A study of alliance dynamics, accounting and trust-as-practice

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ABSTRACT

Adapting Callon's three-phased model of translation, this paper investigates the formation and development of an outsourcing alliance. It also maps the changing connections between trust and accounting. Instead of theorising trust as a noun, the paper defines trust as situated practice: an accomplishment constructed through the actions and routinized practices of multiple actors, both human and non-human. Trust/trustworthiness was observed to be not one thing but many - diverse notions emerging from the 'doing' of routines enacted in the name of trust. Accounting was centrally entangled in the birth of the alliance, its structuring and in the routines to find and select trustworthy suppliers, to monitor them regularly in order to justify ongoing trusting, and to repair growing distrust. Finally, the origins of the alliance crucially affected its subsequent trajectory - earlier investment in finding trustworthy suppliers meant that later poor performance not only generated strong disappointment but came to be seen as a breach of trust and a failure to honour promises.

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1. Introduction

The use of interfirm alliances as vehicles for value creation has become widespread among contemporary corporations (Coletti, Sedatole, & Towry, 2005; Luo, Rindfleisch, & Tse, 2007). Supply alliances, in particular, have come to be seen as significant 'sources of competitive advantage' and many organisations in the West have sought to rationalise their supply base, invest in the training and development of their suppliers, and pursue more interactive and recurrent relationships with them (McIvor, Humphreys, & McAleer, 1997; Melnyk, Davis, Spekman, & Sandor, 2010; Spekman, Isabella, & MacAvoy, 2000).

Despite the potential for alliances to serve as sources of value creation, they are said to be "characterized by a high level of dissatisfaction with their actual outcomes relative to expectations and, correspondingly, a high rate of failure" (Madhok & Tallman, 1998, p. 326). Anderson and Sedatole (2003) quote statistics reporting that over 60 per cent of alliances fail. How do we reconcile the popularity of the phenomenon and its high failure rate? Why do alliances that are begun with enthusiasm fail? Could it be that we know too little about the 'doing' of collaboration over time? In the last decade, despite research, there remain concerns

that we lack knowledge about 'network dynamics' and how alliances develop and change (see Ahuja, Soda, & Zaheer, 2012; Schulte, Cohen, & Klein, 2012; Zaheer & Soda, 2009). Questions remain - how and why do organisational networks (such as alliances) emerge, evolve and indeed die? Ahuja et al. (2012) point out that one of the most important reasons for greater investigation of such dynamic processes is that our knowledge of network/alliance outcomes can only be partial without an appreciation of the genesis and movement of the structures that resulted in such outcomes.

Few accounting studies have examined the dynamics of interfirm alliances and their association with accounting (see Hakansson & Lind, 2004; Mouritsen & Thrane, 2006 as exemplars of a small sample of such studies). Extant work tends to be static in nature (see for example, Anderson, Dekker, & Van den Abbeele, forthcoming; Anderson & Dekker, 2005; Baiman & Rajan, 2002a; Dekker, 2004, 2008; Drake & Haka, 2008; Van der Meer-Kooistra & Vosselman, 2000, Vosselman & Van der Meer-Kooistra, 2009). The first aim of this paper is to address this gap. It seeks to explore how and why alliances originate and change over time, and what happens to accounting during the period. We adapt Callon's (Callon, 2007; Callon, Lascoumes, & Barthe, 2009) three-phased model of translation to analyse the origins and trajectory of alliances and the connections with accounting.

We also seek to investigate the connection between trust and accounting controls. This has long been a subject of interest in the interfirm literature. To date, research has focussed on the following:

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(a) examining the functional relationships between trust (conceptualised as a mechanism for uncertainty absorption and as a social control) and accounting control (Dekker, Sakaguichi & Kawai, 2013; Dekker & Van den Abbeele, 2010; Dekker, 2004; Van der Meer-Kooistra & Vosselman, 2000), (b) clarifying the conceptualisation of trust and highlighting the implications for accounting research (Free, 2008; Vosselman & Van der Meer-Kooistra, 2009), (c) proposing optimal 'matches' or reporting associations between types of economic transaction, associated risks and governance mechanisms (Anderson, Christ, Dekker, & Sedatole, 2014; Van der Meer Kooistra & Vosselman, 2000) and/or (d) exploring the implications of the presence or absence of trust for accounting and control (Free, 2008; Velez, Sanchez, & Alvarez-Dardet, 2008). A question that has been repeatedly asked is, are trust and accounting controls substitutes or complements in the management of alliances and organisations more generally? The answers have been diverse: controls could signal a lack of trust (Das & Teng, 1998; Nicolaou, Sedatole, & Lankton, 2011), be necessary to build trust (Tomkins, 2001) or could both build or reduce trust (Emsley & Kidon, 2007).

Given ongoing debate, the second aim of this paper is to offer a different way to investigate the trust-accounting relationship in alliances. Here, we focus on trust as a situated form of practice. Influenced by practice theory (broadly defined) (see Reckwitz, 2002; Schatzki, Knorr-Cetina, & Savigny, 2001), the strategy-as-practice literature (see Golsorkhi, Rouleau, Seidl, & Vaara, 2015; Jarzbkowski, 2005; Johnson, Langley, Melin, & Whittington, 2007) as well as recent developments in trust research (Khodyakov, 2007; Mizrachi, Anspach, & Drori, 2007; Mollering, 2013), we focus on what people 'do' in the name of trust, on the routines and knowledges they draw upon as they search for, develop, maintain or destroy trust and trustworthiness. For decades, research on trust has sought to 'fix' what the phenomenon *is*, and numerous definitions and classifications of trust have emerged as a result: competence trust, cognition-based trust, goodwill/relational trust, calculative trust, systems trust and integrated trust (see Paul & McDaniel, 2004; Rousseau, Stkin, Burt, & Camerer, 1998; Sako, 1991, 1992). Focus has been on trust as a 'noun' (Wright & Ehnert, 2010). In this paper, we analyse trust as a practice; as a 'verb' — on trusting/distrusting as opposed to trust/distrust. We investigate the accounting-trust nexus as enacted by human and non-human actors; detailing how accounting becomes entangled in the activities performed to find and manage trustworthy suppliers as well as to 'discipline' them when 'doing' distrust.

In achieving the dual aims of this paper, we undertake a field study of an outsourcing alliance. The rest of the paper is structured as follows. The next section presents a brief literature review that flows into a discussion of the key theoretical anchors of the paper. Section 3 focuses on the research design and methods. We present our case analysis in Section 4 and we conclude in Section 5.

2. Review and theoretical anchors

Twenty years ago, Hopwood (1996, pp. 589–590) lamented that despite a "rhetoric of change and redirection in the name of keeping pace with the new commercial realities" accounting research has largely ignored interfirm collaborative relationships and "their implication for financial decision making and control". He, and others (Frances & Garnsey, 1996; Gietzmann, 1996) sought to stimulate research that engages with the 'new commercial realities' - in the form of close strategic, longer-term and/or collaborative relationships between actors. In response to this, accounting researchers began to examine the role of accounting in alliances, with some researchers focussing on the design of "ideal" control archetypes (e.g., Baiman & Rajan, 2002a; Hakansson & Lind,

2004; Langfield-Smith & Smith, 2003; Sartorius & Kirsten, 2005; Van der Meer-Kooistra & Vosselman, 2000); and others detailing the control mechanisms used (e.g., Dekker, 2004; Mahama, 2006; Tomkins, 2001), and the forms of open book accounting and information disclosure (e.g., Baiman & Rajan, 2002b; Drake & Haka, 2008; Van den Abbeele, Roodhooft, & Warlop, 2009).[1]

While the above studies add to our understanding of the alliance phenomenon generally, they close off interesting questions about the possibly diverse origins of these relationships and the dynamics of alliances. One is left with the impression that alliances always emerge 'rationally' or 'naturally' as a Darwinian outcome of natural selection when markets and firms fail. With such an economic lens, the processes and practices by which these relationships come into being and are sustained (or destroyed) remain opaque. How do actors and accounting change over the 'lives' of alliances? Do the origins of an alliance influence the subsequent operation of accounting? Could one discern generic 'stages' of development/change and find that certain modes of calculation are more or less 'successful'? We do not have good answers to these questions as the focus of much of the extant literature has been on the optimal design of accounting control; and suggests that interfirm alliances could be managed using relatively stable control design templates. Complex transactions with uncertain future outcomes are said to be best governed by 'trust-based' alliances since 'complete' contracts cannot be written *ex ante.* And, accounting controls are argued to be more effective in alliances contracting for less complex transactions of commodities or simple services (Van der Meer-Kooistra & Vosselman, 2000). The interaction, negotiations and transformations that precede and/or come after the signing of contracts are either ignored or taken as given and we know little of the role of third or fourth parties in buyer-seller alliances (for exceptions see Chua & Mahama, 2007; Mouritsen & Thrane, 2006). Noting the paucity of process-focused research in interfirm alliance settings, Caglio and Ditillo (2008) argue that the relational dynamics in interfirm alliances can change throughout their life cycle and that by studying these relationships at a single point in time, certain evolutions and their differential impact on control choices could be completely lost.

How and why do these alliances emerge? What influences their design and mode of operation? How are accounting and trust implicated in the emergence and life of an alliance?

2.1. Collective experimentation with matters of concern: a three-stage model of translation

In seeking to answer the questions above, we draw on the work of Callon and in particular his arguments for the study of economization — "the processes that constitute the behaviours, organizations, institutions and, more generally the objects in a particular society which are tentatively and often controversially qualified, by scholars and/or lay people, as 'economic'" (Caliskan & Callon, 2009, p. 370). For Callon, the economy and 'economic' arrangements (such as markets, firms, alliances) are an achievement rather than a pre-existing reality that is simply revealed and assumed. Thus, for example, an alliance is not a 'natural' phenomenon that is presumed to emerge due to the failure of 'markets and hierarchies'. Instead, it is a socio-technical arrangement (agencement) made up in historically-specific ways by and through human actors as well as "materialities" (Caliskan & Callon, 2009, p.384; Callon, 2007) such as instruments, tools, and calculative devices (like accounting), and through dynamic processes of problematization. Central to

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[1] See Caglio and Ditillo (2008) for a comprehensive review of the literature on accounting controls in interfirm alliances.

problematization are 'matters of concern' - issues and questions for which existing arrangements are seen to provide unsatisfactory solutions (Callon, 2007). Matters of concern are not given in the order of things. They are identified and taken up by multiple actors (both existing and new; both human and non-human; Callon et al., 2009) who then translate and transform them into 'well-defined' problems, objectify the existence of their impacts, constitute casual links that are often neither immediate nor self-evident, and pro-pose new possibilities for innovation/change (Callon et al., 2009). In addition, because such concerns are generally characterized by uncertainty about the future, no one can be entirely sure, in advance, of the precise organisational form or material arrange-ments which will result. Indeed, such arrangements are "ongoing collective experiments" (Callon, 2009).

