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Purchasing Policy or Purchasing Police? The Influence of Institutional Logics and Power on Responses to Purchasing Formalization

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Abstract

Seeking to benefit from higher levels of purchasing maturity, many organizations strive to formalize their purchasing practices. Why these practices are not adopted by certain organizations or for certain types of purchases is less well understood, however. It has been argued that the purchasing of knowledge-intensive services is particularly difficult to formalize, but an in-depth understanding of the inter- and intra-organizational dynamics influencing this process is lacking. This study contributes to the purchasing and supply management literature by providing a fine-grained understanding of how actors respond to formalization initiatives. Building on an exploratory interview methodology and using institutional logic and power theory as foundations, we show that formalization initiatives lead to institutional complexity and conflicts. Sets of strategies and counterstrategies for how to deal with the complexity and conflicts are identified, and relational power is found to moderate which strategy is used by the actors. Based on the empirical findings, a conceptual model is developed to describe the response process.

Keywords: *purchasing formalization; institutional logic; power; strategy; case studies; qualitative analysis*

INTRODUCTION

Purchasing and supply management (PSM) has developed from a clerical function into a strategic activity and is now regarded as an important contributor to organizations' competitive advantages, profitability, and performance (Cox, Chicksand, Ireland, & Davies, 2005; Johnson, Leenders, & Fearon, 2006; Foerstl, Hartmann, Wynstra, & Moser, 2013; van Weele & van Raaij, 2014; Zimmermann & Foerstl, 2014). As part of the development towards higher levels of purchasing maturity (Rozemeijer, van Weele, & Weggeman, 2003; Schiele, 2007), initiatives have been taken to centralize and formalize PSM activities with the goal of enabling cross-functional integration, standardizing rules, contracts, and procedures, and increasing cost savings and control (Dyer, 1996; Gummesson & Grönroos, 2012; Tate & Ellram, 2012). Strategies and tools have been developed for purchasing formalization, but why they are not adopted by certain organizations or for certain categories of goods and services is less well understood (Cox et al., 2005; Kerkfeld & Hartmann, 2010). Understanding this is highly relevant, since organizations wishing to benefit from higher levels of purchasing maturity must ensure that intended changes are accepted and implemented. However, despite being a central idea in purchasing maturity models, the existing literature has tended to overlook the inter- and intra-organizational dynamics involved in changing purchasing behaviors (Foerstl et al., 2013). The aim of the current paper is to provide a preliminary answer to this question, and to increase theoretical knowledge about how buyers and sellers respond to the formalization of purchasing activities.

Existing research has shown that, although using formalized PSM practices is relatively well-established for goods and simpler services such as cleaning and catering, the purchasing of complex and knowledge-intensive services proves more difficult (Pemer, Werr, & Bianchi, 2014). One explanation for this is that indirect spend, of which knowledge-intensive services are particularly illuminating examples (Eisenhardt & Graebner, 2007), is characterized by

fragmentation, maverick buying, and long-term relations (Cox et al., 2005). Traditionally, purchases of knowledge-intensive services have been made by individual managers, using decentralized and relational purchasing practices (Axelsson & Wynstra, 2002) to hire professionals they know well and trust (David, Sine, & Haveman, 2013). Recently, however, a trend towards increased formalization (e.g., implementing preferred suppliers, frame agreements, standardized purchasing procedures, etc.) of these purchases has emerged (Cox et al., 2005; Sieweke, Birkner, & Mohe, 2012; Perner et al., 2014). The background to this trend is the stronger focus in organizations on short-term shareholder values, transparency, and cost control (Bergh & Gibbons, 2011). As a consequence of this trend, the traditionally dyadic relationship between client managers and suppliers of knowledge-intensive services is increasingly being replaced by a triadic relationship between client managers, suppliers, and purchasing professionals (Werr & Perner, 2007; Bals, Hartmann, & Ritter, 2009). The introduction of an additional internal party in the purchasing process creates new inter- and intra-organizational challenges, especially as regards the division of roles, power, and responsibility between the involved actors (Bastl, Johnson, & Choi, 2013; Wynstra, Spring, & Schoenherr, 2015). What strategies the involved actors use to deal with these challenges is less well understood, however (Yang & Su, 2014).

Against this background, the current study seeks to answer the question of how actors respond to initiatives to formalize purchasing practices. In doing so, we build on an interview study of actors involved in purchasing knowledge-intensive services. Importantly, our intention is not to take a stand for or against formalization. That, we believe, is up to the individual organization after careful analysis and assessment of its unique situation and needs. Rather, our intention is to illustrate how formalization of purchasing practices is perceived by the actors involved, what they regard as appropriate purchasing approaches, and what actions they take to

implement or resist the formalization. We thereby seek to advance theoretical knowledge about responses to formalization and provide important insights that can be taken into consideration by organizations contemplating change initiatives.

As a theoretical foundation, we draw on theories of institutional logics and power. Institutional logics have recently attracted strong academic attention in organizational studies (Greenwood, Hinings, & Whetten, 2014). In short, institutional logics provide sets of ideas and practices that guide actors' actions and perceptions of what is appropriate (Thornton & Ocasio, 1999). They thus help to explain the informal norms and practices that influence actors' behaviors, and how conflicts can arise when actors following different institutional logics meet and interact.

Using the lens of institutional logics, the purchasing of knowledge-intensive services can be regarded as an arena where actors following different institutional logics meet and struggle to agree on which purchasing practices to use. It is an illuminating example of how actors deal with conflicting institutional demands, and it provides new insights into actors' responses to increased purchasing formalization (Eisenhardt & Graebner, 2007). Existing studies have tended to focus on the state, firm, or supply chain level (Saldanha, Mello, Knemeyer, & Vijayaraghavan, 2015), but less is known about how actors at the micro-level cope with conflicting institutional demands (Yang & Su, 2014; Palmer, Simmons, Robinson, & Fearne, 2015). It has also been pointed out that conflicting institutional demands lead to an increase in political games in organizations (Jarzabkowski, Matthiesen, & Van de Ven, 2009) and that the outcome of the games depends on the power distribution between those involved (Bjerregaard & Jonasson, 2014). But despite this, power is still only dealt with in the institutional logics literature to a limited extent (Cloutier & Langley, 2013). By combining theories of institutional logics and power, we thus bring a fresh perspective to the PSM literature.

We make several contributions based on our empirical findings. First, we identify what institutional logics actors involved in the purchasing of knowledge-intensive services follow. Second, we provide a fine-grained understanding of the sets of strategies and counterstrategies these actors use to respond to formalization initiatives. Third, we show empirically the moderating role of relational power in the selection of strategy. Lastly, we develop a conceptual model describing how actors respond to formalization initiatives in organizations. Together, these contributions illustrate that, if we are to understand how actors will respond to formalization initiatives, it is central to first understand what institutional logics they are guided by and what relational power they possess.

