



Towards explaining stability in and around management accounting systems

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The aim of this longitudinal case study is to examine the reasons behind the often observed fact that accounting systems are difficult to change, despite the influence of significant market changes and other changes which put tremendous pressure on accounting to change. Unlike the bulk of studies on management accounting change, this study focuses on stability (continuity) and on the reasons for its existence or even necessity. The study aims to reveal how human, institutional, and economic factors become intertwined in MAS change projects, and especially in the cumulative process of change or its denial. The origins of stability and, therein, resistance in accounting systems are discussed using institutional theory and Giddens' theory of structuration.

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1. Introduction

... it is probably reasonable to say that accounting practices are generally rather slow to change. An interesting question is: why? (Scapens, 1994, p. 317)

This longitudinal in-depth case study will concern itself with development attempts focused in particular on improving product costing practices. The analysis pays special attention to the counterpart of change, stability. The study will shed light on the reasons behind the often observed fact that accounting systems are difficult and slow to change, despite the influence of significant changes in the operating environment putting tremendous pressure on accounting to change (e.g. Hedberg and Jönsson, 1978; Johnson and Kaplan, 1987; Argyris and Kaplan, 1994; Bromwich and Bhimani, 1994; cf. Foster and Ward, 1994). The point in this

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discussion is not that, when confronted with changes in the operating environment, all companies should necessarily change their accounting systems. The central phenomenon to be examined in this study concerns the needs for accounting system change acknowledged by certain organizational stakeholders, the establishment of development projects, and the collective denial of the (need for) changes in the accounting system. This begs the question as to why, despite good intentions, the system did not change?

An important part of the analysis of change and stability will be the examination of visible resistance to accounting system change. Such resistance is almost without exception mentioned as a factor affecting the success of accounting system change in earlier studies (see Anderson and Young, 1999). The existence of resistance is widely known, but poorly understood (Newman and Rosenberg, 1985). Only very few attempts have been made to analyse this particular issue further. This study attempts to offer a social theory-based explanation for both the stability of management accounting systems (MAS) and resistance to accounting system change: a potentially different explanation from what has been presented in earlier studies (see Scapens and Roberts, 1993; Argyris and Kaplan, 1994; Malmi, 1997). The explicit examination of MAS stability will ultimately facilitate understanding of MAS change (Burns and Scapens, 2000).

This study does not merely aim at presenting a list of factors affecting management accounting change projects and processes, although such efforts are acknowledged as being valuable (for an excellent review, see Anderson and Young, 1999). A novel analysis (a classification) of the factors affecting development projects will be carried out, facilitated by a framework based mainly on institutional theory (Powell and DiMaggio, 1991). This classification is presented to promote future research into the factors involved with management accounting change and stability.

In addition, an in-depth analysis will be made in order to go beyond the institutional framework, to reveal how organizational power and legitimation games impinge on the development attempts which are described. The focus will not be so much on the technical details considered by the system developers as on the organizational issues that emanate from the production and reproduction of organizational reality—of the deeply rooted institutionalized principles of behaviour (Giddens, 1984). In this regard, the approach of this study resembles Scapens and Roberts' (1993) account of their objectives (cf. Hopwood, 1987). While referring to Giddens (1981) for the historical and contingent nature of all social reproduction, Scapens and Roberts (1993, p. 2) stated that '[I]t is not our objective to simplify these influences by extracting a set of generalisable factors, rather it is to amplify and to explain some of the social processes which were at work'.

To sum up, this paper aims to:

- analyse the stability of MAS, and thereby gain new insights into the knowledge of MAS change;
- develop a framework for analysing the different factors that explain the observed change and stability in the case firm, with a view to enhancing future research on MAS change; and
- thereafter extend the analysis to more in-depth examinations of the nature and origins of MAS stability facilitated by structuration and institutional theory, thereby contributing to our knowledge of MAS change *in toto*.

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