Following from the above, outsourcing (and interfirm alliances generally) is conceived here as an option for (re)organising 'eco-nomic' activity; as a possible outcome from the entanglement of matters of concern within networks of actors. Thus, in order to analyse their emergence and operation, we would need to follow matters of concern and their translation. Translation refers to the processes by which associations are forged between entities, the identities of actors specified and stabilized, and the possibilities of interaction and the limits of manoeuvre negotiated and delimited (Callon, 1986). There are three generic stages (Callon, 2007; Callon et al., 2009).

The first phase involves the metaphorical reduction and trans-portation of the complex macrocosm (the actual settings where transactions occur) to a microcosm — a laboratory or a centre of calculation in which actors "organize complicated experiments (manipulations) with the help of precise, powerful, and calibrated instruments" (Callon et al., 2009, pp. 46—47). Central processes include definition of 'the' problem to be solved and therefore the 'evidence' that needs to be assembled for subsequent manipulation in the model world. This movement effectively replaces a complex and uncertain reality with a simpler, more workable reality. And it is a process of translation in two senses: the 'buzzing big world' is transported to the 'quieter model world' and the latter transposes in such a way that the small scale world is both familiar but different. It represents the macrocosm but it also re-presents that big world.

Accounting may participate in this translation, for example helping to move and transport computers, phones, spare parts, cables, trucks, delivery drivers into a model of 'the' warehousing and distribution function; with particular cost functions, drivers and trends. There were scattered counts of missing stock, in-ventories dispersed over several warehouses, and multiple 'distri-bution by channel' reports produced and read by different people. Now through grouping these traces together, there is a dedicated world of warehousing and distribution. Indeed, over centuries, accounting has been transporting large corporations with thou-sands of people and millions of transactions to a laboratory through standardized paper-ware labelled balance sheets, income state-ments, budgets, cost reports, etc. But accounting information is not all that circulates in moving the 'big world' to the laboratory — there could be other knowledges and artefacts — journal articles and conference presentations that make reference to a new world of collaboration with suppliers; that narrate the experience of orga-nisations which have successfully created long-term, trusting partnerships. These traces of the big world become the fodder for analysis and experimentation in the model world.

The second[2] phase of translation refers to the manipulations and

routinized activities that occur within the laboratory as collective effort is focused on understanding, calculating and modelling certain aspects of the 'big world'. How could a desired outsourced future of lower costs and higher value be brought to fruition? What would need to change? What new partners would be needed? How would the buyer manage these new relationships? What would successful performance mean? How could it be measured? To investigate and find answers to such questions, calculation is key and numerous accounting numbers may be produced. However, it is important to note that calculating does not necessarily mean performing mathematical or even numerical operations (Callon & Muniesa, 2005, p. 1231). Instead, "calculation starts by establish-ing distinctions between things or states of the world, and by imagining and estimating courses of action associated with those things or with those states as well as their consequences." In this way, the notion of calculation incorporates acts of judgment and classification. To rank a shortlist of eight suppliers is an act of calculation just as calculating the costs of delivering five types of products. Further, calculation does not take place only in human minds and calculative agencies are not human individuals on their own but collective hybrids endowed with the capacity to act. Lab-oratories are centres of calculation equipped with human actors working with knowledges, instruments and other devices and ar-tefacts (Callon & Muniesa, 2005; Latour, 1987). Thus, a project team working with accounting numbers and models of a new ware-housing alliance is such a hybrid; a calculative agency.

Calculating is also not a passive activity. Accounting has been described as a non-human actor in the sense that it produces effects (Dambrin & Robson, 2011; Qu & Cooper, 2011; Robson, 1991, 1992). Effects occur because inscriptions are always both "determined and enigmatic" (Callon et al., 2009, p. 53). Accounting is Janus-like. On the one hand, as a trace, an accounting number refers to an entity whose existence is presumed — a warehousing cost. But the meaning of a number is enigmatic — is this cost number too high or too low? And hence, a number is "infralinguistic": it is an induce-ment to talk and to negotiate (Callon et al., 2009). Accounting numbers encourage, solicit, and articulate propositions about the world, 'reveal' new entities and relationships (for example, be-tween buyers and sellers), summarize value, assign identities, distribute accountabilities and impute the forms of action required to address matters of concern. Numbers help materialize and objectify abstract purposes and goals.

There are other means by which the 'economic' becomes more objectified. Through negotiation and co-elaboration, the properties and value of the goods to be exchanged gradually become solidified and are stabilized through product and price lists. Callon and Muniesa (2005) refer to this as 'singularization'.[3] In addition, con-tracting practices help draw boundaries about respective roles and responsibilities, spell out terms and conditions and set penalties for non-performance. There may also be routines enacted in the name of trust — a closed tender could be chosen and sellers subjected to certain 'trials of trust' in order that their 'trustworthiness' might be ascertained. What trust 'is' might never be quite pinned down but the notion itself is enacted through action. And finally, there could be non-calculative processes. Affective bonding might start to occur as potential partners become more familiar through interaction.

The third stage of the translation process involves a return (often a perilous one) from the microcosm back to the macrocosm.

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[2] It should be noted that, empirically, it may be difficult to clearly separate out Phases 1 and 2 especially when model-building, data collection and experimen-tation all occur in quick succession.

[3] Callon and Muniesa (2005, pp.1233-34) write that "individualization or sin-gularization consists in a gradual definition of the properties of the product, shaped in such a way that it can enter into the consumer's world and become attached to it. Through the process the thing — a product undergoing qualification — is progres-sively transformed into a good.".

This involves reproducing the initial experiments and their hypothetical effects in 'real life'. As discussed earlier, calculative agencies are generally ascribed the capacity to reproduce the experiments as precisely as possible. But because such agencies exclude much of the 'world', they may struggle to enact and perform the hypothesized relationships in practice and they encounter issues that were initially excluded in the experimentation processes. What happens when models struggle under trial? What results when buyers and sellers do not behave as modelled in the laboratory of the microcosm? Are new actors brought into the network? Are different accounting numbers calculated? Are there new conversations about trust?

We will be using this three-phase model of translation[4] to make sense of the outsourcing alliance investigated.

2.2. Alliances, accounting and trust

Latour and Callon have long argued that while human actors are clearly key actors to be followed they do not act alone. Their agency is more precisely defined as "distributed" — consisting of "material elements, texts and discourses, competences and embodied skills, routines and so on" (Callon, 2007, p.142). Despite such reference to routines, and to calculative practice, their work has not been linked to a larger 'practice turn' within the social sciences (Schatzki et al., 2001). But as Reckwitz (2002) writes, it is possible to group together the following as 'empirical sociologists' interested in the praxeological: Bourdieu, Giddens, Foucault, Garfinkel, Latour and Schatzki. There is sufficient commonality of focus despite significant theoretical differences. We concur and here we seek to focus on the connections between accounting and trust.

Reckwitz (2002) writes that practices have the following key characteristics. They are routines — of moving the body, understanding, using 'things', mobilizing knowledge, and of feeling even.

A 'practice' (Praktik) is a routinized type of behavior which consists of several elements, interconnected to one other: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge in the form of understanding, how-how, states of emotion and motivational knowledge. (p. 249)

Every practice implies a particular routinized mode of intentionality, i.e. of wanting or desiring certain things and avoiding others. And finally, every practice contains a certain practice-specific emotionality (even if that means a high control of emotions). Wants and emotions thus do not belong to individuals but — in the form of knowledge — to practices. (p. 254)

The notion of trust as a process/situated practice has yet to gain widespread support (see Khodyakov, 2007; Mizrachi et al., 2007; Möllering, 2006, 2013; Nooteboom, 2002). Here, we wish to help redress this.

We define trust as *an accomplishment constructed through the actions and routinized, situated practices of multiple actors, both human and non-human.*[5] Trust is studied as 'trust in the doing' —

and the focus is on the bodily routines, understandings and knowledges that become mobilized in the enactment of trust and/or distrust. Doing trust is a distinctive, indexical practice that requires a wide set of cultural sensibilities, knowledges and skills (Mizrachi et al., 2007; Mollering, 2013). Further, because trusting practices are situated within space and time, they would vary between contexts and one could conceptualise 'regimes of trusting' that are similar to regimes of value (Appadurai, 1986). Thus, in certain settings, a marriage for example, trusting is associated with an absence of performance monitoring; in others, such as a 'business setting', the collection and processing of performance information is seen as essential for trusting on an ongoing basis. Also, there are a large number of "materialities" that can be mobilized in the enactment of trust/distrust and skillful actors choose (and know) those which are appropriate in particular settings. Trust then is less what people or organizations 'have' but what they do; this is because trust is always being made and re-made — it is work-in-process rather than finished good.[6]

Studying trust as practice leads us to ask the following types of questions. Who talks about trust? How do they talk about it? In seeking to find, develop and maintain trust, what routines or repertories (Mizrachi et al., 2007) are put in place, what inscriptions, types of expertise and experts are brought into conversations and how are they mobilized? What "materialities", particularly accounting materials (for example, performance reports, cost data, variance analyses), are drawn upon to enact both trust and/or distrust? What effects result; what emotions/feelings are associated with particular classifications of trustworthy actions and not-trustworthy behaviour? What do people do when trust is seen to have been breached; what repair work ensues?

In short, we are seeking to analyse how trust/distrust is 'assembled' through analysing the routinized associations that are made between diverse actors. For example, if regular accounting reports are interpreted as indicating that stock losses always occur when certain employees are on duty, those employees may no longer be 'trusted'. And how is this manifested? Access to the locked storeroom is now denied. In the name of trust, relations have now been forged in a network comprising employees, keys, missing stock, a storeroom, an accounting report, etc. 'Trust', like 'the social' is assembled and has effects. Certain folks are denied access and particular emotions and feelings are aroused — anger, suspicion, disappointment.

We coin the term 'trust practices' to refer to specific routines that are *explicitly* drawn upon to enact trust/distrust. In numerous forms of routinized activity, one often 'places trust' in someone or something in a taken-for-granted manner (Möllering, 2006). For example, when driving a car in a particular way, one 'trusts' that others will be driving by following the same set of road rules. Is driving a form of 'trust practice'? Clearly, trust can be and has been theorized as this assumed, taken-for-granted knowledge (see Möllering, 2006 for a discussion). From driving a car to crossing the road to placing an online order — one acts expecting and 'trusting'

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[4] Power's (2015) model of the origination of accounting identifies the following three phases: problematization, practice-making and infrastructure building. While there are no explicit references to Callon in the paper, Power refers to the work of Robson (1991, 1992) which is grounded in the actor-network-theory associated with Callon and Latour. Thus, it is unsurprising that the model begins with problematization. While we share some theoretical anchors with Power, our model focusses more on 'confrontations' between the microcosm and macrocosm and on the connections between accounting and trust.

[5] This definition is influenced by the concept of strategy-as-practice as defined by Jarzabkowski (2005).