THEORETICAL FOUNDATION

Initiatives to formalize relational purchases break the flow of stability (Weick, 1995) in organizations, since they challenge well-established practices and norms. The actors involved need to make sense of the new situation and decide on an appropriate response. As previous research has illustrated, perceptions of appropriateness are derived from institutional logics (Thornton & Ocasio, 1999). It is also important to understand what influence the actors perceive themselves and their counterparts as having, since that will affect what actions they take (Cox, Watson, Lonsdale, & Sanderson, 2004; Besharov & Smith, 2014). We therefore combine the literatures on institutional logics and power in our theoretical framework. Despite their potential to advance theory, the combination of the two literatures has received very little attention so far in PSM research (Palmer et al., 2015).

Institutional Logics and Institutional Complexity

Institutional theory has been used in PSM research to study how institutions can act as stabilizers in buyer-seller relationships, as they provide rules and norms for exchanges and,

through isomorphism, lead to organizations becoming more alike (Palmer et al., 2015). Recently, interest in using institutional theory as a theoretical foundation in studies has expanded to include other areas of PSM as well (Kauppi, 2013). It has been used in studies of, e.g., sustainable supply chains (Glover, Champion, Daniels, & Dainty, 2014), CSR (Adebanjo, Ojadi, Laosirihongthong, & Tickle, 2013), supply chain technologies in emerging markets (Saldanha et al., 2015), and context dependency of PSM (Kerkfeld & Hartmann, 2010). The idea of context dependency has been further developed in the very fast-growing stream of literature on institutional logics (Greenwood et al., 2014). Institutional logics have been defined as socially constructed “historical patterns of material practices, assumptions, values and beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999, p. 804). It has been argued that institutional logics originate within societal sectors, such as the market, the state, the family, religions, corporations, and professions, in which actors share beliefs and rules (Thornton, Jones, & Kury, 2005). Institutions like organizations and professions have been thought to follow a dominant institutional logic providing identities, vocabularies, and guides for actions (Thornton, Jones, & Kury, 2005). Recently, however, this rather “monolithic” view of institutions has been challenged by the notion of institutional complexity (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). Central to this idea is that fields and organizations can “operate in multiple institutional spheres, each of which provides different logics that play out in the organization as persistent and deep-rooted tensions” (Jarzabkowski et al., 2009, p. 285). When the underlying values and norms of the different logics cohere or complement each other, actors can work relatively undisturbed (Lawrence, 2008; Besharov & Smith, 2014). When, on the other hand, the underlying values and norms are in conflict, power struggles and contestation over which logic should be dominant and perceived as legitimate are likely to arise (Jarzabowski et al., 2009;

Cloutier & Langley, 2013). Institutional complexity can thus create challenges for actors, as they need to find ways of dealing with the coexistence of alternative and competing logics, and develop strategies to defend and promote their preferred logic (Jarzabowski et al., 2009; Greenwood et al., 2011). The differences between logics become particularly visible at the micro level, as they can entail different ideas about how activities should be organized or resources allocated (Qiu, Gopal, & Hann, 2011).

However, the literature on institutional complexity currently lacks a clear empirical understanding of how micro-level actors experience and manage conflicting institutional demands (Thornton, Ocasio, & Lounsbury, 2012; Cloutier & Langley, 2013). Heeding the call for more micro-level studies, this study is positioned in the emerging inhabited institutionalism stream of literature (Hallett & Ventresca, 2006). This literature acknowledges that institutions are “inhabited” by actors, who can “shape and change institutional logics” (Hallett and Ventresca, 2006, p. 215) through their practices and interactions (Jarzabkowski et al., 2009; Cloutier & Langley, 2013). It also highlights how micro-level actors socially construct events and situations, and how their practices and perceptions of what is appropriate (and not) can both influence and be influenced by overarching institutional logics (Hallett & Ventresca, 2006). Thus, it takes a multilevel stance, as it bridges the interaction between institutional logics and micro-level actions (Hallett & Ventresca, 2006).

Power

Institutional complexity often leads to increased turbulence and political games in organizations (Jarzabkowski et al., 2009). In these games, the power distribution between different groups of actors influences how the process of institutional change plays out (Greenwood et al., 2011; Bjerregaard & Jonasson, 2014). However, although recent research has

pointed to a need to understand the role of power dynamics, agency, control, and resistance in institutional thinking (Lawrence, 2008; Besharov & Smith, 2014; Bjerregaard & Jonasson, 2014), the treatment of power in institutional theory is still limited (Cloutier & Langley, 2013).

Turning to the PSM literature, power has been a recurring theme over the years (Bastl et al., 2013; Hingley, Angell, & Lindgreen, 2015). French and Raven's (1959) typology of power bases (i.e., coercion, reward, legitimate, referent, and expert power) has a central place in this literature. The power bases are commonly grouped into mediated power (i.e., coercion, reward, and legal legitimate power) and non-mediated power (i.e., expert, legitimate, and referent power) (Nyaga, Lynch, Marshall, & Ambrose, 2013). In their seminal study, Maloni and Benton (2000) illustrate how mediated power reduces trust, commitment, and conflict resolution in buyer-supplier relationships. Non-mediated power, on the contrary, stimulates close buyer-seller relationships and allows for knowledge and risk sharing. In particular, they show that a buyer's use of coercive power "may negate the benefit of" expertise, thus reducing the buyer's access to the supplier's knowledge (Maloni & Benton, 2000, p. 65).

So far, however, existing studies have tended to focus on the macro-level, studying regulators, market settings, and industry structures, whereas micro-institutional arrangements and the processes through which power is maintained are less well studied (Hingley, 2005; Palmer et al., 2015). Little is therefore known about the impact of power on inter- and intrafirm relations (Bastl et al., 2013; Hingley et al., 2015). It has been argued that power is bi-directional and that buyers and sellers might have different perceptions of power. Their perceived power has not been explored, however (Meehan & Wright, 2012). As a consequence, "insider views" on how power is perceived in relational exchanges between buyers and suppliers, and between bureaucratic and operational functions in the buying organization, are missing in the PSM literature (Hingley et al., 2015, p. 229). This is somewhat surprising, as it has been pointed out that what is appropriate for

suppliers and buyers to do “depends on the power and leverage circumstance that they find themselves in” (Cox, 2004, p. 346).

