occur (Johanson and Mattsson, 1987; Morgan and Hunt, 1994). It also emphasizes that relationships are developed differently depending on the exchange activities they are intended to enable (Lambe et al., 2001; Spekman and Carraway, 2006). When supply chain efficiencies can be achieved through joint cost management, when products or processes involve substantial investment specificities or when product shortages and poor quality levels may have severe consequences, buyers often seek to develop collaborative relationships (Wilson, 1995). Such arrangements tend to be long-term-oriented and characterized by synergetic rewards that emerge over time (Anderson and Narus, 1990). When exchange risk and the potential for