[6] Mollering (2013) points out there are a variety of positions on whether trust, and indeed, trusting is a noun and/or a verb or both. His own position, similar to that of Bakken and Hernes (2006) is to argue that 'trusting' is both a noun and a verb in the sense that he advocates a study of both the activities of trusting as well as the effects of these activities. He also appears to accept or at least be sympathetic to the concept of trust as a noun; as an end-state of some kind that could be measured, for example, in terms of 'levels'. In contrast, Wright and Ehnert (2010) claim that trust the verb has been unhelpfully superseded by trust the noun and recommends focussing on trust as a verb. Our own position is similar to that of Mollering's (2013) in that we stress the need to study trusting instead of trust and the effects of those activities. But we also accept that trust can be thought of as a 'temporary' noun in the sense of being a work 'in flight' — always a state in the making.

others to do so in expected ways. Given this, the term 'trust practices' could become meaningless in that in describing many activities it describes none. Here, we wish to delimit our concept and use it to focus attention on a (sub)set of routines that are enacted when the concept of 'trust' is explicitly invoked as for example, when human actors seek "trustworthy suppliers" or speak of "a loss of trust". Or when a consulting report recommends that particular companies no longer be 'trusted' to deliver high returns.[7] That is, we would argue that 'trust' is explicitly mobilized and associated with particular routines on an everyday basis and it is important to investigate these as a distinct practice.[8]

What are the implications of a 'trust-as-practice' approach? Firstly, it highlights the situatedness of the diverse ways in which trusting and not trusting may be enacted. As a practice, the enactment of trust will be both an effect of and an input to other practices, concerns and histories; it could vary across countries, jurisdictions and even industries (see Deakin, Lane, & Wilkinson, 1997; Lane & Bachmann, 1996). Secondly, our approach emphasizes the importance of following "materialities" — non-human actors such as forms of accounting expertise, inscriptions, 'hardware', software. Thirdly, a focus on activities enables analysis of the temporal 'unfolding' of trusting/distrusting. Particular matters of concern (and their translation) may lead to the proliferation of trust practices and intensify affective consequences at a point in time. These concerns and effects may then ebb or possibly 'return' at some later point. Or different and perpetual concerns may lead to repeated 'trials of trust'; trust as an achieved end-state in some situations might not be attained and be constantly postponed. In addition, time could offer the opportunity to 'heal' perceived breaches of trust. A perception of a breach may not lead to a permanent end to a relationship among actors — 'repair work' could ensue with routines enacted to re-establish trust. Trust is too often thought of as a static end-state instead of as a continuous and dynamic flow of ties that is continuously re-assembled and indeed could have 'cycles'.

Finally, advocating a focus on trust as practice does imply a concern with extant attempts to study it mainly as a static end-state. Continuing along this track, we believe, will tend to generate an even longer list of 'types of trust'. By contrast, adopting an alternative lens could enable new understandings of how accounting and trust practices become entangled in the manufacture of alliances. Further, the concept of trust is not theorised explicitly in the work of Callon and Latour despite mention of a "distributed" human agency that includes routines and embodied skills. We hope a more targeted investigation will yield fresh insights for that body of work also. But a caveat, earlier we had listed a series of research questions when studying trust as practice. We do not claim to have answered all of them well here. These questions are meant to illustrate an approach and this paper hopes to start a different conversation, not to conclude it.

3. The field

Given our interest in the manufacture of an 'economic' arrangement (such as an alliance), we undertook a qualitative field study which allows us to explore how and why accounting becomes connected to other practices in the alliance. Fieldwork enables a collection of rich data that yields 'thick' descriptions. Below, we briefly describe our research site, data collection, and analysis.

3.1. Research site

TalkTel was incorporated in Australia in the early 1990s as a telecommunication carrier and became listed on the Australian Stock Exchange (ASX) seven years after incorporation. From the inception of the organisation, ownership has been diverse, comprising two leading international telecommunications companies and local Australian interests. A few years after listing, TalkTel was taken over by a multinational telecommunication company and has since become a subsidiary of this multinational company. TalkTel specialises in a broad range of integrated communication services including mobile, local, national, and long distance telephony; integrated network services; internet and satellite services; and subscription television. In a nation with a current population of approximately 24 million, TalkTel serves over 9 million customers in Australia through its four major business areas (consumer, business, small and medium business, and wholesale and satellite). It is now part of telecommunications group from which it generated operating revenue of AUD$17.2 billion and net profit of AUD$3.8 billion for the year ended 2015.

We chose to study the outsourcing of the warehousing and distribution function because it provided a sound context for fulfilling the aims of the study. At the time of our arrival, TalkTel had just started discussions with a large consulting firm (AusConsult) regarding a review of its warehousing and distribution function and the possibilities of outsourcing this to a third-party provider. In addition, approval was granted for us to observe the formation of this alliance from the calling of tenders to the first year of operation; this was a substantial period of observational time and it covered the period we sought — the time of birth. Finally, we were granted very good access to the key people involved, meetings and archival data.

The outsourcing arrangement, TalkTel Warehousing, was comprised of two three-year contractual relationships (with Suppliers A and B) for the provision of warehousing and distribution services for a major part of TalkTel's physical products and services. The warehousing and distribution function was made up of five 'activity streams': mobile phones, spares for network maintenance, customer installation, equipment construction and administrative materials (see Table 1). Supplier A was offered the mobile and collateral supply contract while Supplier B was offered the spares, construction and customer installation contracts. The total expenditure with these suppliers was estimated to be $8.5 million each *per annum* in the late 1990s.

Within TalkTel, these contracts were within the jurisdiction of the Corporate Suppliers and Purchasing Systems Group, which reported to the Director of Finance. Prior to the outsourcing arrangements, TalkTel managed its own inventory with only a limited set of operational activities contracted to an external provider. The different activity streams were managed as independent 'supply chains' serving internal customers (such as Network Engineering, Marketing and Logistics) and external customers (such as retail outlets, dealers, and direct end-users). This arrangement was, however, to change when TalkTel undertook its review. TalkTel hired AusConsult to study the warehousing function and advise how it could add value through reduced costs.

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[7] Möllering (2006) also makes a similar distinction when he differentiates between research that theorises trust as 'routine' (meaning as taken-for-granted knowledge) as opposed to trust as process. He particularly advocates researching trust as process rather than as a taken-for-granted notion.

[8] It could be that certain 'trust practices' might also be seen as 'control practices'. For example, in the name of distrust, employees are 'controlled' by preventing them access to key spaces. The reason for conceptualising these as 'trust practices' is to highlight that the removal of access was one way to explicitly enact distrust and there could be many other ways to 'do' distrust — an explicit warning, private grumbles, strong language. Past research has already established that trust and control are interconnected but in situated ways and the latter concept does not subsume or erase the former theoretically.

Table 1
TalkTel warehousing and distribution Activity streams.

Activities & Actors	Mobile phones	Collateral	Spares	Customer installations	Construction
Products Warehoused	• Mobile phones • Accessories • SIM cards	• Marketing materials • Administrative forms • Other promotional items	• Network maintenance spares	• Installation materials • Tools and equipment to support installation	• New and de-installed equipment
Services Performed	• Receiving • Warehousing • Order processing • Pickup excess stock from channel • Receipt and processing to vendor of early life failures • Bundling phones, accessories and collateral • Configure phones • Distribution activities	• Receiving • Warehousing • Unitising • Kitting • Order processing	• Receiving • Warehousing • Order processing • Repacking at component level • Disposal of obsolete/excess stock • Reverse logistics for repairs	• Receiving • Warehousing • Order processing • Configuration of equipment • After hours response • Reverse logistics for repairs	• Receiving new equipment • Receiving de-installed equipment including deconfiguration into component parts • Warehousing • Order processing • Reverse logistics for de-installation • Provision of area for testing activities
Supply Chain Members	• Marketing • Mobile suppliers • Channels	• Marketing • Logistics • Channels	• Network operations • Technology planning	• Field service	• Network engineering

3.2. Data collection and analysis

The data reported in this study was gathered through interviews, field observations and archival sources (see Table 2) over a period of 22 months. Data collection commenced with introductory interviews with the Supply Managers of TalkTel with the view to (a) understanding the history of the events leading to the formation of the outsourcing alliance and what the alliance was intended to achieve; (b) determining the activities under negotiation in preparation for an alliance; (c) negotiating access to situations and interactions that required observation; (d) identifying documents that we needed to review as part of our data collection; and, (e) identifying key informants who could be interviewed. The initial interviews were then followed with 18 more focused, topic-centred and in-depth interviews that were guided by our research aims and questions. These interviews were semi-structured and focused on interviewees' knowledge, feelings, perceptions, experiences and thoughts about the outsourcing process and how these influenced their actions and reactions. They were conducted concurrently with other data collection processes. The interviews lasted between 45 min and 2 h, with an average interview time of about 1 h. All interviews were tape-recorded and transcribed thereafter.

The second source of data was the observation of formal meetings, presentations, and other informal settings. The formal meetings provided a setting for observing interactions and negotiations between the outsourcing partners as they came together to discuss, review performance and plan issues related to the alliance. We observed formal presentations by the outsourcing partners, most of which related to the supplier selection processes. In all these observations, no attempt was made to conceal our observational role as researchers. Before the observations, our roles as researchers were made known to the participants. Overall, 46 formal meetings and presentations were observed over an equivalent of 26 days.

Our third source of data was archival. The archival data included expressions of interest documents, request for tender, reports, bid documents, contracts, minutes of meetings, commercial brochures and financial reports, among others. Whereas some of these documents could be taken away, others were considered confidential, so could only be reviewed on site. In total, 44 documents were reviewed.

Data analysis started during the data collection process and continued thereafter. This involved an iterative process of questioning, reflecting, theorising and verifying the information collected in order to ensure that the data collected was not superficial, had sufficient contextual detail, and was relevant to our study. Our main tasks in the analysis were to categorise the data, to identify patterns and connections where possible, either between data elements or between data and constructs, and to build plausible and trustworthy 'storylines' (Golden-Biddle & Locke, 2007). We sought to ensure that the connections between the evidential basis and the theoretical constructs were robust and that the theoretical contribution was material.

4. Empirical analysis

This section presents the matters of concern and their mode of translation.

4.1. Translating matters of concern into a 'solution'

Callon (2009, p. 541) argues that it is imperative when analysing the organisational form of a transaction, that matters of concern are taken into account for then one can follow "the procedures and devices designed not only to encourage the expression of the problems which arise but also to facilitate the design and evaluation of theoretical and practical solutions to those problems".

Our field work revealed two seemingly unconnected events that generated matters of concern about the warehousing and distribution functions and created conditions that made possible an outsourcing solution. The first of these was TalkTel's takeover of a joint venture between TalkTel and one of its allies. The joint venture

Table 2
Summary of data collection Activities.

Research activity	TalkTel warehousing
Length of time	22 months
Interviews	18
Number of formal meetings and presentations observed (between one and four in a day)	46
Observation days (ranging from ½ day to full day)	26
Documents	44

had been formed to construct and operate a suburban broadband local area network over which pay TV, telephone and internet could be offered. As a result of the takeover, TalkTel ended up with two separate warehousing and distribution systems. The costs of maintaining these two separate warehouses became a matter of concern to the Warehousing Managers within TalkTel who came to see these costs as 'unacceptable'.