To explore this, we use the concept of relational power (Lawrence, 2008). It captures the processual, fluid, and shifting nature of power and is particularly well-suited to describing interactions occurring inside and across organizational boundaries in response to formalization initiatives (Hingley, 2005; Meehan & Wright, 2012). Relational power is defined as “a property of relationships such that the beliefs or behaviors of an actor are affected by another actor or system” and it is regarded as “a relational phenomenon, rather than a commodity” (Lawrence, 2008, p. 174). Thus, power is socially constructed in the interaction between actors and dependent on how they perceive themselves and each other. To clarify what types of power the actors perceive themselves and others as having, we draw on Lukes’s (1974) three dimensions of power. The first dimension – power of resources – regards power as being “exercised by actors to influence decision outcomes or bring about the desired behavior through the deployment of key resources on which others depend” (Hardy, 1996, p. 7). The second dimension – power of processes – regards power as being embedded in organizational decision-making processes, agendas, procedures, and political routines. The third dimension – the power of meaning – is used to “shape perceptions, cognitions and preferences so that individuals accept the status quo because they cannot imagine any alternative” (Hardy, 1996, p. 8). The three dimensions of power are all played out in relation to the power of the system, i.e., the “values, traditions, cultures and structures of a given institution” that all its members take for granted (Hardy, 1996, p. 8).

We thus position our paper at the intersection of the institutional logics literature and PSM literature, and investigate empirically how the power distribution between the involved actors moderates their response to institutional complexity, and what strategies they use to defend or promote their preferred logic.

METHODS

Research Setting

The research investigated actors involved in the procurement of a specific type of knowledge-intensive services: management consulting services. Management consulting services are to a large extent based on intangible qualities like trust, expertise, and creativity (David et al., 2013). Management consultants also play an increasingly central role in organizations, providing strategically important knowledge and innovation, and large sums are spent on their services each year (FEACO, 2012). Skillful purchasing of management consulting services has therefore become important in relation to organizations' competitive advantage (Pemer et al., 2014). However, the procurement of management consulting services has traditionally been performed by senior client managers without the involvement of purchasing professionals (Sieweke et al., 2012). Thus, they are a particularly illuminating example of the peculiarities associated with formalizing the purchasing of knowledge-intensive services (Eisenhardt & Graebner, 2007).

Following previous research on conflicting institutional logics (Ruef & Scott, 1998; Greenwood & Suddaby, 2006), we define our sample within a geographical context. The study was performed in Norway and Sweden. Many consultancy firms work across these two countries and perceive them as one unit, organizing their work in a Nordic office or entity. The Norwegian and Swedish consulting markets belong to the Nordic cluster, which is the third largest business consulting market in Europe, and is often described as mature and well-established (FEACO, 2012). The empirical context thereby offers valuable insights into how formalization initiatives play out in a setting in which management consultants are frequently hired (Werr & Pemer, 2007).

As the practices used in the purchasing of management consulting are to a large extent co-produced by actors from different professions, they are more exposed to institutional complexity

and change (Smets, Morris, & Greenwood, 2012), thereby making the struggles over legitimacy and dominance more overt (Cloutier & Langley, 2013). The purchasing of management consulting services can thus be regarded as an arena where actors following different logics meet and struggle to define what practices and values should be established as appropriate. By exploring how institutional logics and institutional complexity are managed by micro-level actors in buyer and seller organizations, we add to both the literature on inhabited institutionalism and the PSM literature, both of which have a strong need for more multilevel theorization (Smets et al., 2012; Carter, Meschnig, & Kaufmann, 2015; Palmer et al., 2015).

Research Design and Data Collection

As repeatedly pointed out, the chosen research design and method “should flow directly from the nature and content of the phenomenon to be studied” (Benbasat, Goldstein, & Mead, 1987; Eisenhardt, 1989; Gligor & Autry, 2012, p. 27). Since our intention is to explore and build a theory about how actors respond to formalization initiatives, we have performed a multi-case study (Benbasat et al., 1987). The study has been conducted using a qualitative, abductive approach, which is particularly well-suited for theory development (Alvesson & Kärreman, 2007; Gioia, Corley, & Hamilton, 2013).

In line with previous research, we view institutional change as shifts in worldviews that are taken for granted among actors, and we rely on interpretive methods to capture these views (Suddaby & Greenwood, 2010; Covaleski, Dirsmith, & Weiss, 2013). More precisely, in-depth interviews have been conducted with micro-level actors (i.e., management consultants, managers, and purchasing professionals involved in the purchasing of management consulting services), focusing on the informants’ narratives to uncover their views on purchasing, themselves and the other actors involved (Thornton et al., 2012; Covaleski et al., 2013). The unit of analysis was the

buyer organization's purchasing process, where the emphasis was on narratives describing how informants responded to formalization initiatives.

In the process of arriving at our final dataset, we aimed to target a broad range of organizations buying and selling consulting services. The selection of organizations was based on theoretical sampling, and it was intended to extend emergent theory (Eisenhardt, 1989). In particular, interviews were conducted in 17 buyer organizations, which were selected to maximize differentiation in terms of industry, organization, internationalization, and size. The buyer organizations were all rather large, as a certain size is needed to have a purchasing department (Van Weele, 2005) and to be able to afford to hire management consultants. The consulting firms were selected to include international and national consulting firms of different sizes and scope in the Nordic countries. Two of the consulting firms specialized in IT and two in strategy consulting. The other firms offered a broad portfolio of management consulting services. As pointed out by Wynstra et al. (2015, p. 11), it is usually "very difficult to collect data from the exact counterpart service providers" and "unlikely that reciprocal data could be collected from all the participants". To mitigate these problems and capture the complex relationships between payers and users in buyer organizations and suppliers, we ensured that the consultancy firms studied and consultants interviewed had worked for at least one of the studied buying organizations during the course of the last three years.

In each of the organizations studied, the informants were chosen because of their deep knowledge and involvement in the purchasing of management consulting services (compare with Covaleski et al., 2013). We used a theoretical sampling approach to access informants who could provide valuable and additional insights (Gligor & Autry, 2012; Gioia et al., 2013). In the 17 buyer organizations, interviews were conducted with 25 middle and top level managers and 17 purchasing professionals. In each of the 14 consulting firms, interviews were conducted with the

CEO, a partner, or a senior executive. Thus, our final data set consisted of 56 interviews with 14 management consultants and 42 representatives of buyers.

The interviews were semi-structured and lasted from 30 to 90 minutes. Each interview followed a tested interview protocol and was recorded and transcribed in full, resulting in a total of 500 pages of transcripts. The protocol was organized around themes related to the research question (see the online supplement), such as the informant's specific role, their description of how management consulting services were purchased, and what criteria they used to select which consultants to hire. Using themes rather than a strict list of interview questions allowed for flexibility in the interviews. It also enabled us to revise the interview protocol as the research progressed (Gioia et al., 2013).

