



The logics of budgeting: Theorization and practice variation in the educational field [☆]

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A B S T R A C T

This paper examines the introduction of budgeting practices in situations where institutional logics are competing. The empirical cases, studied in two phases in the 1990s and in 2011, explore tensions that emerged between the new business logic, prevailing professional logic, and governance logic in the education field. We analyze the theorization of budgeting practices and their performative effect on cognition in organizations. We argue that competing logics in a field impact upon budgeting practices and theorization of the meanings attributed to budgetary outcomes. Our study contributes to the understanding of accounting in processes of institutional change, and the further development of neo-institutionalist theory by attending to the sources of practice variation and their relationship to competing logics. We advance four tentative theoretical propositions concerning the impact of multiple logics upon budgetary practices.

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Introduction

“In general, we need more studies that connect institutional change to variation in the content of organizational practices.” (Lounsbury, 2001, p. 53)

Many writers working with neo-institutionalist theory (NIT) have bemoaned the lack of research upon organizational micro-practices as counterweight to the focus upon cognitive, normative and regulative macro-structures (Hirsch, 1997; Hirsch & Lounsbury, 1997; Lawrence, Suddaby, & Leca, 2009a; Leblibici, Salancik, Gopay, & King, 1991; Powell & Colyvas, 2008; Reay, Golden-Biddle, & Germann, 2006; Schatzki, 2001; Zucker, 1991). This micro–macro dualism could be criticized for overlooking the importance of the duality of structure (Giddens, 1984), but nonetheless the gap identified in research motivated by NIT is important in the sense that often the micro-foundations of institutional theory are rarely explicit (Lawrence & Roy Suddaby, 2006; Powell, 2008, p. 276) and issues of agency occluded (Battilana, 2006; Battilana & D’Aunno, 2009; Cooper, Ezzamel, & Willmott, 2008;

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Garud, Hardy, & Maguire, 2007; Seo & Creed, 2002; Thornton & Ocasio, 2008, p. 103). Moreover, a recent strand of research has begun to question the focus of much empirical research in NIT upon the 'diffusion' of *unitary* practice throughout an organizational field with the result that variations in organizational practice have been marginalized or even assumed away (Kraatz & Zajac, 1996; Lounsbury, 2001; Strang & Meyer, 1993; Westphal, Gulati, & Shortell, 1997). This research has drawn attention to the importance of understanding the reasons for variation in organizational practices and calls for linking institutional change to such variation (Lounsbury, 2001, 2007; Lounsbury & Crumley, 2007; Orlikowski, 2000). Particularly given the general interest in theorizing accounting as practice (Ahrens & Chapman, 2007; Ezzamel & Hoskin, 2002), there is a paucity of research of this type in the organizational NIT, and even more so in the accounting literature informed by NIT (Lounsbury, 2008).

In this paper, we address the first research lacunae by focusing upon micro practices of institutional change (Powell, 2008) and accounting at a processual level in the context of broader shifting institutional logics (Lounsbury, 2007; Reay & (Bob) Hinings, 2005; Reay & Hinings, 2009; Thornton & Ocasio, 1999, 2008). We are concerned to explore tensions, and consequences of those tensions, between logics competing in the field of education. This is in the context of the entry of a new and dominant business logic introduced into schools in England and Wales in the 1990s. We explore the enactment of regulatory reforms, at the level of practice, on institutional change in the organizational field of primary and secondary education in the UK; specifically, the emergence of new budgeting practices that colonized schools and occasioned a process of theorization, diffusion and variation in organizational practices. Since 1991 education organizations in the UK have adapted to new templates of governance and 'management' (Greenwood & Bob Hinings, 1996, p. 1022) in response, largely, to governmental regulations. Many of the recent legislative reforms to the funding and management of schools have imposed a new set of budgeting techniques, discourses and ideals on institutional organizations that had not seemed at ease with prevailing professional logic, that is, with existing values, assumptions and identities associated with the teaching profession. A business logic of education reform has generated new accounting technologies and practices in schools and municipal authorities with their own professional logics of practice (Edwards et al., 1998; Gunter & Forrester, 2010).

The paper is also concerned with the second lacunae in institutional studies of accounting. As accounting techniques have entered more fully the management of educational organizations, our research provided the opportunity to study variation in organizational practices via our focus upon instances of theorization, performance and diffusion, and connecting institutional change to logics in the educational field. This theme (Barley & Tolbert, 1997; Greenwood & Hinings, 1996; Leblibici et al., 1991; Munir, 2005) has received even less attention in accounting research on institutional change (Lounsbury, 2008). In accounting, researchers have explored how actors invent and articulate institutionalized expectations concerning

organizational strategies and procedures of budgetary practices, emphasizing that the process of institutionalization is infused with power and interest within the organization and its field (Abernathy & Chua, 1996; Covaleski & Dirsmith, 1988; Covaleski, Dirsmith, & Michelman, 1993; Oakes, Townley, & Cooper, 1998). Studies of the isomorphic pressures on financial reporting and management control practices have been conducted (Mezias, 1990), emphasizing the importance of institutions and cross-national pressures to the understanding of accounting growth and regulation (Covaleski, Dirsmith, & Rittenberg, 2003; Hunt & Hogler, 1993). Others have considered the role of the state and the importance of legitimacy in understanding the rise and functioning of accounting and the accounting profession (Carruthers, 1995). Finally studies have shown some of the instability of organizational field (Vamasi, 2000), the role of fashions and fads (Carmona & Gutiérrez, 2003; cf. Abrahamson, 1991), and heterogeneous responses by organizations to institutional pressures (Brignall & Modell, 2000; Ezzamel, Robson, Stapleton, & McLean, 2007; Modell, 2001).

Much, though not all, of the above research has been marked by a focus upon such issues as convergence and stability (Lounsbury, 2007, 2008). Recent interest in 'management accounting change' has promised a more dynamic frame of reference, though up till now that model of change has not been clearly defined (Burns & Scapens, 2000). However, with intellectual support to the endeavor of understanding 'management accounting change' our study draws more readily upon developments in the neo-institutional frame of reference and the impact of a new institutional logic upon an organizational field; institutional change in the field of education. In so doing we seek to link new field-level regulations and their cultural logics to the theorization and enactment of new organizational practices (Oakes et al., 1998), and their intertwining with existing logics and institutions (Greenwood, Suddaby, & Bob Hinings, 2002; Jepperson, 1991; Powell, 2008).

The research site of the study focuses upon the intervention and development of accounting practices that accompanied the Local Management of Schools initiative (henceforth LMS), and in the process examine practice variations in and unanticipated consequences of institutional change, (Greenwood et al., 2002). We explore the impact of new accounting practices on actors' cognition and how specific actions, associated discourses and effects emerge in organizational arenas with previously well-defined normative (professional) institutional logics as a result of the introduction of new institutional (business) logics relayed by accounting technologies. We note how, in the accounting process of rendering activities visible and thus 'thinkable', i.e. influencing cognition, those practices stimulate new actions and new problems of the performative roles of accounting technologies.

The 1988 Education Reform Act (ERA henceforth) and the associated Local Management of Schools initiative were the primary instruments ('precipitating jolts', Meyer, 1982) in the 'new accounting' for educational organizations, though these regulations were just one aspect of a centralizing and marketizing proclivity of the UK Conservative governments during the 1980s and 1990s (Edwards,

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