At the same time, the company had decided to list, within a short period of time, on the Australian Stock Exchange and internally there was considerable pressure to improve its profit outlook as listing documentation and prospectuses were being prepared. Various functional areas within TalkTel were "asked by top management to explore opportunities within their areas for cost reduction" (Corporate Procurement Manager). Within the Corporate Finance function, the warehousing and distribution process became one of the areas targeted for review.

Warehousing and distribution costs had become a matter of concern for which the current warehousing and distribution system could not provide satisfactory answers and solutions. This created uncertainty about the future of warehousing and distribution in TalkTel but as Callon et al. (2009) argue, uncertainty triggered by matters of concern does not exist independently of a process of identification and investigation. In the face of the uncertainty about warehousing and distribution costs, TalkTel embarked on a process of identification and investigation with the view to "streamlin[ing] the warehousing and distribution processes" and "taking cost out of the system". In expressing the desire for a review of the warehousing and distribution function, the Warehousing Managers noted, in a report to corporate procurement:

> [TalkTel] currently spends $11 million a year on the physical warehousing of its active inventory. The merger last year of TalkTel and [the joint venture] presents [TalkTel] with the opportunity to review **all** logistics processes and to develop an **integrated solution** that will give the best value for money in service delivery. (Emphasis added)

A "business improvement process" was launched to review and address "the business drivers behind supply chain operations … and the performance outcomes required" (Warehousing Business Improvement Report, 1998).

A cross-functional project team, made up of the Corporate Procurement Manager, two Marketing Executives, two Warehousing Managers, and representatives from internal warehousing supply chains, was constituted by the Corporate Finance Director to participate in the review processes. To enable this team to review and render the warehousing problems perceptible and 'fixable', expert knowledge in process analysis and costing was deemed necessary. Consequently, the Finance Director hired a consulting firm (AusConsult) to assist the newly constituted TalkTel project team to review the current warehousing and distribution function. AusConsult was one of the 'big four' accounting firms operating in Australia and had a dedicated functional area that assisted numerous clients in corporate restructuring and redesign. A supply chain consultant from AusConsult (hereafter AusConsult Rep) was given the responsibility to assist the warehousing project team in their search for better ways of managing the warehousing and distribution function.

The review involved a process of identification that sought to define (a) 'the' identity of the warehousing and distribution function, (b) 'the' identity and interest of TalkTel, and (c) the relationship between the interests of TalkTel and the business of warehousing and distribution.

The identity of the warehousing and distribution function was created by analysing warehousing and distribution costs based on an analytical framework dubbed the 'supply chain strategic review (SCSR) methodology'. This, in effect, became a centre of calculation/laboratory that provided a stylised representation of the warehousing and distribution system and its cost drivers. Data was gathered from disparate sources; the AusConsult Rep talked to key personnel in TalkTel, accumulated accounting records, drew flow charts of business processes and visited dispersed warehousing facilities. This data was then fed into the SCSR workbook (Warehousing Business Improvement Report, 1998) (see Appendix 1 for a pro-forma template used in the SCSR data collection). Through this process, five activity streams were identified within the warehousing and distribution function: mobile phones, collateral, network maintenance spares, customer installation and construction. These activity streams had previously been managed as relatively independent supply chains. Details of these activity streams are in Table 1. The AusConsult Rep explained that using the SCSR to gather data enabled the project to 'provide visibility' over the different activity streams and to achieve consistency with respect to the meaning and significance of each activity stream:

> We have utilised our supply chain strategic review (SCSR) methodology as a framework for data and information gathering for the project. This approach focuses on where most costs, people, time and the strategic significance are in the supply chains for each activity stream. The review provides a clear view of the existing supply chain operations and how they fit within the current [TalkTel] business context. It addresses the business drivers behind supply chain operations (why do you need it) and the performance outcomes required to meet [TalkTel's] objectives (what must it do). The application of this approach to the different supply chain operations has allowed the generation of a single document containing a consistent view across those operations. (Warehousing Business Improvement Report, 1998)

Through the use of this SCSR methodology different, distributed activities were now 'flattened', made equivalent and placed in the same calculative and visual space such that a 'holistic' image of 'the' warehousing and distribution function was created. In addition, general concerns with warehousing and distribution costs were now transformed into four delineated and specific problems: (a) inefficiencies in inventory management ($7 million of mobile inventory supporting only $3 million of sales), (b) excessive warehousing costs, (c) unacceptable delivery turnaround, and (d) considerable amounts of obsolete inventory. These specific problems were then mobilized to extract the following adverse impact of existing arrangements:

> [TalkTel] is incurring significant internal costs that are supply chain driven but are not clearly visible and are not allocated to relevant business products or services. … In many cases, [TalkTel] had added unnecessary layers to the logistics process. These redundant activities are adding time, cost and other overheads. (Warehousing Business Improvement Report, 1998)

In short, the identity of the warehousing and distribution function had been given the following key characteristics; it was costly, wasteful and inefficient. Now that 'the' problem was clear, what was 'the' solution? To offer this, the project team proceeded to define the identity of TalkTel and to specify its general business interest. The key notion was the concept of TalkTel's 'core business'. This notion, as well as the associated concept of 'core competencies' were being widely discussed in business circles (around the time the warehousing business was under review) as a means of

delivering 'significant' and 'measurable' benefits to organisations (Quinn & Hilmer, 1994). The project team was keen to assess the warehousing and distribution function in terms of its location within the core business of TalkTel in order to mitigate (unspecified) risks. The project team noted:

> The first step in a project of this scope is the development of a clear understanding of the business context of warehousing in [TalkTel] business … Embarking on a warehouse rationalisation process without such an understanding could expose [TalkTel] to significant business risk. (Warehousing Business Improvement Report, 1998)

In situating the warehousing and distribution function within the TalkTel business context, the project team reconstituted causal links that were neither immediate nor self-evident. They concluded that:

> The physical distribution of materials is not, and should not be, a core competence of [TalkTel]. With the merging of [the two separate warehousing systems], [TalkTel] have an opportunity to fully redefine the way in which its internal and external customers are served and to set up an integrated infrastructure to deliver to those customers. (Warehousing Business Improvement Report, 1998)

That is, TalkTel did not and, indeed, should not possess a strategic competency (and competitive advantage) in warehousing and distribution.

With warehousing labelled as a "non-core competence" and "costly" AusConsult simultaneously articulated outsourcing as 'the' solution that will reduce identified inefficiencies and create value for TalkTel:

> Warehousing and distribution operations are not a market differentiator and do not deliver a significant competitive advantage to any of the key players. [TalkTel] should explore the feasibility of working with other major players to develop an industry solution … this should include competitors upstream and downstream members of the mobile phone supply chain. A cooperative approach to the distribution of phones will allow a wide range of synergies to be identified and could lead to the elimination of a range of supply chain costs. … [TalkTel] has a more stable functional base to proceed to contract warehousing/distribution services to internal or external providers. (Warehousing Business Improvement Report, 1998)

Outsourcing would deliver much:

> This project has identified a range of options that will deliver direct operational savings of at least $2.5 million per annum while delivering superior service levels to [TalkTel]. In addition to these direct savings, there are opportunities for [TalkTel] to achieve significant reductions in working capital by re-engineering the deployment of spare parts to reduce spare inventory (currently $43 million) and to realise other indirect benefits by enabling their key personnel to refocus on the core [TalkTel] competencies. (Warehousing Business Improvement Report, 1998)

This single intervention would rein in warehousing and distribution costs, reduce inefficiencies in inventory management, and deliver innovation in warehousing and distribution services. Note the associations that were made between warehousing costs and other themes: the function was not a (strategic) "differentiator", not a core competency, and it was inefficient. By contrast, an

outsourced future promised savings, key staff freed to "refocus" on core competencies and a cooperative world of integrated actors up and down the supply chain. This language of focussing on core competencies and divesting non-core activities was familiar and 'made sense' to TalkTel's managers and we believe predisposed them to accept the report from AusConsult. The injunction to focus only on core business had become well-known in Australian business since the 1980s with concepts such as 'lean manufacturing', 'activity management' and 'activity-based-costing'. Lewis and Weigert (1985) write that cognitive familiarity helps people commit to an uncertain future. TalkTel now proceeded to realise this imagined outsourced future of cost savings and new value creation.

4.2. Calculating and making the alliance

For an exchange to occur, it is necessary to identify parties to the exchange, to define the nature of the exchange object as well as the price and terms of exchange. More particularly, it is necessary to concretise the concept of 'value' that is to be achieved, the identity of suppliers who can be trusted to deliver that value and to specify the price and terms of delivering the value so defined. In the following discussion, we show how TalkTel sought to make a particular alliance - one with trustworthy, value-generating suppliers.

4.2.1. Identifying trustworthy suppliers who would deliver value

Supplier selection consists of a variety of routinized activities to deliver 'the right' firms. Which routines were adopted here and why? TalkTel decided against an open tender and chose instead to go down the path of a closed tender. According to them, this was because they wanted to deal with "people [we] know and trust" (Corporate Procurement Manager). Consequently, nine potential suppliers (who were known to TalkTel in one way or the other) were initially invited to express interest in the venture and out of these six were shortlisted to bid for the outsourcing contract. Although TalkTel's prior experiences with these six suppliers enabled them to be shortlisted, they were not yet trusted with the contract. More had to be done; TalkTel needed 'good' reasons before deciding which supplier could be trusted to deliver the value they sought.

Right at the beginning of the closed tender process, TalkTel had also decided not to send out a document pre-specifying 'requirements'. Instead, the requirements would be determined through a "search and discovery process". This process was known to be somewhat unusual. Why was this adopted? Marketing Executive A explained the rationale:

> I think the reason that we did it um … was we could have written down exactly what we needed um …. We could have just said, "right, we need somebody to warehouse this". … But because we were starting from scratch it was felt that it was worth maybe asking them to come to us with what they thought they could do. Cos then umm… they might come back with something that we hadn't even ever thought of. Now if you put [in] your tender document exactly what you want, you're not going get that kind of innovation. Because you've told them really what you want from them and it's their job then to fill out those gaps and come back and try and please you as best they can. But by giving them the flexibility as we did, it allowed them to umm … really have a think about what they were going to do umm … and come back with different ideas.

In place of standard specifications of requirements, a series of formal and informal meetings were organised. These meetings

were said to have achieved much. They enabled TalkTel to gauge the level of 'innovativeness' among the suppliers. Also, they provided a forum for TalkTel to act out their desire for outcomes to be 'co-determined' based on a high level of information sharing. Marketing Executive A, for example, felt that TalkTel had provided more firm-specific information than normal:

… we allowed them to ask us any questions that they wanted to. Um … which probably goes beyond the normal tender information um … the meetings that we had, allowed us to sit down and any problems that they had they came to us, asked us about it. We pretty much had open-book on the information that we gave them. … Ah … and so yeah, I guess the bottom line would be that we tried to give them an insight and understanding as to what we did to allow them to come back with ideas as to how they would run it if they were given … the go ahead.