In the interviews, the informants were asked to describe management consulting projects they had been involved in or heard about in their organizations. They were not asked to describe the logics directly, but were allowed to use their own words and express themselves based on their own interpretive scheme and underlying logic (Covaleski et al., 2013). The projects described by the informants were all of high strategic importance to the buyer organization. They carried a substantial supplier risk, were perceived as unique and tailor-made, and were built on intangible qualities like expertise. They included issues typical for management consulting, such as strategy analysis, business and organizational development, leadership development, and project management. They are thus an illustrative example (Eisenhardt & Graebner, 2007) of how formalization impacts highly strategic purchases of knowledge-intensive services in buyer organizations (Kraljic, 1983; Werr & Perner, 2007).

To increase the rigor of the analysis, we organized the interviews so that only one author was present and conducted the interview. The other author took an "outsider perspective" and played the role of devil's advocate, critically examining the interpretations of the interviews

(Gioia et al., 2013, p. 19). We thus allowed one author to become immersed in the case details and the other to keep a more objective eye on the data (Eisenhardt, 1989). In the course of the data collection, we switched roles, so that half the interviews were performed by one of the authors, and the other half by the other author.

Data Analysis

As institutional logics can be difficult to identify empirically, we followed previous researchers (Jarzabkowski et al., 2009) and searched the data for indicators such as practices, norms, and beliefs associated with institutional logics. It has been argued that two researchers can achieve greater richness, creativity, and higher accuracy of data than one researcher alone (Benbasat et al., 1987; Eisenhardt, 1989). We therefore worked closely together on the analysis to ensure that the interpretations and findings were solidly based on the data, and were of high quality. Inspired by Gioia et al. (2013), we analyzed the data in four main phases. In the first phase, we read and reread the transcripts several times to familiarize ourselves with the data. This phase was conducted in parallel with the data collection to allow for revisions in the interview protocol and the inclusion of new informants in the study (Gioia et al., 2013). In the second phase, we coded our interview text for each actor group to identify first order informant-centric terms and codes (Ruef & Scott, 1998; Saldaña, 2013). Special attention was given to passages in interviews where the informants mentioned situations in which ideas they took for granted were challenged. As pointed out by, e.g., Weick (1995), in situations where the flow of stability is threatened, the actors' sense-making activities increase, thus making their values and logics more overt. We also gave special attention to passages in interviews in which the informants mentioned how they perceived the power distribution between the actors involved in the purchasing. The second phase resulted in a broad set of informant-centric categories, based on the coding of the

data.

In the third phase, we searched for patterns, similarities and differences between the categories in order to identify second order concepts, themes, and dimensions (Gioia et al., 2013). We switched back and forth between the data and the theory to see whether any nascent concepts could be identified (Alvesson & Kärreman, 2007). This analysis resulted in the identification of themes, such as “relations”, “trust”, etc. Turning to the institutional logic literature, the themes were analyzed to see what kind of institutional logic they related to. The second order themes were then grouped into aggregate dimensions. As will be described in more detail in the Findings section, three institutional logics were identified in the data: a professional logic, a market logic and a corporate logic. An overview over these three logics is found in Table S1 of the on-line supplement.

When theoretical saturation was reached (Eisenhardt, 1989; Gioia et al., 2013), we moved to the fourth phase of our analyses. In this phase, we developed a data structure for each actor group to illustrate how we had moved from the raw data to categories, themes, and aggregate dimensions (see Tables 2-5 below). In existing research, three main groups of actors are identified as being involved in the purchasing of consulting services (Werr & Perner, 2007; Bals et al., 2009): management consultants, managers (project owners), and purchasing professionals. However, in the process of analyzing the data it became evident that the manager group could be divided into two groups that followed different logics and strategies.

While the four phases can be described as sequential, the three latter phases were also iterative as we constantly compared the data, the categories, and the theory (Van Maanen, 1979; Glaser, 1992; Gioia et al., 2013). In order to increase the rigor of the analysis, we first performed each of the four phases in the analysis individually. We then compared our analyses and discussed the results to allow alternative interpretations to be voiced and incorporated. The data

structures were then used to theorize the dynamic relationships between the aggregate dimensions and their associated themes (Gioia et al., 2013). On this basis, two figures were developed, illustrating how the concepts that had emerged from the analyses were interrelated (see Figures 1 and 2).

To validate our data, we also discussed our interpretations with researchers and practitioners until consensus was achieved about the classification of interview statements, and we used crosschecks with informants across organizations (Lukka & Modell, 2010; Gioia et al., 2013). While past studies undertaking similar types of research have had problems with the disclosure of statements (Covaleski et al., 2013), we did not encounter such problems, which is important for the transparency of the research.

FINDINGS

The analysis of the empirical data revealed differences between the studied actors in terms of what purchasing approach they saw as appropriate, what challenges they perceived and what strategies they used to deal with institutional complexity stemming from formalization initiatives. The findings for each group of actors are presented below.

The Consultants

A dominant theme in the interviews with the consultants was the importance of having close and long-term relationships with client managers. The consultants described the clients as wanting to hire consultants they had worked with before, and trusted. As described by one senior consultant: *“They [the clients] know which individual consultants they trust, and they know which consultants are best on which topic, and it is these persons that they ask for.”* This was mirrored by the consultants, who preferred to work with a small number of clients they knew well since this enabled them to develop high levels of trust, efficient cooperation, knowledge of the

clients' organizations and industries, and to reduce the start-up time of projects.

The consultants also saw close client relationships as a way of reducing the competition for projects, since they assumed that clients would either contact the consultants they knew well directly, or ensure that they were invited to tender for projects. The consultants also perceived relationships as being even more important in formalized purchasing processes based on competition. According to the consultants, this was because, if two competitors were evaluated as being equally well-suited for a project, the clients would select the one they had good relations with. In less formalized purchasing processes, relationships were thought to trump other selection criteria, such as price or number of hours. A close relationship with the client would also provide the consultants with insight into their clients' companies and potential problems, thereby enabling them to formulate and tailor their proposals better than their competitors. The emphasis on close relationships, trust, and cooperation fits well with the professional logic (Fournier, 2000; David et al., 2013). An overview of the description of the purchasing process, the perceived challenges and strategies can be found in Table S2 of the online supplement.

A frequently mentioned challenge for the consultants was the increased involvement of purchasing professionals in the purchasing process. The consultants described the purchasing professionals as wanting to break up the client-consultant relationships and impose a system of strict and formalized purchasing processes. This made it difficult for the consultants and client managers to discuss the client's needs, both before and during the purchasing process, and it increased the risk of basing projects on badly formulated or misleading project specifications. As described by one senior consultant: *"I would say, as a principal rule, consultants should be given the possibility to diagnose the problem, because sometimes the client's perception of the problem is wrong."* The purchasing professionals were also described as being "too focused on price rather than value" and as not understanding the complexity and nature of management consulting

services.

