



Stability and change in management accounting over time—A century or so of evidence from Guinness



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ABSTRACT

In recent years, much has been written on the nature of management accounting change, and indeed stability. Many researchers have used concepts such as rules and routines to interpret this change and/or stability. Recent research has provided an increasingly clear picture of what rules and routines are, as well as contributing to our understanding of the processes of change and stability in management accounting.

Management accounting research has mainly presented rules and routines as related phenomena, but some conceptual work has suggested they are separable and can (and possibly should) be considered independently when studying processes of change/stability within management accounting. However, empirical support for such work has been scarce to date. This paper uses data from the archival records of the Guinness company in an effort to establish whether rules and routines, at least in management accounting research, are best considered separable concepts or not. The archival records are artefacts of rules and routines and thus can be used to trace the interactions of rules and routines over time. Support for the notion that rules and routines should be considered separately is presented. The findings also portray the stable, but changing, nature of management accounting routines over time; a point worthy of further research.

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1. Introduction

Burns and Scapens wrote “whether management accounting has not changed, has changed, or should change have all been discussed” (2000, p. 3). Since their seminal work, much research has been undertaken on refining the meaning of these phenomena, and to a lesser extent on teasing out the interactions of rules and routines as presented by Burns and Scapens (2000) (see for example, Quinn, 2011; Lukka, 2007; Ribeiro and Scapens, 2006; Spraakman, 2006; Hassan, 2005; Siti-Nabiha and Scapens, 2005; Dillard et al., 2004; Soin et al., 2002). These concepts, rules and routines, were used by Burns and Scapens (2000) to understand the processes of management accounting

change (and stability) over time. They presented what is now a largely accepted conceptual framework, which details how the interactions of rules and routines can explain how management accounting remains relatively stable over time, or can change (Burns and Scapens, 2000, p. 10).

One of the key tenets of the work of Burns and Scapens (2000) is that there is a *process* (encoding, enacting, reproduction of rules and routines) by which management accounting may evolve, change, stabilise and re-evolve over time. This process, in a holistic sense, is well accepted, but in recent times some key concepts underlying the process set out by Burns and Scapens (2000) have been explored in more detail. Quinn (2011, p. 338) addressed “some issues of definitional clarity” around the concept of management accounting routines in particular, but by association, rules as set out by Burns and Scapens (2000). Briefly here, Quinn (2011) draws on the work of Feldman

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and Pentland (2003) to view management accounting routines as having two dimensions; namely, ostensive and performative. Quinn (2011, p. 344) also proposes rules are formal and written or represented in some physical way, and are in fact artefacts of routines. More detail on rules, routines and artefacts is given later, but a proposal by Quinn (2011) is that ontological clarity on the nature of rules and routines will assist management accounting researchers to gain a more in-depth understanding of how rules and routines interact. This understanding of the interactions of rules and routines is potentially important as Quinn (2011) suggests management accounting routines, or rules, may be more prevalent in certain types of organisation.

However, the work of Quinn (2011) could be criticised for being conceptual – no empirical data is given to support the assertions on the interactions of management accounting rules and routines. Briefly, a key differentiation between Burns and Scapens (2000) and Quinn (2011) is that the former presented rules and routines as bound together in the process of management accounting change, whereas Quinn (2011) portrays them as separable and distinct concepts, and proposes that rules *need not* exist. This study seeks some empirical grounding (or otherwise) for these two key assertions of Quinn (2011). This study uses archival records – namely the archives of the St. James's Gate Brewery of the Guinness company – to study management accounting rules and routines over an extended timeframe and explore Quinn's (2011) propositions. While more detail on the methods used is given in the next section, it was envisaged at the outset of this research that archival records would be suited for two reasons: (1) more records were formally written in the past, thus increasing the likelihood of written rules being present and (2) the extended research timeframe achievable through archival research provides greater scope for studying the interactions of management accounting rules and routines over time and how these interactions promote stability or bring about change.

The remainder of the paper is structured as follows. Section 2, briefly reviews some of the organisational, institutional economics and management accounting literature to date, focusing mainly on the concepts of, and interactions of, rules and routines. Then, Section 3 sets out the methods used to obtain and analyse the archival data, as well as briefly exploring the potential benefits of studying change over longer timeframes. Section 4 introduces the archival data from Guinness and outlines a story of the relative stability of management accounting in one area of the company over an extended timeframe. It also provides several examples of management accounting change, the factors which were potentially driving change, and describes the interactions of rules and routines over time for each example given. Section 5 completes the paper, with some concluding remarks, limitations of the research and suggestions for future research.

2. Studying change in rules and routines terms

As hinted in Section 1, the study of change is a complex task. As this study and the work of Quinn (2011) draws on the work of Burns and Scapens (2000) – in particular the

interaction of rules and routines – this section begins by describing their work. Then, some more recent research on the nature of rules and routines, and some recent literature on their interactions, is explored. From this literature, the nature of rules and routines and their interactions as adopted here is set out. The nature of artefacts is also introduced, as these are an important concept in the study of routines – Section 3 will provide more detail on the nature of artefacts as relevant to this research. As mentioned in Section 1, the objective of this study is to empirically tease out propositions on rules and routines put forward by Quinn (2011). The conceptual framework of Burns and Scapens (2000) was drawn upon, and is largely supported by Quinn (2011). Thus, as well as outlining the work of Burns and Scapens (2000), the remainder of this section sets out a more refined meaning of routines and rules and ultimately their interactions as presented by Quinn (2011).

A starting assumption of Burns and Scapens (2000) is that the changing (or stable) nature of management accounting can be interpreted using institutional phenomena such as rules and routines. Burns and Scapens defined routines as “the way things are done” (2000, p. 5), which can be contrasted with their definition of rules, “the ways things should be done” (2000, p. 6). They also recognise a link between institutions (which they define as “the taken-for-granted assumptions which inform and shape the actions of individual actors”, 2000, p. 8) and actors, proposing that institutions define relations between social groups and group members. They present the two realms of institution and action within their framework and these realms represent an “on-going cumulative process of change through time” (2000, p. 9). Burns and Scapens' framework starts at the point of encoding “institutional principles into rules and routines” (2000, p. 10). This is typically influenced by existing rules and routines as these incorporate existing institutional values. The rules (incorporating existing routines) are then enacted by actors, and over time, repeated behaviour forms routines and/or generates new routines which may eventually become institutionalised, i.e. the accepted way of doing things. Over time too, new institutions may evolve which will be interpreted in terms of existing rules and routines; or, in other words there is a potential for change to occur to management accounting from within an organisation. The picture painted by Burns and Scapens (2000) is one of slow, longer-term, evolutionary change as rules and routines interact in a continuous process over an extended period of time and may bring about new institutions.

In recent years, the concept of organisational routines – a key component of Burns and Scapens (2000) – has received much attention in the literature. Pentland et al. (2010, p. 917) note we are “still struggling with how to conceptualise, observe and compare one of our most basic kinds of phenomena: organisational routines”. The term “organisational routine” was introduced to organisational studies by Stene, who described a routine as follows:

[An] organization routine is that part of any organization's activities which has become habitual because of repetition and which is followed regularly without

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