The Corporate Procurement Manager similarly emphasized the joint development of 'specifications':

We … brought all the shortlisted suppliers together; we gave them a brief of the project, the timings. How we were going to conduct it? What was expected from them? What was expected of them?

The two weeks after [the negotiation] we developed the specifications with them so we had one meeting with each of the different suppliers for each of the teams and developed the specifications, which was quite good … New things came to light and ideas came out. Information in those two weeks was shared between all suppliers and internal. We then issued the specification, which was pretty much like two pages of each activity stream.

In a show of reciprocity, the suppliers spoke of developing solutions that would enable them to 'value-share', to generate 'value for money' and to deliver 'open-book costing'.

As can be seen, at this point, the practice of selection was grounded in a number of connected activities – beginning with a small 'familiar' set, sharing confidential corporate information, co-producing 'specifications'. There were additional activities. In order for the TalkTel team to gain greater confidence that the supplier could actually perform as documented in their proposals, the TalkTel team made the suppliers publicly 'defend' their proposals in a series of presentations and enter into discussions with the project team about aspects that were not explicitly captured in the proposals. Some of the project team members explain:

There were um … I guess it comes down to written word against somebody standing there making um … a claim. Saying "we can do this". You are then able to say that "Would you just explain how you're going to do that?" So it gives them an opportunity to go into greater depth, um … as to what they're planning on what they're promising. (Warehousing Executive)

The presentations are a chance, where our first chance for us to interact with the suppliers. So um, they were very important; they confirmed what was in the tender, expanded on what was in the tender. Um, gave us a chance to ask questions um, such as have you thought about, ya know what I mean (laugh) um, it also gave us a chance to, to see what wasn't in there ah, to get a listing of questions together and to, to put that back through a central person ah … to see how they all responded. So um, so I thought the presentations were … were a critical part of it. (Warehousing Manager)

However, the presentations were not a one-sided test for TalkTel

to decide whether they could finally trust the suppliers to deliver but also served as a means for the suppliers to draw in absent allies. For example, one of the suppliers noted the following:

We have an international spread, with services being offered to leading organisations across five continents. We provide services for carriers who do not consider warehousing as a core function. Our organisation started operations in 1996 to serve newly emerging entrants into the market who needed fast and efficient entry.

The International Standards Organisation (ISO) accreditation process was also used by some suppliers to attest to their ability to deliver value as promised.

The TalkTel project team subsequently sought references from corporate referees regarding these 'facts'. Reference checking was seen as part of a trust-building process. As the Corporate Procurement Manager stated:

To build trust in the suppliers, we did reference checks. As I said, we did some reference checks and what other people thought of them and the way they operate and do they call you back and have they followed you up.

Thus far, we have focussed on how general matters of concern at a crucial time became translated via consultants and their methodologies into specific problems with a wasteful, inefficient, non-core warehousing and distribution function. "The" solution was to outsource. In making up the outsourcing alliance, entities had to be identified and much effort was expended in finding suppliers who could be trusted – to do not one thing but many. There were repeated trials of trust. Trustworthy suppliers were firstly people TalkTel had dealt with before and with whom it was familiar. And then, they were also folks who: could cooperate with TalkTel to develop innovative proposals that were successfully defended; could convince TalkTel that they would deliver what had been written on paper, and who passed reference checks. Through these trials, the identity of the chosen suppliers gradually became more 'fixed'.

4.2.2. Ranking suppliers: a common register

But, an important task remained. Now that identities were clearer there remained the need to evaluate and choose; to extract a result from calculating. But how was TalkTel to compare these different suppliers? How to put them all on a common register?

Given that warehousing costs were the precursors to the decision to outsource, it was our expectation that a comparative cost analysis would play a significant role in the final selection decision. On the contrary, cost analysis was perceived to 'cloud thinking' or 'did not make sense', and was relegated to a belief revision role only. This information was separated out and assigned to the Corporate Finance section for analysis, leaving the selection team with 'functional, non-financial information'. Indeed, cost information would be permitted to change a decision only if it yielded results that were very different.

When the new evaluation teams got a copy of the documents from the suppliers none of them had financials in them at all. We had taken every single one of them out. Those financials went then to the Finance Department, who analysed them, did some statistical analysis on them and then reported back from a financial point of view. So we actually had to have the evaluation in two separate components. There was the functional operational value based analysis and there was the financial analysis. (Corporate Procurement Manager - TalkTel)

Marketing Executive B captured the reason underpinning this:

We did um, that was part of the whole procedure, um, I think the idea was that we didn't want to let cost get in the way of the important factors. Um, I never knew the costing um, in all of the stuff that came back, ahh, [the Corporate Procurement Manager] took the costings out of it first so we didn't actually get to look at that. Um, which in hindsight is probably not such a bad idea because ah, ah, it does tend to cloud your thinking whether you realise it or not. So what we focused on were their operating procedures, how they were going to look after our business rather than how much it was gonna cost us.

Somewhat ironically then, cost consideration (the original matter of concern) was suspended and the assessment of suppliers was enacted focussing on something else. What was this 'something else'? To begin, the team was keen to evaluate the suppliers' operational capabilities (experience, implementation and training plan, company culture and compatibility with TalkTel, capability to deliver the outcomes desired, and quality credentials) as such capabilities were perceived to determine how the suppliers "were going to look after" TalkTel business. Then, starting with this baseline, the assessment focused on whether and how this capability would yield 'reciprocal business' opportunities. Recall that reciprocal business opportunities were proposed by suppliers to signal their commitment to a two-way, 'value-generating' relationship.

In addition to the operational issues and the direct financial considerations, the opportunities for reciprocal business for [TalkTel] must be explored and taken into account. Feedback was obtained from [TalkTel's] Corporate & Government Department, to give an understanding of the market and impact of the tender on potential business opportunities. (Warehousing and Distribution Performance Improvement Report, 1998)

Interestingly, what had started as a cost control exercise had become translated into a revenue-generating venture, and contracting with suppliers became conditional on the value of reciprocal businesses that TalkTel could secure. For example:

[The supplier] represents a substantial and profitable piece of business for [TalkTel]. The total opportunity is $10 million per annum ... The voice provision tender has been let by [the supplier] and a decision is expected by the end of June 1998. ... If [we] choose to [contract with the supplier], it must be conditional on securing the voice provision tender for an equivalent contract period (i.e., three years) and being awarded preferred status for data products. (Warehousing and Distribution Performance Improvement Report, 1998)

The value of reciprocal businesses was calculated and compared across all the suppliers. This common register (in the form of a spreadsheet) led to the conclusion that reciprocal business opportunities were greatest with suppliers A and B. As a result, the project team decided to negotiate contracts only with these two suppliers. Suppliers A and B are both large global corporations and supplied different products and services. Eventually, Supplier A was offered the mobile and collateral supply contract while Supplier B supplied spares, construction and customer installation services.

4.3. Framing the microcosm

The contract is an important framing device in commercial exchange. Here, it objectified the alliance and helped make it 'real'; giving it legal status, identifying chosen actors and distributing agencies among them all. There were two aspects of note in the manner in which the contract was created.

Firstly, to ensure that the suppliers "will do" what they proposed, the project team negotiated and 'jointly developed' contract documents with these suppliers, spelling out the roles and responsibilities of each of the participating actors. The Contracts Manager explained:

We've started negotiation with [the suppliers] and that's mainly on the philosophy behind the contract. So we haven't put the contract in front of them and said, "do you agree to this wording?", we've said "do you agree to the philosophy?" the way that we are going to work. ... most of that was the service level agreement .... So, 90% of the agreement sets out what the service levels are, and they then become the KPIs. Did they or didn't they meet that, that's basically what it means.

So, TalkTel's managers believed that the KPIs as enumerated in numerical form were a result of collaborative effort.

Secondly, much activity centred round ensuring that the suppliers would both understand and conform to the "philosophy behind the contract". For TalkTel, the contract had come second — first there was 'the' philosophy. But why was "philosophy" first? To us, it appeared that TalkTel stressed a sharing of values and behavioural norms in the hope that a contract once signed should be 'put in the drawer'. What was the nature of this idea that was both "behind" and yet "in front" of/prior to the contract? This "philosophy" was never defined — it appeared to comprise of a partnering relationship built on a highly predictable, 'no surprises' mode of operation. Four artefacts were crafted to help ensure predictability.

First, services level agreements (SLAs) were negotiated and these later became translated into key performance indicators (KPIs) that were put into the contract. There was significant labour involved in the laboratory to create these agreements To begin, expectations and modes of relating within the network defined and standardized. Also, the boundaries of the outsourcing alliance had to be demarcated. The project team and the suppliers sought to achieve both aims through a collective experimental process they called a 'business simulation and planning session (BSPS)'. Plausible but fictional scenarios were created using computer generated warehousing processes with the view that a reproducible model of the outsourcing relationships could be created.

Okay, um ... we actually did a couple of thing, we actually held a um ... business simulation and planning session with [the suppliers]. ... it was a business simulation in that we had two separate businesses. Per se we were looking at a lego box being moved around and we had to build a model and it was, we had specific roles within that and how that could happen. And how you could improve layout, and how you could come up with ideas, and how you could work as a team, and things like that. ... So it was a bit of discussion about the information within the contract to all levels, so everyone understood the obligations on both sides of the contract (Corporate Procurement Manager)

As implied in the above statement, the simulation comprised a

standard plot of repeated encounters (involving the movement of products and services). This was intended to create a behavioural guide as to what constituted 'appropriate' action. For example, by repeatedly moving the products through the virtual warehousing system, the parties were able to prescribe roles for each other, understand the triggers for action and to explicitly allocate risk and responsibilities among themselves, as intimated by the Contracts Manager:

Yeah, for example, one of the issues we had was if the PC or a Mac broke down, whose responsibility was it? So we actually formalised it. We said "These are all the, that's all the equipment that's used in the network of providing um … a service." That's what it is, hardware or software, and then whose responsibility? … So there's a very clear chain of responsibility. … so that if um … this software the office provides fails, and that impacts on their ability to deliver … then it's clearly understood where the responsibility is to fix the issue. (Contracts Manager)

This model was a device to try and make the relationships predictable. It also facilitated the diagnosis of activity drivers for the relationship and the subsequent construction of KPIs. A set of non-financial KPIs was crafted to monitor and regulate 'service delivery' ('delivery in full', 'delivery on time' and 'delivery to specification'), 'responsiveness', 'customer satisfaction' and 'stock accuracy'. To make the KPIs effective, the TalkTel project team linked them to amounts payable to the suppliers for services provided. This was intended to 'incentivise' the suppliers to meet negotiated service levels. For example,

If you don't meet your customers' expectations and it's outsourced, you don't pay for it. Which is basically the way I set up the contract. So if the customer doesn't get their phone within 24 hours, they [supplier] still have to deliver it but we are not paying for that delivery. So the customer will still get serviced. They'll obviously get a reduction because they weren't serviced in the time frame promised and we won't pay for it either. So the incentive … for us to manage them [suppliers] becomes simpler because their incentive is to get it right. Otherwise they don't get paid and they still end up having to pay for a warehouse and people and trucks and other thing … and if we are not paying them they're going to be going out of business very quickly. So to manage them will be a lot easier because they have an incentive to want to do it right. (Corporate Procurement Manager)

Second, a fixed price schedule was designed. This defined and presented a cost structure that would limit the choices available to the parties regarding the prices that would be charged. Prices were fixed for a range of services and were subject only to annual adjustments for changes in the Australian consumer price index (CPI).