Another challenge was the clients' increased use of transactional purchasing methods, such as frame agreements and preferred suppliers (e.g., Sieweke et al., 2012). In the case of frame agreements, consultants from larger consultancy firms described how they spent "lots of resources" competing for such contracts, but that it was difficult to predict who would win the contract or how many projects the contract would yield. The consultants also frequently described the formalized purchasing processes as "fake" and gave examples of how they had been invited to tender for a project, only to discover that the client had decided to hire another consultancy firm before the purchasing process had started. As described by a managing director of a local consultancy firm: "*For example, [the buyer] had already decided to give the contract to another consultancy firm, they had already started to work on the project, but, to satisfy the procurement requirements, they had to initiate and carry out a purchasing process.*"

To deal with the perceived challenges and maintain the relational purchasing approach, the consultants used two strategies: *relate* and *avert*. The *relate* strategy implied that the consultants built even stronger relationships with their clients. By allying with client managers, the consultants hoped to increase their relational power and reduce the purchasing professionals' influence on purchasing practices. A central part of the *relate* strategy was to support client managers by providing arguments against formalization. Another part was to maintain relations by meeting with client managers in arenas out of reach of the purchasing professionals, e.g., inspirational seminars, workshops, lunches, etc.

When the management consultants felt that the purchasing professionals had too strong a foothold in the client organization, and that submitting to formalized purchasing processes would be costly in terms of resources and lead to an increased risk of commoditization (Suddaby & Greenwood, 2001), another strategy was used: *avert*. This strategy implied that the management

consultants refused to take on new projects with client organizations that used transactional purchasing practices. This could either be voluntary or forced, as in the case of smaller consultancy firms that could not afford to participate in the purchasing processes.

The Purchasing Professionals

The purchasing professionals described how their organizations spent large sums of money on consulting services, but lacked control and information about what purchases had been made, by whom or why. As a consequence, purchases of consulting services were referred to as “the mystery spend” in some organizations. To reduce the mysteriousness surrounding this spend category, the purchasing professionals wanted to increase control, transparency, and coordination of purchases, and break up the relationships between consultants and managers. These ideals can be linked to a market logic based on ideals of competition, coordination, and control, as well as clear markets and buyer-seller roles (Thornton et al., 2012). An overview of the description of the purchasing process, the perceived challenges and strategies is provided in Table S3 of the online supplement.

To limit the relevance of relationships, purchasers aimed to create a market place for consulting services, with clearly defined buyer-seller roles and processes, such as using preferred suppliers and competitive bidding. Their view of relational purchasing practices is illustrated by the following quote from a purchasing manager:

“It is lethal to hire consultants based on relationships. We must get rid of that habit. We (purchasing professionals) are really careful about it, but many managers don’t realize why... When the manager doesn’t have any relationship with the consultants, it’s much easier for him to evaluate the consultants and change if he isn’t satisfied with the results.”

Changing the relational purchasing practices in their organizations to more transactional ones was not perceived as an easy task, however. The first challenge was to identify the needs of

the organization and which suppliers would be best suited to address these needs. This was regarded as problematic because the managers were “unwilling or unable” to specify their needs. According to the purchasing professionals, many managers did not see the purchasing of management consulting services as a purchase, but rather as “finding a solution to a problem” and part of their managerial responsibilities. They were therefore not interested in involving the purchasing professionals in the purchases.

The second challenge was that the purchasing professionals often entered the hiring process at a very late stage, after decisions had been made or when a problem arose. The purchasing professionals described themselves as having weak relational power vis-à-vis the managers, and as being marginalized, having to do “the dirty work” and cover up for the managers’ mistakes – without being able to prevent them. As described by one purchasing manager: *“In Purchasing [the purchasing function], we hate intensely entering the process at the last minute or six months after the contract is written, to clean up the mess, but we can’t say no... I still have to swallow my pride and to go to the manager who bought the services and try to help him.”*

Winning top management’s support was described by the purchasing professionals as “absolutely necessary”, since the purchasing professionals had “too little power to change the purchasing behavior of the managers” in the organization. The purchasing professionals described the hiring of management consultants as “a minefield”, since a mistake on their part could be costly in terms of internal status. By forming an alliance with top management and gaining their explicit support, the purchasing professionals hoped to attain higher status and be able to introduce formalized purchasing approaches without meeting resistance from managers and consultants.

Depending on their status in the organization and perceived relational power, the purchasing professionals used two different strategies: *discipline* and *convince*. In organizations where the purchasing department had secured explicit top management support and thus increased their relational power vis-à-vis managers and consultants, their focus was on implementing formalized purchasing practices, such as frame agreements and preferred suppliers. Using a strategy of *discipline*, they developed control mechanisms for monitoring the purchases of management consulting services and directing the behavior of managers. For example in one organization, management consulting services in excess of EUR 30,000 required the involvement of purchasing. Relying on the implemented purchasing processes, data from IT systems (invoices, purchasing orders, etc.) and their internal status, they could force the managers to “hire other consultants than they usually did”, thereby preventing relationships from influencing the supplier selection.

In organizations where the purchasing professionals felt they had little relational power and lacked explicit support from top management, they tried instead to *convince* the organization of the benefits of formalization. This could be done by formalizing the purchasing of less complex services and goods, thereby creating successful business cases that they could use internally to win acceptance for “their new way of thinking”. Once that was achieved, they hoped to move on to formalizing more complex services such as management consulting services. An alternative approach was to disguise the formalization attempts as “support” aimed at “relieving the managers” of tedious and time-consuming tasks, such as writing contracts and specifications. By using this strategy, the purchasing professionals hoped to reframe the managers’ view on formalized purchasing practices and get them to regard them as appropriate and valuable.

Client Managers

The client managers drew on a corporate logic in their responses and described how they sought to navigate the multiplicity of demands to improve their organizations' development as well as their personal careers (Thornton et al., 2012). Interestingly, the managers expressed very similar goals, such as improving the profitability and market position of their organization, but had conflicting ideas about what role consultants should play in achieving them. Based on their responses, two groups of managers were identified: one that resisted and one that promoted the formalization initiatives.

Managers Resisting Formalization. The managers resisting formalization described the relational purchasing approach as appropriate, since it enabled them to hire consultants they trusted and knew had a good understanding of their situation. As the consulting projects were often strategically important, the managers felt "safer" hiring a consultant they knew well from past experience than a consultant who was "competent and qualified, but unknown". These arguments align well with a professional logic (Fournier, 2000; David et al., 2013).

