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Identity conflict and the paradox of embedded agency in the management accounting profession: Adding a new piece to the theoretical jigsaw

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ABSTRACT

This paper aims to extend the literature on institutional change by exploring the role of identity conflict as a critical driver of embedded agency amongst management accounting (MA) professionals. Specifically, we draw on Social Identity Theory to develop a conceptual framework that links identity and identity conflict to change related behavior. In this framework, we explain how multiple identities constrain but also stimulate agentic behavior in organizations. In particular, we highlight the underlying mechanisms through which conflicts in multiple identities lead to institutional change through processes of identity work and job crafting. Moreover, we specify how job discretion and business involvement affect the embedded agency of management accountants operating in different professional roles. We further predict that changes in MA practices are likely to have an effect on management accountants' identities and may create new identity conflicts if they diverge from existing institutionalized identities. We highlight the implications of this model for our understanding of embedded agency and for future research directions in the field.

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1. Introduction

The paradox of embedded agency sets an intriguing theoretical puzzle; If the social and economic actions of organizational actors are constrained by widely shared regulative, normative and cognitive norms, creating stability and similarity in individuals' actions (Van Dijk et al., 2011), how and why can organizational actors introduce new practices and accomplish institutional changes? (Englund et al., 2013). This critical question has garnered increased research attention in the management accounting field in recent years, as research has shifted attention from the stabilizing effects of institutions to agency and institutional change (Lounsbury, 2008). Previous literature has made great strides in explicating the nature and implications of embedded agency in management accounting (MA) settings (e.g., Burns and Baldvinsdottir, 2005; Englund and Gerdin, 2011; Kilfoyle and Richardson, 2011). However, a number of gaps remain unaddressed. First, while a number

of previous empirical studies have suggested that identity plays a critical role in institutional change, the MA literature has paid limited attention to the role of identity and identity conflict in triggering change-related action (Abrahamsson et al., 2011; Morales and Lambert, 2013). We thus propose that our understanding of institutional change will be greatly enriched by adopting an identity-based perspective.

Second, we know little about the micro-processes through which management accountants accomplish change in organizations (Ezzamel et al., 2012). In particular, the extant literature has been widely criticized for its dominant focus on exogenous factors (or external shocks; Kilfoyle and Richardson, 2011), and its failure to conceptualize when, why and how organizational actors facilitate institutional entrepreneurship within organizations (Burns and Baldvinsdottir, 2005). Third, current research in the field of MA change has been limited by its focus on a single level of analysis, and its tendency to neglect the impact of multi-level influences. Understanding these influences is important in order to fully grasp the underlying mechanisms that drive and support embedded agency in organizational contexts (Horton et al., 2014). In this paper we aim to address these gaps, offering a new process model of embedded agency in the MA profession, drawing on insights from Social

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Identity Theory. Central to this conceptual model is the role of multi-level identities and identity conflicts in stimulating change-related actions. More specifically, we propose that while multiple identities may constrain accountants' actions in organizations, conflicts in these identities represent a critical impetus for embedded agency.

Our paper thus adds insights to the literature on both identity and institutional change, making three primary contributions. First, we provide a conceptual model, and explicate the links between identity conflicts and embedded agency in a set of theoretically-derived propositions. This model pinpoints the micro-processes through which embedded agents enact change. In particular, we specify the ways in which multiple conflicting identities can motivate and support change efforts, and the processes through which this change is achieved via job crafting and identity work. Second, we provide insights into two key moderators, which shape the relationships between identity conflicts and embedded agency. More specifically we highlight the role of job discretion and business involvement in shaping management accountants' behavioral responses to perceived conflicts. Finally, we reflect on the implications of our model for the MA profession and for future research. In particular, we outline how our framework can contribute to exciting and innovative research directions for the MA field.

The structure of this paper closely aligns with our conceptual model (please see Fig. 1). We begin by defining the primary theoretical concepts incorporated in our model (including identities and roles), and by positioning our work within the social identity literature. We then present our process model, specifically outlining: a) The structure of multiple identities and the nature of identity conflicts across levels, foci and time; b) Management accountants' behavioral responses to identity conflicts, including their use of change-related actions to reduce perceived discrepancies and; c) Moderators of this behavior, including job discretion and business involvement. In the final section of the paper, we discuss the implications of our model for MA theory and practice and for future MA research.