Um … well costing hasn't come into it because they haven't changed their costs, and they're not going to. Um … because it had to be held for a minimum of 12 months anyway. And we have agreed on what the cost drivers are. Um … and what the CPI index tables were linking those to. So for example we were linking labour to the wage index table, if wage index moved by one percent then the labour moves by one percent. And that's what we … that would then become say, half a percent on the overall cost, because that's the percentage of labour to the total cost. So we have a fundamental understanding of the costs drivers. We understand what they're linked to, in terms of inflationary rates. Um … what we're working on is what processes influence the amount of labour or space that we require. (Corporate Procurement Manager)

The cost drivers implied in the above statement related to resources (e.g., labour) but critically, the activities causing the use of labour were assumed to be fixed within the range of services required under the contract. Fixing prices was to make cost predictable and controllable.

Third, the TalkTel project team attached a 'value sharing' scheme to the fixed price schedule. This was meant to create incentives for cost reduction through time. For example, they negotiated with the suppliers to reduce costs by forty percent within the first year of the relationship and any savings were to be shared equally among the parties.

As part of the contract, we also have um value sharing, continuous improvement targets. Um … they vary, depending on the strength but one of the key reasons, for example, we hired [the suppliers] is because they have extremely good spares management systems. So we put a very high target in place of a 40% reduction in cost for spares in one year. Right? Their incentive is, is that they get half of that. Our incentive is we get half of that. So at the end of the day [TalkTel] will be paying 20% less to move their spares around the country and they [the suppliers] will get an increase in their margin if they get it right. (Warehousing Manager A)

Fourth, to monitor cost savings, open book costing was to be arranged such that TalkTel could track cost information through time and space. Open book arrangements are usually associated with relationships based on honesty, fairness and transparency. Here, it would be achieved by interfacing (aligning) the suppliers' warehousing information systems with that of TalkTel to enable electronic access. Through open book costing, the TalkTel team felt they could track "what got delivered and how much it cost to do that". For the TalkTel team, being able to track cost was not only useful for understanding cost drivers but also served as a basis for cost improvement. As costs became 'more transparent', TalkTel expected that this would drive the suppliers to seek process improvement and efficiency. The expectation was that costs would fall over time.

The above analysis highlights how the project team sought to establish the conditions for interaction between the alliance entities (including TalkTel, the suppliers, etc.). A model of how the alliance would work and reflect the "philosophy behind the contract" had been built: a 'philosophy' based on ensuring predictable behaviour, mutual value sharing and information exchange. KPIs were developed through a simulation and ascribed the capacity to measure and regulate service delivery. The fixed price schedule would help reduce uncertainty by constraining the pricing options open to suppliers. Cost savings would be shared and system interfaces would enable TalkTel easy and fast access to the suppliers' cost information.

The accounting inscriptions were explicitly discussed as a basis for trust but also as a means of holding suppliers accountable:

Well, I guess the first point [in ensuring trust] is to put some KPIs in place so that everyone understands their expectations. Now you can only trust someone if you know your expectations of them and they understand it and vice versa and you both can live up to those expectations. Because as soon as someone either doesn't meet it you automatically doubt them the next time and the next time, so, I think first of all you put some KPIs in place so that you can definitively say, "Yes we are on track" or "No we are not" (Corporate Procurement Manager)

Legal [department] have basically come back and said, "oh, here's a standard services agreement". I said, "no I don't want that". I want

something that says "these are your responsibilities and we will pay you if you deliver to that. If you don't deliver it we are not paying you" end of story. So at the end of the day I ended up drafting it. Twenty-three, it was about twenty-three pages, most of that was the service level agreement. (Corporate Procurement Manager)

The above comments reinforce that for TalkTel, trust had to be built on clear and mutually shared expectations about respective roles and responsibility for meeting quantified KPTs. Performance information and monitoring was seen as a basis for trust. This was part of the "philosophy behind the contract". For the suppliers, their willingness to open their cost books not only potentially exposed them to control by the buyer but also signalled their willingness to be 'transparent' and accountable; it signalled that they in turn trusted that the buyer would use the information in a 'sensible' manner. Our analysis thus supports earlier work by Emsley and Kidon (2007) that accounting measures could be a basis both for trust (variously defined) and control. But where we differ is to point out that this notion of trust is a situated practice — based on actor definition of what is required and appropriate practice in particular settings. It is quite likely that in other settings, for example, within tightly knit family groups, performance assessment would be seen as the opposite of trusting.

But would the devices designed above to ensure predictable behaviour work as planned? Would the hypothetical warehousing model that allocated roles and accountabilities in particular ways be replicated in 'real life'? Would the imagined future of reduced cost and increased value emerge as a result of the application of these tools? In the next section, we discuss the events that occurred in the macrocosm.

4.4. Struggling in the macrocosm

Our field work suggests that the relationships did not readily take the form or shape hypothesized earlier and the 'world' did not mirror the simulated model of the consultants and the TalkTel project team.

The biggest issue centred on the fixed price schedule. Recall that the fixed price schedule was meant to limit choices available to the suppliers and to deliver cost savings. In practice, the schedule struggled and both suppliers were perceived to be charging 'exorbitant prices':

The controls … the controls we tried to put in place haven't … haven't been 100% successful. Um … we, we got some good price reductions initially. Um … for instance, the cost of actually shipping a mobile phone [by Supplier A] came down um … remarkably. What we've found is, is every time we, we need to do an evaluated service. Let's say we need … we need them to um … to kit an accessory with the phone or, or a pre-paid sim with a phone ah … the charges that they actually charge us for that are just way over the top. … they haven't increased prices for the services that are on the schedules. Because we're basically in a dynamic business um … and our needs keep changing, um … those schedules twelve months ago didn't cover all the services we currently do now. Um … and it's those value added services where they've actually increased the prices. (Warehousing Manager B)

On the customer install side of it I think the pricing is just um … way above what we're, what we're prepared to pay. (Warehousing Manager B)

The fixed price schedule fixed prices only for a defined set and

volume of services and any service requirements outside of this list were to be treated as 'extras' or 'value adds', for which the suppliers were able to set on an *ad hoc* basis.[9] Because the services provided were relatively standardized, TalkTel had been able to categorise the products and services bought and negotiated 'fixed' prices. But because volume effects were more uncertain, the TalkTel team had left this issue open to future negotiation. Perhaps, they had hoped that by carefully selecting their suppliers who could be trusted to enact "the philosophy" behind the contract, this volume uncertainty could be negotiated 'appropriately'.

But, not long after the fixed prices were negotiated, there was a significant increase in demand for mobile phones and related products as a result of a nationwide changeover from analogue to digital mobile telephony.[10] This increase in demand meant more work demanded of the suppliers: work that was not covered by the fixed price schedule. Consequently, it became a matter for *ad hoc* pricing. TalkTel felt that the suppliers had exploited TalkTel's inability to accurately forecast demand to their advantage and were even duplicitous. Commenting on the suppliers' attitude to pricing 'extras', Warehousing Manager B explained:

Um … (laughter), basically they [Supplier B] came back with some increase in prices, by 8%, and we bumped it up against two of their month's invoices and found it was 16.8% …

The price increases were seen to be beyond what was anticipated by the TalkTel team and as unjustified since the 'extras' had not significantly changed the activities performed by the suppliers.

I think that's fair comment um … as I said before we've never been great at forecasting um … significantly the actual retail marketplace where we sell 90 … 98 percent of these phones also, um … the actual volume of orders or shipments hasn't really gone up. Um … what's happening is before the dealers may have been ordering an average of six handsets per order and now they're ordering an average of 10 or 11. So in terms of warehousing it's just as easy for, for a person to, to go to a bin location and pick 10 phones as it is to go to a bin location and pick 6 phones. It doesn't take any more time … (Warehousing Manager A)

Attempts to persuade the suppliers to charge prices consistent with the price schedule did not yield the desired results. In expressing her frustration over this, Warehousing Manager B concluded that "… what they've lost on the original charges, they've more than making up for with *ad hoc* charging for extra work". Similarly, Warehousing Manager A described the effort at securing acceptable prices as a constant "bubble under the carpet":

… I guess it's a bit like a bubble under the carpet, ya know when every time we jump in one place it sort of pops up somewhere else. ya know? … so we jump on the costs here and they … they sort of pop up over there.

Also, the value sharing scheme did not work as expected. Warehousing cost was consistently on the rise and this was partly attributed to *ad hoc* pricing of 'extras'. In addition, the open book costing arrangement did not eventuate. The required interfaces

[9] 'Extras' and 'value adds' were terms used interchangeably by outsourcing partners to describe activities and service requirements over and above those prespecified in the fixed price schedule.
[10] The Australian Commonwealth Government required all analogue networks (with a few exceptions for people in rural Australia) to cease operations from 31st December 1999. Hence, analogue users were compelled to change over to digital if they still needed mobile phone services.

were not built. Explaining the reasons for the suppliers' reluctance, Warehousing Manager A noted:

What actually happened was, they came up with the proposal, um … our Y2K people actually looked at it. They, our Y2K people came back to them with a quote to actually write the interface and their management turned round and said that basically the quote was too high and they weren't prepared to go through with it. … Not so much monitor but it hinders a lot of the efficiencies we hope to get out in the cost reductions. … the huge benefits of that would have been inventory, it would have been inventory accuracy, pick accuracy and ship accuracy etc. and all sorts of things and I guess because that interface didn't go ahead none of that eventuated.

One of the difficulties that arose from the inability to have visibility over the suppliers' operational and cost data was a large stock loss that went undetected for a period of time. The suppliers could not account for about $4.1 million worth of stock during the first 12 months of the relationship.

For instance, in the customer install [done by Supplier B] we've had three and a half million dollars' worth of lost stock over the last twelve months. Ah … just stock they can't explain where it's gone. Ah … we've also had a series, 'ram raids' not long after we awarded the contracts and lost about six hundred thousand dollars' worth of mobile phones [done by Supplier B]. So we've had some severe stock losses, on that side and um … those stock losses to us are almost basically straight off the bottom line. (Warehousing Manager A)

The stock losses also revealed the 'leaky' nature of the KPIs. Stock accuracy was supposed to be tracked by the KPIs but the above losses were not flagged at the KPI level. They were only detected as a result of site inspection by the project team. The inability of the KPIs to detect such "severe stock losses" coupled with the weaknesses of the fixed price schedule made the project team lose faith that the suppliers could be trusted to deliver. There was a growing feeling among the TalkTel project team of being "let down" and that "a lot of the things that were included in the presentation [during the selection processes] did not eventuate". The perception of broken promises and unmet expectations grew. "In the tender response they [the suppliers] mentioned about moving their facilities and their current locations is still operating out of the same facility … and that doesn't lend itself to a good sale" (Warehousing Manager A). This raised questions about the trustworthiness of the suppliers as expressed by Warehousing Manager A:

I think the KPIs give you the basis of the trust; I think it's just a starting point because it sets out what the expectations are. I think people stop trusting each other when they feel that they have been let down and I think that's where we have got to previously, that we haven't actually spelt out that these are our expectations. And so that when they haven't happened how we thought it was going to happen, everyone goes "They can't do the job they are hopeless at this, this, and this".