The challenge for this group of managers was to avoid the purchasing professionals or to manage the purchasing process so that the client manager could hire the consultants s/he wanted. An overview of the purchasing approach they perceived to be appropriate, the challenges they perceived, and their strategies can be found in Table S4 of the online supplement.

According to this group of managers, the purchasing department was "not of any help" in the purchasing process, as they were too focused on price and did not understand the importance of trust, the consultant's personality, or knowledge of the client organization. Hiring consultants was regarded as part of their responsibilities and freedom. Formalization attempts such as frame agreements were therefore perceived as "intrusions" and "micro-management". As pointed out by one senior manager: *"I think there is a re-examination and control of my decisions that I, as a*

manager, am offended by - of course it is my responsibility to keep track of how many consultants I or we use in my department.”

The managers used two strategies to deal with the formalization attempts: *ignore* and *circumvent*. In organizations where they enjoyed significant relational power, they *ignored* the attempts at implementing more transactional purchasing processes. This was done by “taking up the fight”: delegitimizing suggestions for increased purchasing formalization by openly questioning the purchasing professionals’ competence, and either refusing to discuss or criticizing proposals from other managers in the organization. In organizations where the managers resisting formalization had less relational power, they tried instead to *circumvent* the formal initiatives. This strategy included practices such as maverick buying, bypassing the purchasing processes, and contacting the selected consultants directly, thereby keeping their old relationships intact. Another example of this strategy was to label the consulting services as, e.g., “management development”, or to divide larger projects into several smaller projects, thus making it “legitimate” to purchase services without involving the purchasing department.

Client Managers Supporting Formalization. The other group of managers, who supported formalization, tended to view management consultants as “extra resources” that could be used whenever a need for extra capacity arose. Hiring management consultants was frequently regarded as a sign of “managerial weakness” and as “hiding behind the consultants”. Formalizing the purchasing process by, for example, establishing frame agreements and preferred suppliers, was described as appropriate and as a sign of acting “professionally” towards the suppliers. The involvement of purchasing professionals was regarded as valuable, since it would help the organization to increase its efficiency and transparency, create synergies between similar projects, and minimize costs by leveraging the size and power of their organization as buyers.

These arguments align well with a market logic (Thornton et al., 2012). An overview of the appropriate purchasing approach, challenges, and strategies is shown in Table S5 of the online supplement.

For this latter group of managers, the first challenge was to gain control over the purchasing of management consulting services. Several managers pointed out that large sums of money were spent on consulting services, but that no one in the organization had an overview of these purchases. The second challenge was to implement formalized purchasing approaches, such as purchasing committees, frame agreements, and preferred suppliers.

To promote and increase the use of transactional purchasing practices, they used the same strategies as the purchasing professionals: *discipline* and *convince*. In organizations where the managers enjoyed significant relational power, they sought to *discipline* the behavior of the other actors in the organization and make them comply with the formalized policies and practices. They formed alliances with the purchasing professionals and gave them a mandate to implement transactional purchasing practices. These managers would also “set an example” by following the purchasing processes themselves, and implement control mechanisms that identified managers not complying with the processes. The latter were reported to top management, where they had to “explain their behavior”. Thus, the purchasing professionals were assigned a “policing” role in the organizations. As described by one senior manager:

“Those managers who had not registered that they were using consultants were reported to the executive committee. I am not sure whether the CEO gave them some sort of punishment or just scolded them, but the CEO supported us and made it clear to everyone that they were not allowed to circumvent the purchasing committee.”

In organizations where this group of managers had relatively weak relational power, they tried to *convince* other managers of the benefits of formalization by bringing it up at meetings,

presenting it as “best purchasing practice”, and arguing that it would lead to increased cost control and better use of their organization’s resources.

DISCUSSION

This study set out to explore how intra- and inter-organizational actors respond to initiatives to formalize the purchasing of knowledge-intensive services. As an increasing number of organizations seek to formalize their purchasing activities (Rozemeijer et al., 2003; Schiele, 2007; Foerstl et al., 2013), it is central to understand the processes behind the responses. We bring a fresh perspective to this discussion by providing empirically grounded insights into how actors in buyer and seller organizations manage conflicting institutional demands as regards the formalization of purchasing (Kerkfeld & Hartmann, 2010; Thornton et al., 2012; Cloutier & Langley, 2013; Foerstl et al., 2013; Palmer et al., 2015). Based on our findings, several contributions are made that will be presented below.

Identification of Institutional Logics

The first contribution is based on the finding that the studied actors followed different institutional logics. The consultants based their arguments for relational purchasing practices on a professional logic that emphasized relations, trust, reputation, expertise, and intangible qualities (Thornton et al., 2005; David et al., 2013). The purchasing professionals, on the other hand, argued for formalization and used arguments from market logic, such as creating effective markets, increasing efficiency in transactions, making the best commercial selection decisions, and using quantifiable selection criteria (Thornton et al., 2005). By implementing frame agreements and contracts, they aspired to take on the role of gatekeepers in the organization and to impose clear and hierarchical buyer-supplier roles. Lastly, the managers drew on a corporate logic emphasizing the ideals of a clear division of roles, management authority, improving the

organization's market position, and personal career advancement (Thornton et al., 2012). In terms of formalization, however, they did not act as a coherent group. Instead, two groups of managers could be identified: one resisting and one supporting purchasing formalization. The managers resisting formalization combined corporate logic with professional logic in their arguments and strived to maintain relational purchasing practices. The managers supporting formalization, on the other hand, combined their corporate logic with market logic.

The finding that corporate logic could be combined with either market or professional logic provides empirical support for the suggestion that some institutional logics are more compatible than others (Besharov & Smith, 2014). One explanation for this is the fit between the values of the logics. Another, more overlooked explanation is the actors' aptitude for combining "conflicting-yet-complimentary logics" (Smets, Jarzabkowski, Burke, & Spee, 2015). We suggest that this aptitude is influenced by the actors' identification with a profession. Both the consultants and the purchasing professionals belong to professions guided by a specific institutional logic (compare Thornton et al., 2005). When challenged, they responded by retreating even further into their own logic (e.g., engaging even more in developing relations or purchasing procedures) rather than seeking compromises. The managers, on the other hand, had varied backgrounds, did not identify with a specific profession, and were more open to combining values from different institutional logics and regarding them as complementary rather than contradictory (Smets & Jarzabkowski, 2013). We therefore suggest that, while professions provide their members with values and guidelines for behavior, they can also blind them to alternative courses of action. In contrast, actors lacking a clear profession are less bound to a specific institutional logic, which enables them to become multi-logical and potentially more skilled at bridging institutional complexity in organizations (Smets et al., 2015).