2. Definitions and theory

2.1. Identity and roles

Identity has been defined as an answer to the question; 'Who am I/who are we? And how do I/we fit within society?' (Pratt and Foreman, 2000; Tajfel, 1972). In spite of its roots in social psychology, identity research has increasingly focused on the workplace and on the important effects of identity processes on organizational behavior (Hogg and Terry, 2000). This work-related research has primarily drawn on three conceptualizations of identity deriving from the Social Identity Approach (Tajfel and Turner, 1979), Identity Theory (combining Identity Control Theory and Structural Identity Theory; Stryker and Burke, 2000) and Organizational Identity Theory (Albert and Whetten, 1985). Integrating these perspectives, we adopt Ashforth et al. (2008) definition of workplace identities as 'emerging from the central, distinctive, and more or less enduring aspects—in short, the essences—of the collectives and roles in which (one) is a member' (p.328). Workplace identities have been found to be especially strong sources of identity (Rousseau, 1998), even when compared to fundamental dimensions of self-definition such as one's nationality or race (Hogg and Terry, 2001). From a management perspective, identity is important because of its effects on individuals' attitudes and behavior (Ashforth and Mael, 1989). Indeed, when individuals strongly identify with their organization or workgroup they are motivated to perform actions that benefit this group, such as giving up their own time to help other group

members (Christ et al., 2003; Ellemers et al., 1998; Van Dick et al., 2004).

The Social Identity Approach provides insights into the underlying reasons for this identification. In particular, it suggests that social and workplace identities are important because they fulfil individuals' needs for self-esteem and self-certainty (Hogg and Terry, 2000). Deriving from Social Identity Theory, the self-esteem hypothesis proposes that a fundamental desire for positive self-esteem underlies our identities and attachments (Abrams and Hogg, 1988; Tajfel and Turner, 1979). Consequently, individuals show stronger identification with positive and prestigious work identities that fulfil their basic needs for self-esteem and self-enhancement (Dukerich et al., 2002; Dutton et al., 1994). A parallel motivation, deriving from Self Categorization Theory, is the uncertainty reduction hypothesis, which proposes that social identities fulfil a central need to reduce uncertainty (Hogg and Terry, 2000; Turner, 1985). In this vein it is hypothesized that work identities reduce uncertainty by creating heuristics and expectations that guide individuals' actions in social and work-related settings. These processes of self-esteem enhancement and uncertainty reduction are critical in understanding the foundations of identity processes and conflicts at work, as we elaborate upon further in our forthcoming discussion.

While identities focus on self-definitions and inward understandings of MA work, roles can be described as the outward specifications or expectations related to a position (Barley, 1989). Identities and roles are closely interconnected. Indeed, the outward description associated with a role is likely to affect the way a job incumbent thinks about this role (i.e., his/her professional role identity¹), while a person's professional role identity is also likely to influence the way s/he enacts this role (Chreim et al., 2007).

2.2. The identities and roles of management accountants

Recent work on the professional roles of management accountants has focused on the evolution of tasks and responsibilities, from a traditional 'bean-counter' role, to a modern 'business partner' role (Granlund and Lukka, 1998; Jarvenpaa, 2007). In particular, this research has found that management accountants are increasingly expected to adopt business-oriented approaches within their organizations (Burns and Baldvinsdottir, 2007; Russell et al., 1999).

The conventional bean-counter role implies a need for accountants to act as impartial and independent monitors of fiscal performance, with a particular emphasis on cost-control (Hopper, 1980). This role is also typically associated with the activities of data accumulation or scorekeeping, financial reporting, financial data analysis, and controlling or 'policing' operational managers with reference to their key financial objectives (Burns and Baldvinsdottir, 2007; Emsley, 2005). In contrast, the more modern 'business-oriented' approach is usually associated with integrative functions, aimed at assimilating accounting information with indicators of non-financial performance. As a result, management accountants in this role are more strategy-oriented, focusing on creating value and facilitating greater efficiency and business improvement (Burns and Baldvinsdottir, 2007).

Another primary difference between bean-counters and business partners concerns the levels of involvement and independence associated with these roles. Burns and Baldvinsdottir (2007) characterize the traditional role of bean-counter as enacted in almost complete isolation from business contacts, while Byrne and Pierce (2007) describe the extensive involvement of the modern 'business-oriented' management accountant in decision-making

¹ The terms 'professional role identity' and 'role identity' are used interchangeably in the extant literature.

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