Note how different elements/'facts' are now joined together to construct a growing sense of distrust. Rising costs became connected to unjustified use of *ad hoc* pricing, undetected stock losses discovered only through physical inspection spoke of incompetence, system interfaces that were not joined together meant the expected routinized provision of new information that could have identified inefficient and inaccurate processes did not occur, and a failure to move physical facilities signalled a broken promise. Finally, the very motives of the suppliers became suspect. TalkTel

referred to the problematic "mindset" and "culture" of senior management in suppliers A and B. Warehousing Manager A and B explained:

Um … I think the third problem is um … I guess coming from the top down. Um … the more they can make the better. They … they … I guess it's, it's more of live for today and make what you can, rather than a … rather than a strategic, a strategic um … long-term partnership aimed … aimed at producing benefits for both companies. (Warehousing Manager B)

… I think it's a cultural block. It's a mindset um … yeah, we try very hard to try to get into bed with the supplier who is going to work with us to achieve cost benefits for both parties. So basically, what we wanted to say was "Okay, the price is X and we will work with you to drive X down. Every time we save let's say, $100,000 you get 50,000 and we get 50,000". But we'll always be capped[11] at that 8 million um … you know, whatever we can save on that is a bonus. Ah … that's obviously not the way it's worked out. Um … so, I think really it's the mindset of the supplier and the customer actually working together to achieve that and I'm not sure we've got the right mindset at the level with the suppliers to actually enable it happen. (Warehousing Manager A)

TalkTel felt that despite the effort spent in identifying, interviewing, ranking and working to co-produce a contract and "the philosophy behind the contract", they had been exploited and there was as a failure to "work together" in the face of uncertainty. The suppliers were now seen as self-interested people focussed on maximising short-term profit at the expense of developing a mutually beneficial long-term relationship. So, what were the effects of this emerging sense of distrust?

The contract was referred to and it was clear to TalkTel that contract termination was not possible as the suppliers had not actually contravened contract terms. Despite this, it is not clear to us that even if the contract had permitted that TalkTel would have terminated the relationships without prior 'repair work'. This is partly because TalkTel was selling telecommunication services and products to Suppliers A and B as part of the reciprocal business arrangement they entered into. In any event, the project team decided to rethink alliances processes. The project team initiated three courses of action with the expressed hope of improving and repairing the relationship.

First, they changed the configuration of the alliance by recruiting more partners. Two 'new' partners were enrolled and their enrolment was intended to reverse difficulties created by the fixed price schedule. Recall that the fixed price schedule was perceived to have privileged the suppliers in the pricing of 'extras' and that led to the controversy over pricing and cost when demand exceeded what was contained in the schedule. The project team found respite in a clause in the contract ('non-exclusivity agreement') that made it possible for them to outsource the 'extras' to other suppliers.

What we have done to control the cost is that we've taken a lot of that value-added work away from [the suppliers]. And actually, some … some work we've actually given to sheltered workshops, ya know the handicapped people's work, who are doing things such as testing remote controls for paid television [formerly done by Supplier B] and things like that. Um … other work such as kitting [formerly done by Supplier A] um … to do with putting phones with some collateral and brochures and prepaid and things like that, we've actually got a company in Melbourne actually doing that

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[11] This implied that the total amount spent on the warehousing and distribution was not to exceed $8 million.

kind of work. So that's the way we sort of control the costs. We have talked to them [the current supplier] about the costs; we have tried to do some kind of workflow analysis to find out whether the costs are reasonable. Um, but ultimately what we ended up doing was taking the work away and giving it to other people. (Warehousing Manager A)

The recruitment of new suppliers was perceived as a success as it was perceived to have brought about some warehousing cost savings.

Second, the project team renegotiated the way the existing suppliers were performing warehousing related activities. The project team built new models ('workflow analysis'), changed the human configuration on particular processes and required new 'control' information about resource usage from Suppliers A and B. This was meant to reduce resource consumption and to bring about additional cost savings.

We have done some work on actually reducing costs in certain areas. Ah … there are procedures that we'll streamline, such as transport, and the way that they actually do transport out of the warehouse. We had … because the business we're in is dynamic we have had several changes that have actually added to the workload …. We have fortnightly review meetings, where we actually go through the value adds, and we have had money taken off our invoices as a consequence. We have streamlined the receiving process for instance for de-install material from the network [by Supplier B], from the level of manpower in the receiving area go down from four people to three people. Now [the suppliers] are charging us, basically on a cost plus basis. So the invoice we get every month, tells us how many … ya know we've used 12.3 people for the month. So every, every saving we have made in that area has actually come back to us. (Contracts Manager)

Unlike the 'ill-articulated' value sharing scheme, the workflow analysis was said to have brought about reasonable reductions in cost.

Third, the project team negotiated for the replacement of Supplier A's Warehousing Manager with a 'business manager' in order to re-establish 'confidence' and 'credibility' in the relationship. The pricing problems had been attributed to "cultural block" or the "mind-set of senior management". In order to change this mind-set, the existing Warehousing Manager (of the suppliers) was replaced with a business manager appointed jointly by both the TalkTel and the supplier. The business manager was neither solely the employee of TalkTel nor the supplier. His role was to represent the interests of all parties. The rationale was to ensure that all parties were well represented in the management of the warehousing process in a way that would redress the perceived imbalances created in the pre-existing warehousing model.

… well they've [Supplier A] actually got a new warehouse manager quite frankly, because we believed that the relationship couldn't move forward without that. The warehouse manager that they had at the time, I guess, came with all the baggage in terms of how the relationship used to be. Everyone used to point at each other, we used to get charged overtime. We don't get charged overtime anymore because it's just part of delivering the service, whatever it takes. Um … there was this fundamental attitude and values issue. That person got replaced and the new warehouse manager was recruited um … our logistics manager was part of the recruitment process, so it was a joint decision on who that person should be hired. And that person is now more of a business manager role between the two companies, so has a very active responsibility in

terms of keeping the communications open. … and that has gone a long way to re-establishing the credibility of the business. (Corporate Procurement Manager)

This, we see as an example of 'repair' work. TalkTel had lost confidence in the competence and credibility of their suppliers. Complete exit was not possible and the above was one way for *both* parties to acknowledge that distrust had set in and there was a need to rebuild and repair the relationship. Note that Supplier A did agree to replace the manager concerned. The point to stress here is that trust and distrust are constantly being 'worked upon'. Here, the emergence of distrust became associated with mutual efforts to repair the relationships with Suppliers A and B at the same time as relationships were being forged with new suppliers.

5. Discussion

5.1. Alliance dynamics and the centrality of calculation

The field data presented above has been structured using Callon's ideas of a three-stage model of translation. We began by tracing how matters of concern became connected to a microcosm of calculative agencies and practices enacted to craft this alliance. For the TalkTel team, trustworthiness was a necessary condition for participation in the alliance and this led to the early decision to use a variety of 'trust practices' that would yield trustworthy suppliers who would pass the tests set and enact "the philosophy behind the contract". But ultimately, relationships struggled due to the complexities of uncertain demand, 'intransigent' suppliers, books that were not opened and physical facilities that were not moved. New matters of concern emerged about the 'cultural' mindset of the suppliers, their motives, and their competence. Distrust and feelings of being 'let down' set in and this led to 'repair work' to restore credibility as well the redesign of the alliance.

The above analysis of alliance dynamics highlights how problems and solutions are actively crafted by numerous human and non-human actors and the central role that calculation generally and accounting in particular, plays in bringing economic entities (such as alliances) into being. Alliances do not emerge 'ready-made' due to the anonymous, automatic failure of 'markets and hierarchies'. As Callon (2007) argues, markets do not fail. They merely constantly produce matters of concern. And calculation plays a key role in the specification and 'materialisation' of these concerns. At TalkTel, the decision to outsource depended crucially on consultants calculating five activity streams, measuring costs (the costs of people, time, etc.), and putting names to cost drivers. Then, there was the crucial comparison between warehousing and distribution as a function and the 'core business' of TalkTel which resulted in the former being classified as non-core. Using calculation, consultants painted a 'better' future world of lower costs, increased process efficiency, and greater staff productivity. Further, suppliers were chosen not because they were the cheapest although cost concerns had been the original reason for outsourcing the function. They were chosen as familiar suppliers who had passed a series of 'trials of trust' and committed to a set of promises in the desirable future world and who could be trusted to deliver this world. Some of these promises were monetized and expressed in familiar accounting terms - fixed prices for standardized items, service KPIs, new revenue streams, lower average costs, more accurate information about processing time and process quality. Others were attitudinal and action-oriented — physical facilities would be moved, accounting books would be made open and transparent, there would be equal sharing of value and the development of a long-term relationship that enacted the philosophy behind the contract.

It should also be noted that at each of the three stages of translation, accounting metrics helped to translate the matters of concern, construct a vision of a future world with lower costs and greater value, 'fix'/stabilize (at least temporarily within the laboratory) the interests and expected identities, obligations and actions of managers and suppliers. They also formed the bases of multiple 'trials of trust'. Then, when the model was put in place, accounting helped to materialize the extent of broken promises and the suppliers took on a new identity as self-interested people. That is, it was not just at the birth of the alliance that calculation played key roles. Throughout the 'life' of the alliance accounting helped to manufacture it.

Indeed, it could be argued that the alliance would not have been born nor could it function in the way that it did without accounting. As Callon (1998, p.23) notes, "…. The most interesting element is to be found in the relationship between what is to be measured and the tools used to measure it. The latter do not merely record a reality independent of themselves; they contribute powerfully to shaping, simply by measuring it, the reality that they measure".

5.2. Accounting and trust-as-practice

But while accounting was key, it was not the only actor 'on the stage'. Accounting was embedded in a diverse entanglement of other practices: routines enacted to find trustworthy suppliers, to run tenders, to write contracts, etc. As the empirics detail, a key subset of activities (trust practices) were explicitly enacted in order to find, develop and maintain 'trustworthy suppliers'. But what did trustworthiness mean? And what would the suppliers be trusted to do, how and when? And here, it was observed that trustworthiness was an open-ended notion with multiple 'whats' and 'hows'. The suppliers needed firstly to be familiar and known to TalkTel. Then, they had to be trusted:

To be innovative and generate new ideas that even TalkTel might not have thought about
To be competent
To meet accreditation requirements
To meet the key performance indicators that had been jointly determined
To reciprocate with new revenue opportunities
To generate future cost savings and to share this value
To adhere to the fixed price schedule
To open their cost books
To commit to a long-term relationship
To keep their word/promises and act out the "philosophy behind the contract"
To move their physical facilities

And in the later stages, additional elements were added. To the above list of actions that should be done were added actions that should not be done. The suppliers needed to be trusted to not exploit TalkTel's lack of knowledge of uncertain demand conditions, and not exhibit a self-interested, short-term focus on profits.