This finding also adds to the PSM literature on inter- and intra-organizational dynamics by illustrating that conflicts associated with change (e.g., formalization initiatives) can be traced back to the existence of various institutional logics among the involved actors (Foerstl et al., 2013; Palmer et al., 2015). It calls for higher sensitivity in PSM research, as well as in organizations, to what is considered “rational” and “appropriate” by different groups, such as payers, users and suppliers.

Repertoires of Strategies and Counterstrategies

A second contribution concerns the identification of the strategies and counterstrategies the involved actors used to deal with institutional complexity stemming from formalization initiatives (Figure 1). Faced with purchasing professionals who aimed to transform their services from those of trusted advisors into commoditized and standardized services, the consultants tried to resist these attempts by using two strategies: *relate* and *avert*. The purchasing professionals, on the other hand, regarded consulting services as an untamed anomaly that they were eager to tame by enforcing the use of transactional purchasing models, rather than adapting the models to the services’ characteristics. To achieve this, the purchasing professionals used two strategies: *discipline* and *convince*. The managers who resisted formalization used two strategies to maintain relational purchasing practices and disrupt the formalization attempts: *ignore* and *circumvent*. Lastly, the managers who supported formalization used the same strategies as the purchasing professionals: *discipline* and *convince*.

Interestingly, our findings suggest that the identified strategies can be regarded as sets of strategies and counterstrategies. For actors wishing to maintain the status quo, using the *ignore* strategy is an efficient way of delegitimizing and resisting proposals to change purchasing practices made by other actors trying to *convince* them of their appropriateness. In cases where

actors wishing to change the purchasing practices have enough power to use the *discipline* strategy, internal actors with less relational power can still resist implementation by *circumventing* the rules, thereby engaging in covert resistance to the bureaucratic force. Thus, the strategy of *discipline* is likely to be met by a counterstrategy of *circumventing*, and the *ignore* strategy by the counterstrategy of *convincing*.

These findings contribute to the literature on purchasing maturity and inhabited institutionalism by illustrating in detail how different groups of actors respond to institutional complexity stemming from formalization initiatives (Hallett & Ventresca, 2006; Rozemeijer et al., 2003; Hallett & Ventresca, 2006; Schiele, 2007; Hallett & Ventresca, 2006). Previous research has argued that actors' responses to institutional complexity should be regarded as an ongoing process, characterized by moves and countermoves (Jarzabkowski et al., 2009). We add to this research by providing a more detailed illustration of the strategies and counterstrategies used in this process.

The Moderating Role of Power

A third contribution concerns the finding that the actors' relational power moderates which strategy they use. When the actors in the buyer organizations perceived themselves as having significant relational power, they used either the *ignore* or *discipline* strategies. Both strategies aimed to strengthen the position of the preferred logic by delegitimizing the contesting logic and its proponents. When, however, the actors perceived themselves as having relatively little relational power, they used the strategies *circumvent* or *convince*. These strategies aimed to legitimize the actors' preferred logic, either overtly by providing arguments for it (*convince*), or covertly by disguising practices associated with the preferred logic using terms taken from the opposing logic (*circumvent*). Interestingly, the strategies themselves seem to build on different

dimensions of power (Lukes, 1974). The *ignore* and *circumvent* strategies build on the power of processes, as they seek to exclude the purchasing professionals and managers supporting formalization from the purchases. The *discipline* strategy, on the other hand, builds on the power of resources, as it tries to modify purchasing behavior by imposing rules and sanctions. Lastly, the *convince* strategy builds on the power of meaning, as it seeks to change the managers' perceptions of formalization and get them to see it as appropriate.

Based on these findings, we argue that it is important to include the actors' relational power in the analysis, as the actors will base their choice of strategy on their perceived level of power in relation to their counterparts (Besharov & Smith, 2014). We also argue that previous conceptualizations of power as a static possession are not sufficient to capture the intricate dynamics that occur inside and across organizations (Hingley, 2005; Meehan & Wright, 2012). Rather, it is important to take the fluid, informal, situational, and relative aspect of power into account (Hingley, 2005; Meehan & Wright, 2012; Besharov & Smith, 2014). Combining relational power with Lukes's (1974) dimensions of power provides a useful framework for this.

To strengthen their relational power, all the studied actors sought to form alliances inside or across organizational borders. The purchasing professionals and the managers supporting formalization formed alliances in order to increase their internal status and win acceptance for their ideas. The managers resisting formalization, on the other hand, allied with the consultants and tried to either mitigate the attempts at formalization or find loopholes. The consultants, however, did not have enough relational power to directly influence the buyer organizations' purchasing behavior. However, by combining the *relate* strategy with their client managers' *ignore* or *circumvent* strategies, the consultants could engage indirectly in the internal struggle for dominance between the competing parties, providing the client managers with arguments against formalization and opportunities to meet outside the purchasing process. They could also

use the *avert* strategy to make a point against formalization and protect their status as suppliers of strategically important and unique advice. This finding provides additional empirical support for Maloni and Benton's (2000) argument that buyers using mediated power, especially coercive power, reduce commitment to and trust in buyer-supplier relationships, which, in turn, can reduce the buyer's access to the supplier's expertise.

We also argue that the description of purchasing formalization as a development from dyadic to triadic relationships (Werr & Perner, 2007; Bals et al., 2009) might not fully account for the various actors involved in formalization. The finding that managers did not act as a coherent group indicates that a more nuanced picture is needed of the buyer organization, especially as regards the dynamics between payers and users (e.g., purchasing professionals and managers), and between various groups of managers. In particular, it shows that the power distribution between buyers and suppliers is not just bi-directional (Meehan & Wright, 2012), but multi-directional; suppliers need to manage their relations with both payers and users in the buying organizations, whereas actors in the buying organization need to manage their relations with both suppliers and various counterparts inside their own organization. We thus contribute to existing PSM research by providing a more nuanced picture of the role of power in multifaceted inter- and intra-organizational relationships (Bastl et al., 2013; Nyaga et al., 2013; Hingley et al., 2015).

Figure 1 below illustrates how the actors' use of strategies depends on i) what institutional logic they seek to promote, and ii) how strong they perceive their relational power to be. The arrows inside the matrix illustrate the sets of strategies and counterstrategies, (e.g., the *discipline* strategy is likely to be met by the counterstrategy *circumvent*).

-----Insert Figure 1 Approximately Here-----

Conceptual Model

Building on our findings, we propose a conceptual model describing how actors respond to formalization initiatives in organizations (Figure 2). The model is circular to illustrate the processual and dynamic nature of the responses, and how the outcome of the process influences how purchasing is performed and feeds back on future formalization initiatives. The process starts with an initiative to formalize purchasing activities. This breaks the flow of steadiness in the organization (Weick, 1995) and triggers processes aimed at supporting or hindering the formalization initiative. The involved actors respond by comparing their preferred purchasing approach to the formalization initiative to see whether they fit. They also compare their preferred purchasing approach to their organizational context to see what kind of support or resistance there is to it. The comparison results in a number of identified challenges (e.g., what policies, practices, people, etc. will pose a threat to the preferred purchasing approach). On this basis, the actors select a strategy to overcome the challenges. The selection depends on the actors' institutional logics, relational power, and what strategies the other actors are using. As the strategies are enacted, they influence the extent, if any, to which the formalization initiative is implemented and what purchasing approach is regarded as appropriate, thus closing the circle. In this way, past reactions inform future formalization initiatives, since the organizational memory of the response process and its outcome are sedimented in the organization (Cooper, Hinings, Greenwood, & Brown, 1996). A successful implementation of a formalized purchasing approach can be used as an argument for formalizing other types of purchases, or as a trigger for further formalization of the same purchases. A failed formalization attempt might discourage actors from proposing new formalization initiatives.

-----Insert Figure 2 Approximately Here-----

Implications for Practice

The findings have several practical implications. First, they point to the importance, for organizations contemplating formalizing their purchasing practices, of first conducting an internal analysis of what values and norms (guided by institutional logics) different actors possess. This can then be used to gauge potential resistance and support for the initiative. As illustrated above, depending on the involved actors' institutional logics and relational power, different arguments and strategies will prove useful. This work includes analyzing what organizational memories exist of previous formalization initiatives, as they will function as a sounding board in the organization and inform its members' perceptions (Cooper et al., 1996).

Second, the buyer organizations need to assess what kind of buyer-seller relationship is desirable for each type of purchase. As the findings illustrate, imposing strict formalized purchasing practices can reduce the buyer's access to vital expertise if important suppliers decide to avert the buyer. It can also lead to less value creation if the suppliers are primarily selected on the basis of criteria such as price per hour, instead of intangible but crucial criteria like trust and creativity. Thus, it is essential to understand the conditions under which formalization is likely to be beneficial and where it can easily damage trust. When adapted to the specifics of the goods or services at hand, formalization can have extensive benefits, however. The purchasing professionals can then use their expertise to suggest alternative suppliers to the managers and ensure that legally correct contracts are in place. However, this requires that both managers and purchasing professionals appreciate each other's expertise and see them as compatible and complementary rather than as strange and contradictory (Smets & Jarzabkowski, 2013).

Third, increasing formalization can be a time- and resource-consuming process, especially if there is strong resistance among actors inside the organization and among suppliers. In organizations where knowledge-intensive services are rarely used, formalization might therefore not be worthwhile. If knowledge-intensive services are used frequently, on the other hand,

establishing frame agreements, clear purchasing processes, and a list of preferred suppliers might facilitate the process for both users and payers in the organization. In short, formalizing purchasing practices can be valuable if they are well-adjusted to each organization's particular needs and culture.

Limitations and Implications for Future Research

As for qualitative studies in general, the current study has limitations that open up new avenues for future research (Mair & Hehenberger, 2014). Our intention in the study has been to “seek analytical generalizability where data are generalized to theory, not to a sample” (Pratt, 2008; Palmer et al., 2015). We have thus sought to develop new knowledge about responses to purchasing formalization that can be applicable in various settings. More empirical studies are needed to test this, preferably in other geographical contexts and for other types of purchases than management consulting services. Since the current study has focused on initiatives to formalize the purchasing process, it cannot tell us whether relational or formalized purchasing approaches would lead to higher quality in the consulting projects. More empirical and longitudinal studies are therefore warranted on how the choice of purchasing approach influences the performance of the purchased services.

The findings call for a more nuanced picture of the inter- and intra-organizational dynamics that influence the responses to formalization (Foerstl et al., 2013). While the current study has provided some first answers, more in-depth studies are needed. We suggest that theoretical lenses such as sense-making (Weick, 1995) and institutional work (Lawrence, Leca, & Zilber, 2013; Smets & Jarzabkowski, 2013) would be valuable to capture the multifaceted relations and perceptions that influence responses to formalization. More studies are also needed on how suppliers act and react to formalization initiatives. As an increasing number of

organizations seek to formalize their purchasing activities, the relationships and interactions between buyers and suppliers change. How this influences the suppliers' selling activities is less well understood, however. Taken together, the suggested future studies would advance existing knowledge about how actors respond to formalization initiatives, thus moving from ideas of generic responses to a more nuanced and contextually informed understanding.

CONCLUSIONS

This study set out to develop new knowledge on how actors in buyer and seller organizations respond to initiatives to formalize the purchasing of management consulting services. The study offers important insights into how the actors' preferred institutional logics and relational power influence what strategy they use to enable or impede purchasing formalization (Greenwood et al., 2011; Bjerregaard and Jonasson, 2014). It also contributes to answering the frequent calls for more empirical studies into how the actions of micro-level actors inhabiting institutions respond to institutional complexity (Jarzabowski et al., 2009; Cloutier & Langley, 2013; Greenwood et al 2014).

As discussed above, the findings show that buyer organizations are inhabited by actors with various and sometimes conflicting institutional logics. Thus, looking closely inside these organizations, we can expect to find a plethora of actors undergoing the process described in Figure 2. Depending on their aggregated responses, the organization will move, either towards rejecting the initiative or towards accepting it fully or partially. Based on the above, we therefore suggest that, to fully understand responses to formalization initiatives in organizations, it is vital to first understand the values and norms – i.e., the institutional logics – guiding the actors inhabiting them (Hallett & Ventresca, 2006). Depending on the actors' logics, the formalization initiative will be perceived as either an attempt to implement a new purchasing policy or to turn

the purchasing professionals into a police force, controlling the managers and the suppliers' behaviors.

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FIGURE 1

Relational Power and Institutional Logics

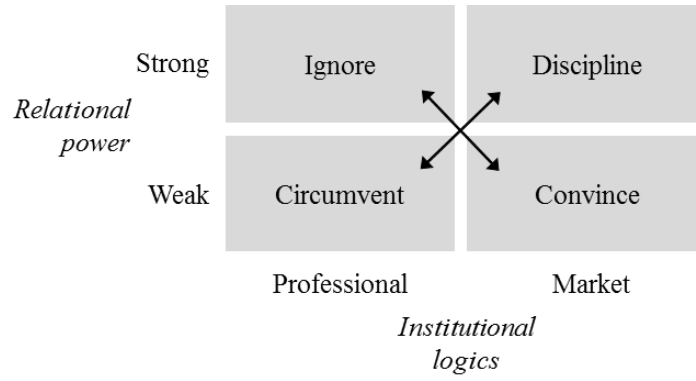


FIGURE 2

Micro-Level Actors and Formalization Initiatives