Trustworthiness then was not one singular thing but many. It could be pointed out that prior research has already demonstrated this and we can proceed to match the above required behaviours with notions such as competence trust, calculative trust or systems trust, etc. But, it is important to emphasize the emergent nature of these different trust categories. The actors did not begin with the list of what trustworthy suppliers would be expected to do clearly composed as above. Instead, the 'whats' and 'how's of trustworthy actions emerged over time and from the diverse routines and artefacts used to find trustworthy suppliers. It was in the doing of trustworthiness that diverse meanings were enunciated. The desire

to run a tender brought up the question — open or closed and why? The answer was closed because TalkTel wanted to deal with people they could trust. Then, template tender documents normally require specifications to be set — in this case, particular managers decided that requirements would not be pre-determined but instead be co-determined to enable innovative ideas to emerge. Similarly, routinized practices also helped redefine Suppliers A and B as 'untrustworthy'. Through the conduct of regular reviews of supplier performance, connections would be made between undetected stock losses, increased charges for extras, rising overall costs instead of at least a 40% reduction in the first year, variances between the claimed price increases versus actual price increases, information interfaces that were not built and accounting books that were not opened and the 'selfish' motives of untrustworthy suppliers. That is, it was in the doing of routines, whether these were 'running tenders' routines or 'supplier evaluation' routines that different aspects of trustworthiness emerged.

In addition, trust as some end-state did not appear to have been achieved during our period in the field. Its attainment was constantly deferred. Instead there were repeated trials of trust where the suppliers had to demonstrate and prove their trustworthiness on different aspects. Many of these tests were posed before Suppliers A and B were selected — trialing therefore had a more intensive tempo at the start of the alliance. This is to be expected given information gaps early in a relationship. However, even when Suppliers A and B had been chosen as 'trustworthy suppliers', TalkTel believed that regular performance monitoring was necessary and 'appropriate'.

It could be argued that the prevalence of such repeated testing signalled that TalkTel never 'intended' to trust the suppliers but instead 'really' sought to 'control' them from the outset. Such a conclusion, however, runs counter to the evidence. Trust was clearly mobilized both by the managers at TalkTel and, indeed, by the suppliers. It was explicitly talked about by the parties. Also, much time and energy was devoted to finding 'trustworthy suppliers'. Our view is that these repeated trials speak to the situatedness of the notion of trusting at TalkTel. For their managers, trusting and controlling were not seen as contradictory ideas. Instead, trusting in a 'business' setting and on an ongoing basis was constructed as requiring ongoing 'objective' assurance that performance matched expectations. Thus, in such relationships, there appears to be always one foot in the future. While suppliers are seen as trustworthy now, the shadow of the future appears to be always present and requiring ongoing monitoring to require ongoing trusting. Both sides, it seemed agreed this to be the case since neither supplier thought it odd that after having been chosen they would be subject to ongoing evaluation.

So, performance information (rather Janus-like) was simultaneously enacted as both a basis for ongoing trust as well as a means of control. But this happened here in a large, for-profit setting. Such a construction might not occur in a different setting structured by different interpretive practices (Bourdieu, 1977). As Mizrachi et al. (2007) observe trust repertoires are enacted differently in different communities whether classified by country or industry. That is, trials of trust are not merely a 'rational' response to information gaps but are expressive of histories, concerns, practices and beliefs. They are both an input to and an effect of ways of assembling 'the' social. Conceiving the use of accounting information as either generically complementary or substitutive or of being complementary and then substitutive after a certain cost-benefit level is reached fails to appreciate it as a practice dependent on spaces and times. For what accounting 'does' needs to be read off its embeddedness in situations. Here, given the network of relations, accounting was perceived to be essential for trust.

There are two other temporal aspects of note. TalkTel had

invested considerable resources in finding trustworthy suppliers and in ensuring that expected roles and responsibilities were clarified. This large upfront investment appeared to contribute materially to later feelings of strong disappointment when the suppliers were felt to have broken promises. That is, the manner in which an alliance is born affects its future trajectory — history matters. Also, while trust appeared to be always being made and re-made so too was distrust. On the one hand, there was discontent but the relationships with Suppliers A and B were not ended. Perhaps, there were legal obstacles to 'calling it quits'; perhaps termination would affect other purchases and sales since TalkTel also sold to Suppliers A and B on a global basis. Whatever the reasons, while new suppliers were brought to supply items not on the fixed price schedule, effort was also devoted to repairing the relationships. Both parties agreed that a new manager would be hired and new information would be provided by the suppliers. Distrusting could potentially diminish over time as trusting comes to the fore again. Such is the nature of trust as a continuous practice and as 'work-in-progress'.

Further, while routines are action and affective scripts, they are capable of being modified by skillful actors. In order to find 'trustworthy' suppliers, the managers at TalkTel mobilized reasonably standard scripts to run a closed tender, draft a contract, specify performance targets, run interviews, do reference checks and calculate 'fixed prices' and cost variances. But they also changed these routines. Note the decision to proceed with a closed tender but to not send out requirements prior in the name of co-production and innovation. Also, while the legal department had sent through a standardized services level agreement, this had been rejected by the Corporate Procurement Manager as s/he sought to ensure that TalkTel would only pay for the delivery of agreed performance. It is also interesting that TalkTel invested in finding partners when contracting for reasonably standardized purchases and when total purchase volumes were relatively modest. Prior research (Van der Meer-Kooistra and Vosselman, 2000) has suggested that transactions for standard products should not utilize 'trust-based' controls and yet here clearly more than an arms-length relationship was being sought.

Finally, studying trust as practice also confirms the actorhood of 'materialities' — the way in which objects 'act'. There were consulting reports which summarized 'the' warehousing problem and identified outsourcing as a value-generating option; tender procedures that 'had' to be circumvented to reflect a new desire in the co-production of specifications, contracts that were different from standard templates to incorporate a different services level agreement; a ranked list of suppliers that did not have cost information; fixed price lists, value-sharing incentive schemes. Such artefacts were both outcomes of action but also had effects.

Based on the ideas here, what implications are there for future studies? Researchers have long noted that accounting constructs 'the Real' (past, present, future) rather than merely representing it (Hines, 1988). In our study, accounting was actively involved in painting the future world sketched by consultants, desired by TalkTel and *promised for delivery* by suppliers. We believe that this promissory element, crafted intensively over repeated trials resulted in non-performance being not just a 'technical' matter of incompetence. It was seen as more — a failure to 'honour' promises — to keeps one's word. It was a failure of skill as well as of ethics. Note that the managers at TalkTel explicitly suggested that 'the' problem was a 'cultural block' or a 'mindset'. To date, we know little about the connections between accounting, trusting and becoming. Mollering (2013) writes that people are who they are partly because of whom they trust and who trusts them, and so trusting and distrusting is in effect a mutually developmental project of 'selves' and 'identities'. Towards the end of our fieldwork, the

Corporate Procurement Manager reflected that perhaps the relationship had not been as smooth because TalkTel was "not mature enough yet" to partner; that it had much "to learn" about trust. Talking about trust was easy but doing trust was difficult. It was a skill to be learnt and learning was somehow connected to the evolving 'being' that was TalkTel. Perhaps, the company was too large and used to having its own way; and this made trusting harder to accomplish. Perhaps, the suppliers were also 'too large' in this sense — hence various incidents of 'intransigence'. We hope future research will throw more light on possible linkages between accounting, trusting and becoming.

Similarly, there is also much still to understand about accounting and affect (Boedker & Chua, 2013). Here, we have but sketched the sense of disappointment which the TalkTel managers felt and associated this with their time and effort spent earlier in supplier identification. The 'affective turn' (see Clough & Halley, 2007; Gregg & Seigworth, 2010) is relatively new in the social sciences and we are just beginning to analyse how accounting connects in affective corporations that are 'emotional soups' (Thrift, 2008). We could conceive of interfirm relationships being enacted and situated within 'affective regimes' — how would accounting perform in diverse regimes?

We have proposed that accounting becomes entangled in trials of trust in for-profit settings. Are such trials common in other settings? Also, in contemporary businesses, feedback on a transaction can be instantaneous via the internet. Displays of satisfaction and dissatisfaction with a service can be made cheaply, quickly and in very large numbers via single clicks on the 'thumbs up' or 'thumbs down' sign. Does the existence of these types of inscriptions, which in effect constitute continuous performance information, hasten the development of trusting relationships? Or does it merely generate greater uncertainty as response times to both identify and correct 'the' problem is shortened?

Finally, we suggest that the present tendency to advocate and match the use of certain types of accounting controls with certain types of alliances is premature. Before recipes for optimal system design can be given, much more needs to be learnt about situated practices — why do networks of actors do what they do in specific interfirm settings? What concerns them? How are these issues translated through calculative agencies and with what effects? What happens to accounting, trusting/distrusting and alliances over time? We hope that future research will throw more light on some of these questions.

6. Conclusion

We have sought to contribute in the following ways. Firstly, we add to the few accounting studies that examine the dynamics of alliances and their association with accounting. By following the crafting of an alliance from birth, we show the centrality of accounting throughout its life. Accounting was key to the translation of concerns, of solutions and of promises of the future. It was involved in repeated trials of trust. Accounting was not a form of control that emerged after the alliance was formed but actively shaped its formation and subsequent mode of operation.

We also contribute to the existing alliance research that examines the accounting-trust nexus. As indicated earlier, most prior research seeks to 'fix' what trust is and then focuses on examining the functional relationship between accounting and trust. Rather than fixing the phenomenon a priori, we show how diverse and situated meanings of trustworthiness emerged and were articulated through routine practices. The use of accounting as a performance measurement tool and for 'control' was seen as a basis for trust in this setting. We highlight temporal and affective dimensions in which there were ongoing trials of trust, feelings of

disappointment that followed significant investment in searching and choosing 'trustworthy' suppliers but also a possible 'cycle' of repair work once breaches were felt to be worth repairing. We hope that future research will throw more light on how accounting and trust-as-practice connect in diverse organisational settings.

Acknowledgement

Appendix 1

Pro-forma template used in collecting SCSR data collection

Strategic Checklist

1. Procurement Category:			
2. What is supplied:	Goods:		
	Services:		
Expenditure in this category:	Last year	$	
	Projected annual	$	
The [TalkTel] cross-functional team for this category:	First Name	Last name	Organisation
And so we can find the teams documentation: • Communication plan • Paper records filling reference • Electronic records - server/folder reference			
Origin of services in this category:	Item	One location	Multiple locations
Ordering of services in this category	Item	One location	Multiple locations
Distribution — numbers by state	State	Was	Desired
Value for money to [TalkTel]: Required outcomes Financial management opportunities			

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